

OCCIDENTAL PETROLEUM CORP /DE/  
Form 8-K  
February 04, 2002

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED) JANUARY 31, 2002

OCCIDENTAL PETROLEUM CORPORATION  
(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation)	1-9210 (Commission File Number)	95-4035997 (I.R.S. Employer Identification No.)
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10889 WILSHIRE BOULEVARD LOS ANGELES, CALIFORNIA (Address of principal executive offices)	90024 (ZIP code)
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Registrant's telephone number, including area code:  
(310) 208-8800

Item 5. Other Events and Regulation FD Disclosure

SALE OF EQUITY INTEREST IN EQUISTAR

Occidental Petroleum Corporation said on January 31, 2002, that it has agreed in principle to sell its 29.5 percent equity interest in Equistar to Lyondell Chemical Company. Occidental will become the owner of approximately 21 percent of Lyondell.

Occidental will receive 30 to 34 million shares of Lyondell common stock, depending on the price of Lyondell stock at the closing. Occidental also will obtain warrants to purchase an additional 5 million shares at \$25 per share, and a payment equal to 7.38 percent of Equistar's cash distribution for 2002 and 2003 of up to a total of \$35 million to be paid in cash or stock.

Dr. Ray R. Irani, chairman and chief executive officer of Occidental, said, "These transactions reduce the volatility of our earnings while preserving the economic upside when the petrochemicals industry recovers and is consistent with our strategy of focusing on our oil and gas business. We look forward to

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continued success in our relationship with Lyondell."

Lyondell is a global manufacturer and marketer of intermediate and performance chemicals. Lyondell is the world's largest producer of propylene oxide and third largest producer of styrene monomer. In addition, Lyondell holds an interest of approximately 59 percent in a US oil refinery with a refining capacity of approximately 268,000 barrels of crude oil per day. Through its ownership in Equistar, Lyondell also is North America's second largest producer of ethylene and propylene and the world's third largest manufacturer of polyethylene.

These transactions, which are expected to close in the second quarter 2002, are subject to regulatory, Lyondell shareholder and other approvals. Millennium Chemicals will have the right to participate in the acquisition of Occidental's portion of Equistar on a ratable basis.

As a result of these transactions, Occidental will record an after-tax loss of approximately \$240 million in the fourth quarter 2001. The Equistar interest being sold is valued at \$440 million. Occidental also will record a fourth quarter pre-tax environmental charge of \$60 million.

Note: This press release contains forward-looking statements regarding the nature and expected results of Occidental's transaction with Lyondell. Actual results are subject to future events and uncertainties - including, among others, altering or not completing the transaction - which could materially impact performance.

### FOURTH QUARTER 2001 EARNINGS AND RESULTS OF OPERATIONS

Occidental Petroleum Corporation announced earnings before special items for the fourth quarter 2001 were \$35 million (\$0.09 per share), compared with \$349 million (\$0.94 per share) for the same period a year ago. Results for the fourth quarter of 2001 were a loss of \$247 million (\$0.66 per share), compared with income of \$333 million (\$0.90 per share) for the same period of 2000. Sales for the fourth quarter of 2001 were \$2.4 billion, compared with \$3.9 billion for the same period in 2000.

For the year 2001, earnings before special items were \$1.328 billion (\$3.57 per share), compared with \$1.326 billion (\$3.60 per share) for 2000. Occidental's net income for 2001 was \$1.2 billion (\$3.10

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per share), compared with \$1.6 billion (\$4.26 per share) for 2000. Sales increased to \$14.0 billion for 2001 from \$13.6 billion for 2000.

In announcing the results, Dr. Ray R. Irani, chairman and chief executive officer, said, "Net income for 2001 was the second highest in Occidental's history, with earnings per share before special items nearly matching our record setting 2000 performance. Oil and gas operating earnings were the highest in our history. We replaced 138-percent of our worldwide oil and gas production at a cost of \$4.54 per barrel of oil equivalent. We also appreciably strengthened our balance sheet by reducing our total debt to its lowest level in 15 years, increasing our equity by 18-percent and thereby bringing our debt-to-capitalization ratio down to 46-percent."

The fourth quarter 2001 included a \$240 million after-tax charge, reflecting the effect of the agreement in principle to sell Occidental's interest in Equistar, a \$60 million pre-tax charge for environmental remediation

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expenses, an \$11 million pre-tax charge to idle a chemical facility in Texas, and a \$5 million extraordinary loss resulting from early debt extinguishments. Also included in the fourth quarter 2001 was a \$14 million benefit resulting from lower effective state tax rates. The fourth quarter 2000 included net after-tax charges of \$16 million.

### Oil and Gas -----

Oil and gas segment earnings before special items were \$166 million for the fourth quarter 2001, compared with \$763 million for the same period in 2000. Lower prices for worldwide crude oil and domestic natural gas accounted for approximately \$500 million of the decline in earnings.

Oil and gas segment earnings for the fourth quarter of 2001 were also \$166 million, compared with \$770 million for 2000.

### Chemicals -----

Chemical segment results before special items were a loss of \$4 million for the fourth quarter 2001, compared with a loss of \$51 million for the fourth quarter 2000. The improvement in results reflects lower feedstock and energy costs, partially offset by lower sales prices for chlorine, EDC and PVC.

