



Rating: Buy
 S&P 500: 1358
 Intraday

Occidental Petroleum Crude is King

<i>Symbol</i>	OXY	<i>Ebitda Next Twelve Months ending 12/31/08 (US\$m)</i>	11,500
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	10
<i>Price (US\$/sh)</i>	66.59	<i>Natural Gas and Oil Production/Ebitda (%)</i>	91
<i>Pricing Date</i>	1/29/08	<i>Adjusted Reserves/Production NTM</i>	11.6
<i>Shares (mm)</i>	833	<i>EV/Ebitda</i>	5.2
<i>Market Capitalization (US\$m)</i>	55,500	<i>PV/Ebitda</i>	6.6
<i>Debt (US\$m)</i>	4,200	<i>Undeveloped Reserves (%)</i>	20
<i>Enterprise Value (EV) (US\$m)</i>	59,700	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	47.00
<i>Present Value (PV) (US\$m)</i>	75,800	<i>Present Value Proven Reserves(US\$/boe)</i>	24.00
<i>Net Present Value (US\$/share)</i>	86	<i>Present Value Proven Reserves(US\$/mcf)</i>	4.00
<i>Debt/Present Value</i>	0.06	<i>Earnings Next Twelve Months (US\$/sh)</i>	6.62
<i>McDep Ratio - EV/PV</i>	0.79	<i>Price/Earnings Next Twelve Months</i>	10
<i>Dividend Yield (%/year)</i>	1.5	<i>Indicated Annual Dividend (US\$/sh)</i>	1.00
Note: Estimated cash flow and earnings tied to one-year futures prices for oil and natural gas.			
Reported results may vary widely from estimates. Estimated present value per share revised only infrequently.			
Estimated present value presumes a long-term price for oil of US\$80 a barrel and natural gas, \$11 a million btu.			
For historical analysis of OXY since 2000 see www.mcdep.com/3oxy.htm			

Summary and Recommendation

Buy-recommended **Occidental Petroleum (OXY)** offers 79% oil concentration, predominantly in the U.S., at estimated Net Present Value (NPV) of \$86 a share. We raised NPV from \$77 on December 18 when we increased our long-term oil price for calculating present value to \$80 from \$66 a barrel. Oxy's actual oil price reached \$80 a barrel for the first time in fourth quarter results reported today. We believe the financial problems behind current stock market turmoil present an opportunity to invest in oil and gas stocks including OXY. Likely government responses to debt-stressed capital markets may keep oil price on its long-term uptrend. Currently at \$88 a barrel, six-year oil could trade as low as \$77 and still be in an uptrend above the 40-week average. Not only does OXY stock trade at a low McDep Ratio, it also has positive momentum as it trades above its 200-day average.