Chemical segment results for the fourth quarter 2001 were a loss of \$413 million and included a \$412 million pre-tax charge reflecting the effect of the agreement in principle to sell Occidental's interest in Equistar and an \$11 million charge to idle a chlor-alkali chemical facility in Deer Park, Texas, partially offset by a \$14 million benefit resulting from lower effective state tax rates. Fourth quarter 2000 chemical results were a loss of \$55 million and included net charges of \$17 million mainly related to the write-down or disposition of various assets, partially offset by a \$13 million after-tax gain related to the sale of a business.

Forward-looking statements and estimates regarding exploration and production activities, oil, gas and commodity chemical prices and their related earnings effects, and cost reductions, as well as pro-forma estimates in this release are based on assumptions concerning market, competitive, regulatory, environmental, operational and other conditions. Actual results could differ materially as a result of factors discussed in Occidental's Annual Report on Form 10-K.

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### SUMMARY OF SEGMENT NET SALES AND EARNINGS (Millions, except per-share amounts)

	Fourth Quarter		Twelve Months	
Periods Ended December 31	2001	2000	2001	2000
=====	=====	=====	=====	=====
<b>SEGMENT NET SALES</b>				
Oil and gas	\$ 1,796	\$ 3,145	\$10,893	\$ 9,779
Chemical	584	797	3,092	3,795
	-----	-----	-----	-----
Net sales	\$ 2,380	\$ 3,942	\$13,985	\$13,574
=====	=====	=====	=====	=====

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SEGMENT EARNINGS (LOSS)				
Oil and gas	\$ 166	\$ 770	\$ 2,845	\$ 2,417
Chemical	(413)	(55)	(394)	169
	-----	-----	-----	-----
	(247)	715	2,451	2,586
UNALLOCATED CORPORATE ITEMS				
Interest expense, net (a)	(56)	(80)	(263)	(380)
Income taxes (b)	187	(193)	(366)	(861)
Trust preferred distributions & other	(13)	(17)	(56)	(67)
Other (c)	(113)	(92)	(580)	291
	-----	-----	-----	-----
INCOME BEFORE EXTRAORDINARY ITEMS AND EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES				
	(242)	333	1,186	1,569
Extraordinary items, net	(5)	--	(8)	1
Cumulative effect of changes in accounting principles, net	--	--	(24)	--
	-----	-----	-----	-----
NET INCOME (LOSS)	(247)	333	1,154	1,570
Effect of repurchase of Trust Preferred Securities	--	--	--	1
	-----	-----	-----	-----
EARNINGS APPLICABLE TO COMMON STOCK				
	\$ (247)	\$ 333	\$ 1,154	\$ 1,571
	=====	=====	=====	=====
BASIC EARNINGS PER COMMON SHARE				
Income (loss) before extraordinary items and effect of changes in accounting principles	\$ (0.65)	\$ 0.90	\$ 3.18	\$ 4.26
Extraordinary loss, net	(0.01)	--	(0.02)	--
Cumulative effect of changes in accounting principles, net	--	--	(0.06)	--
	-----	-----	-----	-----
	\$ (0.66)	\$ 0.90	\$ 3.10	\$ 4.26
	=====	=====	=====	=====
DILUTED EARNINGS PER COMMON SHARE				
Income (loss) before extraordinary items and effect of changes in accounting principles	\$ (0.65)	\$ 0.90	\$ 3.17	\$ 4.26
Extraordinary loss, net	(0.01)	--	(0.02)	--
Cumulative effect of changes in accounting principles, net	--	--	(0.06)	--
	-----	-----	-----	-----
	\$ (0.66)	\$ 0.90	\$ 3.09	\$ 4.26
	=====	=====	=====	=====
AVERAGE BASIC COMMON SHARES OUTSTANDING				
	373.8	369.8	372.4	369.0
	=====	=====	=====	=====

See footnotes on following page.

(a) The fourth quarter and twelve months year-to-date 2001 includes \$17 million

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and \$102 million, respectively, interest income on notes receivable from Altura partners. The fourth quarter and twelve months year-to-date 2000 includes \$38 million and \$106 million, respectively.

- (b) The fourth quarter 2001 includes a \$172 million tax credit reflecting the effect of the agreement in principle to sell Occidental's interest in Equistar. Includes an offset for charges and credits in lieu of U.S. federal income taxes allocated to the divisions. Oil and gas divisional earnings have been impacted by credits of \$1 million and \$7 million in the fourth quarter of 2001 and 2000, respectively. The oil and gas fourth quarter of 2000 amount included a \$7 million credit for the sale of an office building. Chemical divisional earnings have been impacted by a credit of \$4 million in the fourth quarter of 2001 and a charge of \$5 million in the fourth quarter of 2000. The Chemical fourth quarter of 2000 amount included a \$21 million charge related to the sale of the Durez business and a \$12 million credit for the shutdown and liquidation of a chemical operation in Thailand.
- (c) The fourth quarter and twelve months year-to-date 2001 includes environmental remediation charges of \$60 million and \$109 million, respectively. The twelve months 2001 includes a \$272 million net-of-tax loss related to the sale of Occidental's residual interest in Occidental Texas Pipeline Company. The fourth quarter and twelve months year-to-date 2001 includes preferred distributions to the Occidental Permian partners of \$17 million and \$104 million, respectively. The fourth quarter and twelve months year-to-date 2000 includes \$39 million and \$107 million, respectively. This is essentially offset by the interest income discussed in (a) above. The fourth quarter 2000 includes a \$17 million litigation settlement.

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### SUMMARY OF OPERATING STATISTICS

	Fourth Quarter		Twelve Months	
Periods Ended December 31	2001	2000	2001	2000
=====	=====	=====	=====	=====
<b>NET OIL, GAS AND LIQUIDS</b>				
<b>PRODUCTION PER DAY</b>				
<b>United States</b>				
Crude oil and liquids (MBBL)				
California	82	75	76	70
Permian	137	136	137	101
US Other	--	--	--	1
	-----	-----	-----	-----
<b>Total</b>	<b>219</b>	<b>211</b>	<b>213</b>	<b>172</b>
Natural Gas (MMCF)				
California	297	316	303	306
Hugoton	153	166	159	168
Permian	150	162	148	119
US Other	--	--	--	66
	-----	-----	-----	-----
<b>Total</b>	<b>600</b>	<b>644</b>	<b>610</b>	<b>659</b>

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Latin America				
Crude oil & condensate (MBBL)				
Colombia	17	27	18	32
Ecuador	13	12	13	17
	-----	-----	-----	-----
Total	30	39	31	49
Eastern Hemisphere				
Crude oil and condensate (MBBL)				
Oman	14	9	12	9
Pakistan	7	5	7	6
Qatar	43	48	43	49
Russia	28	27	27	26
Yemen	32	31	33	32
	-----	-----	-----	-----
Total	124	120	122	122
Natural Gas (MMCF)				
Pakistan	51	49	50	49
Barrels of Oil Equivalent (MBOE)				
	482	485	476	461
CAPITAL EXPENDITURES (millions)	\$ 436	\$ 344	\$ 1,401	\$ 952
	=====	=====	=====	=====
DEPRECIATION, DEPLETION AND AMORTIZATION OF ASSETS (millions)	\$ 245	\$ 214	\$ 971	\$ 901
=====	=====	=====	=====	=====

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Item 9. Regulation FD Disclosure

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Text of Speech by Stephen I. Chazen, Chief Financial Officer and

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Executive Vice President - Corporate Development  
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Occidental Petroleum Corporation

STEPHEN CHAZEN  
Chief Financial Officer and  
Executive Vice President - Corporate Development

- Conference Call -  
Fourth Quarter 2001 Earnings Announcement

February 4, 2002  
Los Angeles, California

Good morning, and thank you for joining us.

If you haven't received a copy of the press release announcing our fourth quarter earnings along with the Investor Relations Supplemental Schedules, you'll find them on our website oxy.com or through the SEC's EDGAR system.

Income before special items for our fourth quarter last year was \$35 million, or \$0.09 per share - compared to the \$349 million, or \$0.94 per share,

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we earned in the fourth quarter of 2000. The change was due to the following factors:

- o The average price for West Texas Intermediate declined from \$31.86 per barrel to \$20.43 - a drop of 36-percent.
- o Our US natural gas price realizations fell by half - from \$4.91 per thousand cubic feet to \$2.44.
- o Chemical earnings before special items improved from negative \$51 million to negative \$4 million.
- o Interest expense decreased from \$136 million to \$86 million - for a decline of 37-percent.

Special items reduced earnings by \$282 million, or \$0.75 per share. The most significant special items involved a \$240 million after-tax charge resulting from the Equistar sale and a \$60 million pre-tax charge for environmental remediation.

For the year, our net income was \$1.2 billion, or \$3.10 per share. Before special items the earnings were \$1.3 billion, or \$3.57 per share - just 3-cents below our record high in 2000. Cash flow from operations in 2001 was \$2.6 billion.

The results for the year were driven by the following items compared to 2000:

- o Oil and gas production increased by 3-percent - from 461,000 to 476,000 BOE.
- o Oil prices declined by 14-percent - from an average WTI price of \$30.20 to \$25.97.

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- o US natural gas price realizations increased by 75-percent - from \$3.66 to \$6.40 per MCF.
- o And, finally, chemical earnings before special items for the year were \$41 million compared to \$293 million in 2000.

In addition to the Equistar transaction, the most significant special items in 2001 were the sale of our interest in the Tangguh LNG project in Indonesia and the entity that leased a Texas pipeline to Oxy's former MidCon subsidiary that together accounted for after-tax proceeds of \$750 million.

Oil and gas segment earnings before special items for the quarter were \$166 million compared with \$528 million in the third quarter and \$763 million in the 2000 fourth quarter. Exploration expense declined in the fourth quarter compared to the third quarter by approximately \$37 million - from \$91 million to \$54 million.

The most significant change in the oil and gas results from the third to the fourth quarter in 2001 was the decline in oil and natural gas prices that accounted for \$333 million of the decline. In addition, oil and gas production declined from 493,000 BOE in the third quarter to 482,000 BOE in the fourth quarter due to pipeline outages in Colombia. As we discussed in our third quarter conference call, the California gas premium, which averaged approximately \$2.70 per MCF above NYMEX during the third quarter, disappeared by

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the start of the fourth quarter.

Our sensitivity to changes in oil and gas prices is the same as prior quarters. A \$1.00 per million BTUs swing in NYMEX gas prices impacts quarterly oil and gas segment earnings by \$ 62 million while a \$1.00 per barrel change in oil prices has a quarterly impact of \$28 million.

In the first quarter of 2002 we would expect production to be flat with the fourth quarter of 2001.

Downward pressure on chemical markets and prices continues. The fourth and first quarters are typically sluggish quarters for the commodity chemicals business. Demand and margins remain poor, making it probable that results for the current quarter will be below the fourth quarter.