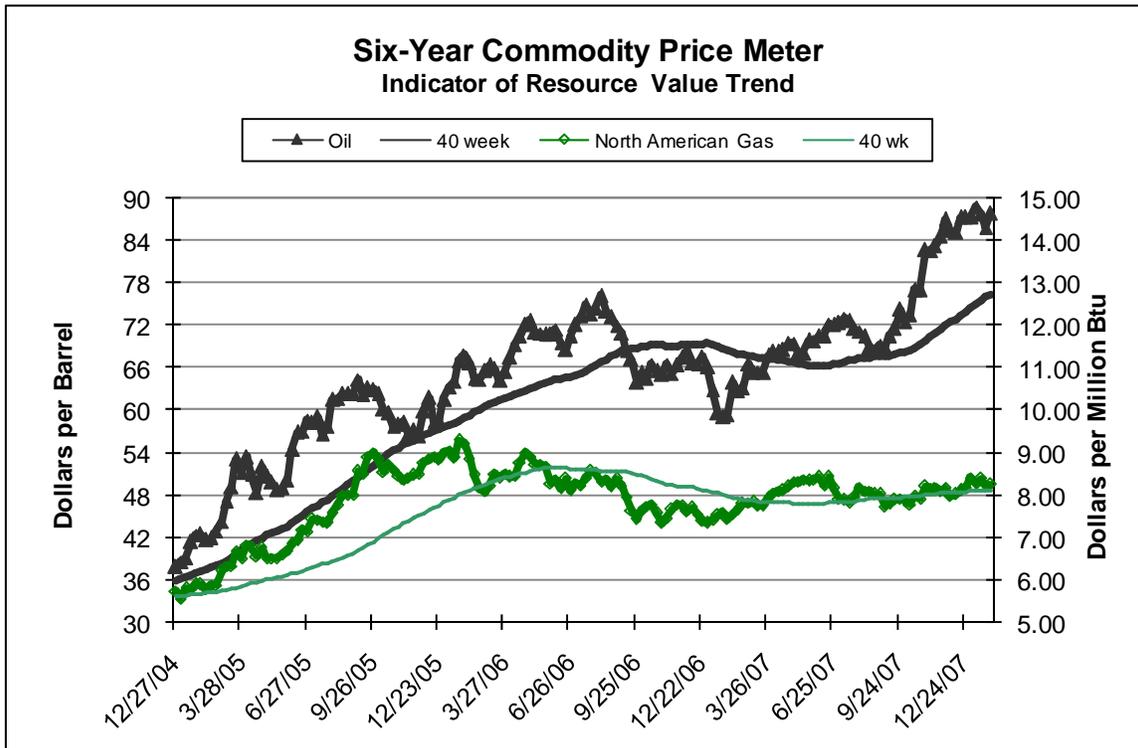
Kurt H. Wulff, CFA



Occidental Petroleum									
Next Twelve Months Operating and Financial Estimates									
									<i>Next</i>
	<i>Q4</i>	<i>Q3</i>	<i>Q4</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Months</i>
	<i>12/31/06</i>	<i>9/30/07</i>	<i>12/31/07</i>	<i>2007</i>	<i>3/31/08</i>	<i>6/30/08</i>	<i>9/30/08</i>	<i>12/31/08</i>	<i>12/31/08</i>
Volume									
Natural Gas (mmcf)									
U.S. (or North America)	599	604	578	594	578	578	578	578	580
Overseas (or Int'l)	136	143	204	140	300	300	300	300	301
Total	735	747	782	734	878	878	878	878	880
Oil (mbd)	493	446	460	460	460	460	460	460	460
Total gas & oil (mmb)	57	52	54	213	55	55	56	56	222
Total gas & oil (mbd)	616	570	590	582	606	606	606	606	606
Price									
Natural gas (\$/mcf)									
Henry Hub (\$/mmbtu)	7.35	6.16	6.97	8.77	7.76	8.07	8.28	8.63	8.18
U.S. (or North America)	5.64	5.90	6.77	6.53	7.53	7.84	8.03	8.38	7.95
Overseas (or Int'l)	1.44	1.46	1.56	1.70	1.56	1.56	1.56	1.56	1.56
Total	4.86	5.05	5.41	5.61	5.49	5.69	5.82	6.05	5.76
Oil (\$/bbl)									
WTI Cushing	66.57	75.48	90.67	70.45	91.62	90.56	89.92	89.34	90.36
Worldwide	51.18	67.81	80.30	64.73	81.14	80.20	79.63	79.12	80.02
Total gas & oil (\$/bbl)	46.80	59.62	69.73	58.20	69.50	69.08	68.84	68.77	69.04
Revenue (\$mm)									
Natural Gas									
U.S. (or North America)	311	328	360	1,416	396	412	427	445	1,681
Overseas (or Int'l)	18	19	29	87	42	42	43	43	171
Total	329	347	389	1,502	439	455	470	488	1,852
Oil	2,321	2,779	3,396	10,872	3,394	3,355	3,368	3,346	13,462
Ebitda (\$mm)									
Exploration and Production	1,702	2,216	2,574	8,431	2,606	2,590	2,610	2,607	10,413
Other	269	332	222	1,080	255	271	332	222	1,080
Total Ebitda	1,971	2,548	3,009	9,723	2,861	2,861	2,942	2,829	11,493
Exploration	100	68	101	364	100	100	100	100	400
Deprec., Deplet., & Amort.	565	602	639	2,393	639	639	639	639	2,556
Ebit	1,306	1,878	2,269	6,966	2,122	2,122	2,203	2,090	8,537
Interest	20	11	13	39	13	13	13	13	52
Ebt	1,286	1,867	2,256	6,927	2,109	2,109	2,190	2,077	8,485
Income Tax	450	654	789	2,425	738	738	767	727	2,970
Net Income (\$mm)									
Exploration and Production	1,499	1,988	2,599	7,818					
Other	156	212	94	601					
Unallocated	(819)	(986)	(1,227)	(3,916)					
Total	836	1,214	1,466	4,503	1,371	1,371	1,424	1,350	5,515
Shares (millions)									
Per share (\$)	0.98	1.45	1.76	5.37	1.65	1.65	1.71	1.62	6.62
Ebitda Margin (E&P)	64%	71%	68%	68%	68%	68%	68%	68%	68%
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%



Occidental Petroleum Corporation					
Functional Cash Flow and Present Value					
				Present	
	NTM Ebitda	Adjusted	PV/	Value	
	(US\$mm)	R/P	Ebitda	(US\$mm)	
U.S. Natural Gas	1,144	10.9	7.9	9,000	12%
Rest of World Natural Gas	116	10.4	8.6	1,000	1%
Oil	9,154	11.9	6.5	59,800	79%
Downstream	1,080		5.6	6,000	8%
	11,493	11.6	6.6	75,800	100%
Debt (US\$mm)					4,200
Net Present Value (US\$mm)					71,600
Shares (mm)					833
Net Present Value - Standard Estimate (US\$/sh)					86
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					100



McDep LLC
Independent Stock Idea
January 29, 2008



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