For the fourth quarter, chemical results before special items were a loss of \$4 million. Our core chemical operations actually had earnings of \$16 million for the quarter that was more than offset by \$20 million from our share of Equistar losses. For the total year, our chemical business had earnings before special items of \$115 million that was reduced by \$74 million from our share of Equistar losses - and resulted in earnings of \$41 million. Since the Equistar transactions will not close until the second quarter, the depressed state of the petrochemicals business will continue to negatively impact our results.

During the fourth quarter we reduced total debt by \$127 million to just under \$4.9 billion. This is nearly \$1.5 billion below our year-end 2000 total - giving us a debt to capitalization ratio of 46-percent compared to 57-percent at the end of 2000.

We also took advantage of attractive interest rates in December to refinance and extend the remaining \$700 million of Altura debt. The Altura debt was \$2.4 billion in April 2000 - and \$1.9 billion at year-end 2000.

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Interest expense, including distributions on trust preferred securities, was \$86 million. As a result of our debt reduction, interest expense and trust preferred distributions, have been lowered from \$554 million in 2000 and \$423 million in 2001 to what we estimate will be approximately \$345 million this year.

Capital spending of approximately \$1.4 billion for the year 2001 was 47-percent higher than our 2000 expenditures of \$952 million. Oil and gas spent \$1.2 billion and chemicals \$120 million. We expect 2002 capital spending to be at or below \$1.1 billion - with oil and gas accounting for about \$1 billion.

FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets" in June of last year. SFAS No. 142 changes the accounting and reporting requirements for acquired goodwill and intangible assets. At the end of 2001 the balance sheet included approximately \$100 million of goodwill that is related to the chemical operations. We have not completed the review of the impact of SFAS No. 142.

Now I'd like to turn the conference call over to Dr. Ray Irani, Chairman and CEO.

Text of Speech by Dr. Ray R. Irani, Chairman and Chief Executive Officer  
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Occidental Petroleum Corporation



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DR. RAY R. IRANI  
Chairman and Chief Executive Officer

- Conference Call -  
Fourth Quarter 2001 Earnings Announcement

February 4, 2002  
Los Angeles, California

Thank you, Steve.

I'd like to begin by highlighting our most significant achievements in 2001. Net income of \$1.2 billion was the second highest in Occidental's history and nearly matched our record performance of 2000.

Oil and gas delivered the highest operating income in the history of the company as we led our competitors in profitability per barrel for the third straight year. We increased oil and gas production by 3 percent, and we replaced 138 percent of our production. Our finding and development cost of \$4.54 per BOE is expected to place us in the top third of the industry.

We sold our interest in the Tangguh LNG project in Indonesia for an outstanding price.

Our debt reached its lowest level since 1985, and both Standard and Poor's and Moody's raised our debt ratings.

We were selected by the government of Saudi Arabia to participate in the Kingdom's historic natural gas initiative following a competitive bidding process. We also were among the five

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companies selected to compete for the 2 billion cubic feet per day Dolphin gas project in the United Arab Emirates. In addition, we made progress in pursuing other projects in the Middle East.

All these items are on the plus side as we look back across 2001.

On the negative side, chemicals had another difficult year in coping with depressed markets and low commodity chemical prices. Our strategy for chemicals is to harvest cash to invest in oil and gas growth opportunities. Despite 2001 being a very difficult year for chemicals from an earnings standpoint, the business generated over \$185 million in free cash flow.

We also took an important step to reduce the volatility of our future earnings by selling our interest in the Equistar petrochemicals partnership. For those of you who may have missed our announcement last week, we are selling our 29.5 percent interest in Equistar to Lyondell Chemical Company and we will become owners of 21 percent of Lyondell - whose base business includes intermediate and performance chemicals as well as refining interests. Owning an interest in Lyondell gives us exposure to businesses outside of petrochemicals. At the same time, it allows us to retain the significant upside of a recovery in petrochemicals. During the last up cycle, Lyondell's stock was more than three times its current price.

As we look ahead this year, the fourth quarter results clearly reflect the general downturn in energy prices and the continued depressed state of commodity chemical markets and prices. An upturn in energy prices will depend in part on

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the success of OPEC's strategy of cutting back production. However, a rebound in energy and chemical prices ultimately depends on the recovery of the global economy. The commodity chemicals business is especially sensitive to fluctuations in the global economy. Conditions in the commodity chemicals market are the worst I've seen in the last 15 years. We are unlikely to see meaningful improvement until the pressures exerted by the recession ease and the economy swings in the recovery mode.

The steps we've taken to strengthen our balance sheet and reduce our earnings volatility have significantly improved our capacity to withstand depressed energy and chemical prices in a weak economy. Our balance sheet is the strongest it's been in nearly two decades. We expect our interest expense this year to be approximately \$345 million - based on our total debt at the end of 2001. That's a savings of \$209 million from the \$554 million in interest we paid in 2000, and equates to an annual improvement of 36-cents a share in our bottom line. In addition, our dividend of one dollar per share offers the highest yield among the 20 largest oil companies.

On the operations side, the Horn Mountain development project is moving ahead on schedule and under budget. We expect first production in November - and peak production in 2003 of 21,000 BOE per day net to Occidental. The ongoing development of the 150-million barrel Eden-Yuturi oil field in Ecuador is on schedule. Startup is scheduled to coincide with the 2003 commissioning of the new OCP pipeline now under construction. This project will add incremental net production to Occidental of 30,000 barrels per day. We also are beginning work on a second phase of our EOR project in the North Dome field in Qatar. That project has the potential to add incremental net production of 25,000 barrels per day, but the pace of the work depends on how Qatar allocates its OPEC quota allowance.

We are planning to reduce our capital budget by approximately 20-percent below last year's level, consistent with our expectations of continuing soft prices. A portion of that reduction will be offset by lower costs from service providers and suppliers so that our activity level will be similar to

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last year's. Our actual spending level could vary, depending on the actual price environment and the opportunities that become available.

Thank you - and we're now ready to answer questions.

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Portions of this presentation are forward-looking and involve risks and uncertainties that could significantly affect expected results. Factors that could cause results to differ materially include, but are not limited to: global commodity pricing fluctuations for oil, natural gas and chemicals; competitive pricing pressures; higher than expected costs including feedstock; the supply/demand considerations for Occidental's products; any general economic recession domestically or internationally; and not successfully completing any expansion, capital expenditure or acquisition. The United States Securities and Exchange Commission (SEC) permits oil and natural gas companies, in their filings with the SEC, to disclose only proved reserves demonstrated by actual production or conclusive formation tests to be economically producible under existing economic and operating conditions. We use certain terms in this presentation, such as probable, possible and recoverable reserves, that the SEC's guidelines

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strictly prohibit us from using in filings with the SEC. U.S. investors are urged to consider carefully the disclosure in our form 10-K, available through the following toll-free telephone number, 1-888-OXYPETE (1-888-699-7383) or on the Internet at <http://www.oxy.com>. You also can obtain a copy from the SEC by calling 1-800-SEC-0330.

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Supplemental Investor Information

Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM  
2001 Fourth Quarter  
Net Income (Loss)  
(\$ millions)

	REPORTED INCOME -----	ADJUSTMENTS -----	
Oil & Gas	\$ 166	\$ --	
Chemical	(413)	412	Equistar
		(14)	State tax - rate change
		11	Idling of Deer Park plant
Corporate			
Interest - Permian Non-recourse debt	(5)		
Interest	(68)		
Trust Pfd Distributions & Other	(13)		
Other	(96)	60	Environmental remediation
Taxes	187	(192)	Tax effect of adjustments
	-----	-----	
Income before extraordinary loss	(242)	277	
Extraordinary loss	(5)	5	Early debt retirement
	-----	-----	
NET INCOME	\$ (247)	\$ 282	
	=====	=====	
 BASIC EARNINGS PER SHARE	 \$ (0.66)		
	=====		

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OCCIDENTAL PETROLEUM  
2000 Fourth Quarter  
Net Income (Loss)  
(\$ millions)

	REPORTED INCOME -----	ADJUSTMENTS -----	
Oil & Gas	\$ 770	\$ (7)	Office building sale
Chemical	(55)	(13)	Durez sale
		17	Net other charges including write-downs
Corporate			
Interest - Permian Non-recourse debt	(39)		
Interest	(79)		
Trust Pfd Distributions & Other	(18)		
Other	(53)	17	Litigation settlement
Taxes	(193)	2	Tax effect of adjustments
	-----	-----	
NET INCOME	\$ 333	\$ 16	
	=====	=====	
BASIC EARNINGS PER SHARE	\$ 0.90		
	=====		

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Investor Relations Supplemental Schedules

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OCCIDENTAL PETROLEUM  
Total Year 2001  
Net Income (Loss)  
(\$ millions)

	REPORTED INCOME -----	ADJUSTMENTS -----	
Oil & Gas	\$ 2,845	\$ (399)	Indonesia - Tangguh LNG
		(7)	Asset sale
Chemical	(394)	412	Equistar
		26	Severance and plant shut d
		(14)	State tax - rate change
		11	Idling of Deer Park plant
Corporate			
Interest - Permian Non-recourse debt	(74)		
Interest - all others	(291)		
Trust Pfd Distributions & Other	(58)		
Other	(476)	272	Occidental Texas Pipeline
		109	Environmental remediation
		(6)	OIL insurance dividend

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Taxes	(366)	(70)	State tax reserve reversal
		(192)	Tax effect of adjustments
	-----	-----	
Income before extraordinary loss and cumulative effect of changes in accounting principles	1,186	142	
Extraordinary loss, net	(8)	8	Early debt retirements
Cumulative effect of changes in accounting principles	(24)	24	Derivative & hedge account
	-----	-----	
NET INCOME	\$ 1,154	\$ 174	
	=====	=====	
BASIC EARNINGS PER SHARE			
Income before extraordinary loss and cumulative effect of changes in accounting principles	\$ 3.18		
Extraordinary loss, net	(0.02)		
Cumulative effect of changes in accounting principles	(0.06)		
	-----		
NET INCOME	\$ 3.10		
	=====		

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Investor Relations Supplemental Schedules

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OCCIDENTAL PETROLEUM  
Total Year 2000  
Net Income (Loss)  
(\$ millions)

	REPORTED INCOME	ADJUSTMENTS	
	-----	-----	
Oil & Gas	\$ 2,417	\$ (39)	Gulf of Mexico - VPP
		(41)	TransCanada buyout
		14	Sale of office building
		53	Asset writedowns
Chemical	169	120	Specialty write-down
		(13)	Durez sale
		17	Net other charges including write-downs
Corporate			
Interest - Permian Non-recourse debt	(119)		
Interest - all others	(367)		
Trust Pfd Distributions & Other	(68)		
Other	398	(493)	CanOxy gain
		17	Litigation settlement
		(11)	OIL insurance dividend
Taxes	(861)	133	Tax effect of adjustments
	-----	-----	

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Income before extraordinary gain	1,569	(243)	
Extraordinary gain	1	(1)	Early debt retirement
	-----	-----	
NET INCOME	\$ 1,570	\$ (244)	
	=====	=====	
BASIC EARNINGS PER SHARE	\$ 4.26		
	=====		

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Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM  
2001 Fourth Quarter Net Income (Loss)  
Reported Income Comparison

	FOURTH QUARTER 2001	THIRD QUARTER 2001	B/ (W)
	-----	-----	-----
Oil & Gas	\$ 166	\$ 927	\$ (761)
Chemical	(413)	40	(453)
Corporate			
Interest - Permian Non-recourse debt	(5)	(13)	8
Interest - all others	(68)	(71)	3
Trust Pfd Distributions & Other	(13)	(14)	1
Other	(96)	(296)	200
Taxes	187	(129)	316
	-----	-----	-----
Income Before Extraordinary Gain	(242)	444	(686)
Extraordinary Loss	(5)	--	(5)
	-----	-----	-----
Net Income	\$ (247)	\$ 444	\$ (691)
	=====	=====	=====
Basic Earnings Per Share	\$ (0.66)	\$ 1.19	\$ (1.85)
	=====	=====	=====
Effective Tax Rate	42%	-5%	-47%
	=====	=====	=====

OCCIDENTAL PETROLEUM  
2001 Fourth Quarter Net Income (Loss)  
Income Before Special Items Comparison

	FOURTH QUARTER 2001	THIRD QUARTER 2001	B/ (W)
	-----	-----	-----

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Oil & Gas	\$ 166	\$ 528	\$ (362)
Chemical	(4)	40	(44)
Corporate			
Interest - Permian non-recourse debt	(5)	(13)	8
Interest - all others	(68)	(71)	3
Trust Pfd Distributions & Other	(13)	(14)	1
Other	(36)	(24)	(12)
Taxes	(5)	(129)	124
	-----	-----	-----
Net Income	\$ 35	\$ 317	\$ (282)
	=====	=====	=====
Basic Earnings Per Share	\$ 0.09	\$ 0.85	\$ (0.76)
	=====	=====	=====
Effective Tax Rate	0%	28%	28%
	=====	=====	=====

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Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM  
Oil & Gas  
Segment Earnings Before Special Items Variance Analysis  
(\$ millions)

2001 4th Quarter	\$ 166
2001 3rd Quarter	528
	-----
	\$ (362)
	=====
Price Variance	\$ (333)
Volume Variance	(8)
Exploration Expense Variance	37
All Other	(58)
	-----
TOTAL VARIANCE	\$ (362)
	=====

=====

OCCIDENTAL PETROLEUM  
Chemical  
Segment Earnings Before Special Items Variance Analysis  
(\$ millions)

2001 4th Quarter	\$ (4)
2001 3rd Quarter	40
	-----

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	\$ (44)
	=====
Sales Price	\$ (50)
Sales Volume/Mix	5
Operations/Manufacturing	1
All Other	0
	-----
TOTAL VARIANCE	\$ (44)
	=====

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Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM  
2001 Fourth Quarter Net Income (Loss)  
Reported Income Comparison

	FOURTH QUARTER 2001	FOURTH QUARTER 2000	B/ (W)
	-----	-----	-----
Oil & Gas	\$ 166	\$ 770	\$ (604)
Chemical	(413)	(55)	(358)
Corporate			
Interest - Permian Non-recourse debt	(5)	(39)	34
Interest - all others	(68)	(79)	11
Trust Pfd Distributions & Other	(13)	(18)	5
Other	(96)	(53)	(43)
Taxes	187	(193)	380
	-----	-----	-----
Income Before Extraordinary Gain	(242)	333	(575)
Extraordinary Loss	(5)	--	(5)
	-----	-----	-----
Net Income	\$ (247)	\$ 333	\$ (580)
	=====	=====	=====
Basic Earnings Per Share	\$ (0.66)	\$ 0.90	\$ (1.56)
	=====	=====	=====
Effective Tax Rate	42%	36%	-6%
	=====	=====	=====

OCCIDENTAL PETROLEUM  
2001 Fourth Quarter Net Income (Loss)  
Income Before Special Items Comparison



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	FOURTH QUARTER 2001	FOURTH QUARTER 2000	B/ (W)
	-----	-----	-----
Oil & Gas	\$ 166	\$ 763	\$ (597)
Chemical	(4)	(51)	47
Corporate			
Interest - Permian non-recourse debt	(5)	(39)	34
Interest - all others	(68)	(79)	11
Trust Pfd Distributions & Other	(13)	(18)	5
Other	(36)	(36)	--
Taxes	(5)	(191)	186
	-----	-----	-----
Net Income	\$ 35	\$ 349	\$ (314)
	=====	=====	=====
Basic Earnings Per Share	\$ 0.09	\$ 0.94	\$ (0.85)
	=====	=====	=====
Effective Tax Rate	0%	35%	35%
	=====	=====	=====

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Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM  
Oil & Gas  
Segment Earnings Before Special Items Variance Analysis  
(\$ millions)

2001 4th Quarter	\$ 166
2000 4th Quarter	763
	-----
	\$ (597)
	=====
Price Variance	\$ (502)
Volume Variance	(5)
Exploration Expense Variance	(23)
All Other	(67)
	-----
TOTAL VARIANCE	\$ (597)
	=====

=====

OCCIDENTAL PETROLEUM  
Chemical

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## Segment Earnings Before Special Items Variance Analysis (\$ millions)

2001 4th Quarter		\$	(4)
2000 4th Quarter			(51)
			-----
		\$	47
			=====
Sales Price		\$	(75)
Sales Volume/Mix			8
Operations/Manufacturing			88 *
All Other			26 **
			-----
TOTAL VARIANCE		\$	47
			=====

\* Lower energy and lower feedstock costs.

\*\* Includes higher equity earnings.

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Investor Relations Supplemental Schedules

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### OCCIDENTAL PETROLEUM SUMMARY OF OPERATING STATISTICS

	FOURTH QUARTER		TWELVE MONTHS	
	2001	2000	2001	2000
	-----	-----	-----	-----
NET PRODUCTION PER DAY:				
UNITED STATES				
CRUDE OIL AND LIQUIDS (MBL)				
California	82	75	76	70
Permian	137	136	137	101
US Other	--	--	--	1
	-----	-----	-----	-----
TOTAL	219	211	213	172
NATURAL GAS (MMCF)				
California	297	316	303	306
Hugoton	153	166	159	168
Permian	150	162	148	119
US Other	--	--	--	66
	-----	-----	-----	-----
TOTAL	600	644	610	659
LATIN AMERICA				
Crude oil (MBL)				
Colombia	17	27	18	32

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	Ecuador	13	12	13	17
		-----	-----	-----	-----
	TOTAL	30	39	31	49
EASTERN HEMISPHERE					
CRUDE OIL (MBL)					
	Oman	14	9	12	9
	Pakistan	7	5	7	6
	Qatar	43	48	43	49
	Russia	28	27	27	26
	Yemen	32	31	33	32
		-----	-----	-----	-----
	TOTAL	124	120	122	122
NATURAL GAS (MMCF)					
	Pakistan	51	49	50	49
BARRELS OF OIL EQUIVALENT (MBOE)					
		482	485	476	461
		-----	-----	-----	-----

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Investor Relations Supplemental Schedules

[OXY LOGO]

SUMMARY OF OPERATING STATISTICS

	FOURTH QUARTER		TWELVE MONTHS	
	2001	2000	2001	2000
	-----	-----	-----	-----
OIL & GAS:				
-----				
PRICES				
UNITED STATES				
Crude Oil (\$/BBL)	16.79	27.72	21.74	26.66
Natural gas (\$/MCF)	2.44	4.91	6.40	3.66
LATIN AMERICA				
Crude oil (\$/BBL)	15.36	25.53	19.95	26.01
EASTERN HEMISPHERE				
Crude oil (\$/BBL)	17.43	26.32	21.32	25.14
Natural Gas (\$/MCF)	2.16	2.56	2.29	1.99
	FOURTH QUARTER		TWELVE MONTHS	
	2001	2000	2001	2000
	-----	-----	-----	-----
EXPLORATION EXPENSE				
Domestic	\$ 21	\$ 17	\$ 58	\$ 63
Latin America	5	8	77	22

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Eastern Hemisphere	28	5	49	9
	-----	-----	-----	-----
TOTAL	\$ 54	\$ 30	\$ 184	\$ 94
	=====	=====	=====	=====

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Investor Relations Supplemental Schedules

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OCCIDENTAL PETROLEUM  
CHEMICALS  
Volume (M Tons)

MAJOR PRODUCTS	FOURTH QUARTER		TWELVE MONTHS	
	2001	2000	2001	2000
Chlorine	636	683	2,847	2,977
Caustic	678	698	2,857	3,168
Ethylene Dichloride	151	305	735	979
PVC Resins	386	408	1,858	1,758

CHEMICALS  
Prices (Index)

MAJOR PRODUCTS	FOURTH QUARTER		TWELVE MONTHS	
	2001	2000	2001	2000
Chlorine	0.61	1.50	0.74	1.58
Caustic	1.18	0.81	1.33	0.69
Ethylene Dichloride	0.44	0.91	0.61	1.37
PVC Resins	0.52	0.82	0.68	0.95

CHLORINE

OXYCHEM COMMENTARY

- o Demand for chlorine declined further in the 4th quarter as economic conditions weakened and customers reduced inventories prior to the end of the year. This does, however, provide some opportunity for a quick recovery in 2002 once economic conditions improve.
- o Prices for chlorine continued to decline through most of the 4th quarter as producers sought to lock up volume commitments for 2002. No significant improvement is anticipated until the second half of 2002, when demand is expected to increase as the economy recovers.

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### Investor Relations Supplemental Schedules

[OXY LOGO]

- o Operating rates are expected to improve in 2002 as demand improves due to the lack of new capacity additions and the recent idling of Oxy Vinyls' Deer Park chlor-alkali plant. The Deer Park plant represents approximately 3% of U.S. operating capacity.

#### INFLUENCING FACTORS:

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Chlorine demand improvement depends on the recovery of the economy, particularly the health of the vinyls market segment. With limited new production capacity, higher demand will tighten the market and create pressure for higher pricing.

#### CAUSTIC

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#### OXYCHEM COMMENTARY

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- o Continued economic weakness in the U.S. and abroad resulted in reduced demand and operating rates in the 4th quarter.
- o Market prices continued to weaken in the 4th quarter. Spot prices declined by approximately \$50 per ton (25%) between early October and Late December 2001.
- o Increased caustic soda imports from non-traditional sources such as the Far East and the Middle East continue to impact the market.

#### INFLUENCING FACTORS:

-----

Caustic soda demand is closely related to economic activity in the manufacturing sector. Economic weakness is expected to continue in the 1st quarter of 2002 with a further softening of prices likely. Demand recovery is anticipated to begin in the 2nd half, when the economy is expected to rebound. However, it is possible that chlorine demand will recover more quickly than caustic soda, which would negatively influence the supply/ demand fundamentals for caustic soda due to its co-product nature.

#### EDC

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#### OXYCHEM COMMENTARY

-----

- o Demand for EDC remains weak throughout Asia due to low demand from VCM and PVC. However, purchasers have been reducing inventories so the supply/demand balance in that region has stabilized.
- o EDC prices are gradually increasing as a result of the balanced supply/demand picture. A recovery in PVC demand and pricing is required to sustain this improvement.

#### INFLUENCING FACTORS:

-----

An improvement in the demand and pricing for PVC in Asia will need to materialize before EDC demand and volume improves.

### Investor Relations Supplemental Schedules

[OXY LOGO]

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PVC/VCM

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### OXYCHEM COMMENTARY

-----

- o Oxy Vinyls' operating rates were reduced in the 4th quarter to balance inventories.
- o PVC resin demand declined in the 4th quarter. Many PVC converters took long outages due to lack of business resulting in extended shutdowns by the resin producers. Resin inventories remain at low levels, which will allow operating rates to improve quickly once demand recovers.
- o Domestic PVC resin prices continued their decline through the 4th quarter due to weak demand and over-supply.
- o U.S. export PVC resin prices into Asia decreased in the 4th quarter.
- o VCM domestic demand declined in the 4th quarter as demand for PVC continued to fall.
- o Export VCM prices dropped during the quarter.

### INFLUENCING FACTORS:

-----

Oversupply and economic uncertainty will moderate expected price improvements through the 1st quarter.

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Investor Relations Supplemental Schedules

[OXY LOGO]

### SUMMARY OF OPERATING STATISTICS

-----

	FOURTH QUARTER		TWELVE MONTHS	
MAJOR PRODUCTS	2001	2000	2001	2000
CAPITAL EXPENDITURES (\$MM)				
Oil & Gas				
California	\$ 80	\$ 69	\$ 318	\$ 201
Permian	94	74	289	162
Other - U.S.	46	24	160	94
Latin America	50	26	111	85
Eastern Hemisphere	101	79	345	249
Chemicals	51	71	120	155
Corporate	14	1	58	6
	-----	-----	-----	-----
TOTAL	\$ 436	\$ 344	\$1,401	\$ 952
	=====	=====	=====	=====

### DEPRECIATION, DEPLETION & AMORTIZATION OF ASSETS (\$MM)

Oil & Gas				
Domestic	\$ 144	\$ 112	\$ 540	\$ 452
Latin America	6	5	24	35
Eastern Hemisphere	47	42	186	183
Chemicals	46	45	190	190
Corporate	2	10	31	41

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TOTAL	----- \$ 245 =====	----- \$ 214 =====	----- \$ 971 =====	----- \$ 901 =====
-------	--------------------------	--------------------------	--------------------------	--------------------------

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Investor Relations Supplemental Schedules

[OXY LOGO]

OCCIDENTAL PETROLEUM  
CORPORATE  
(\$ millions)

	31-Dec-01 -----	31-Dec-00 -----
CAPITALIZATION		
Oxy Long-Term Debt (including current maturities)	\$ 4,065	\$ 3,541
Permian Non-Recourse Debt	--	1,900
Gas Sales Obligation (current and non-current)	282	411
Trust Preferred Securities	463	473
Others	80	31
	-----	-----
TOTAL DEBT	\$ 4,890 =====	\$ 6,356 =====
	-----	-----
EQUITY	\$ 5,634 =====	\$ 4,774 =====
	-----	-----
Total Debt To Total Capitalization	46% =====	57% =====

TOTAL DEBT

[the following is a tabular representation of graphical materials]

\$ Millions

	12/31/97 -----	12/31/98 -----	12/31/99 -----	Pro-Forma Post Altura -----	12/31/00 -----
Oxy Public Debt	4,965	5,402	4,401	5,766	3,544
Other Recourse Debt	1,361	776	1,047	1,009	912
Permian Non-recourse Debt	--	--	--	2,400	1,900
	-----	-----	-----	-----	-----
Total	6,326	6,178	5,448	9,175	6,356

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Investor Relations Supplemental Schedules

[OXY LOGO]

INTEREST & PREFERRED DIVIDENDS

[the following is a tabular representation of graphical materials]

\$ Millions

	1995	1996	1997	1998	1999	2000
	-----	-----	-----	-----	-----	-----
Oxy Public Debt	540	451	407	451	468	367
Preferred Dividends	93	93	88	17	7	--
Permian Non-recourse Debt	--	--	--	--	--	119
Capital Trust Preferred	31	29	35	20	62	68
	-----	-----	-----	-----	-----	-----
Total	664	573	530	488	537	554

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Investor Relations Supplemental Schedules

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Portions of this presentation are forward-looking and involve risks and uncertainties that could significantly affect expected results. Factors that could cause results to differ materially include, but are not limited to: global commodity pricing fluctuations; competitive pricing pressures; higher than expected costs including feedstock; the supply/demand considerations for Occidental's products; any general economic recession domestically or internationally; and not successfully completing any expansion, capital expenditure or acquisition.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

OCCIDENTAL PETROLEUM CORPORATION  
(Registrant)

DATE: February 1, 2002

S. P. Dominick, Jr.



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S. P. Dominick, Jr., Vice President and Controller  
(Chief Accounting and Duly Authorized Officer)