



Rating: Buy
 S&P 500: 1377

Occidental Petroleum

Raise Net Present Value to \$100 a Share

<i>Symbol</i>	OXY	<i>Ebitda Next Twelve Months ending 3/31/09 (US\$mm)</i>	14,500
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	11
<i>Price (US\$/sh)</i>	84.49	<i>Natural Gas and Oil Production/Ebitda (%)</i>	92
<i>Pricing Date</i>	4/23/08	<i>Adjusted Reserves/Production NTM</i>	11.6
<i>Shares (mm)</i>	828	<i>EV/Ebitda</i>	5.1
<i>Market Capitalization (US\$mm)</i>	70,000	<i>PV/Ebitda</i>	6.0
<i>Debt (US\$mm)</i>	4,400	<i>Undeveloped Reserves (%)</i>	20
<i>Enterprise Value (EV) (US\$mm)</i>	74,300	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	60.40
<i>Present Value (PV) (US\$mm)</i>	87,200	<i>Present Value Proven Reserves(US\$/boe)</i>	28.00
<i>Net Present Value (US\$/share)</i>	100	<i>Present Value Proven Reserves(US\$/mcf)</i>	4.67
<i>Debt/Present Value</i>	0.05	<i>Earnings Next Twelve Months (US\$/sh)</i>	8.99
<i>McDep Ratio - EV/PV</i>	0.85	<i>Price/Earnings Next Twelve Months</i>	9
<i>Dividend Yield (%/year)</i>	1.2	<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

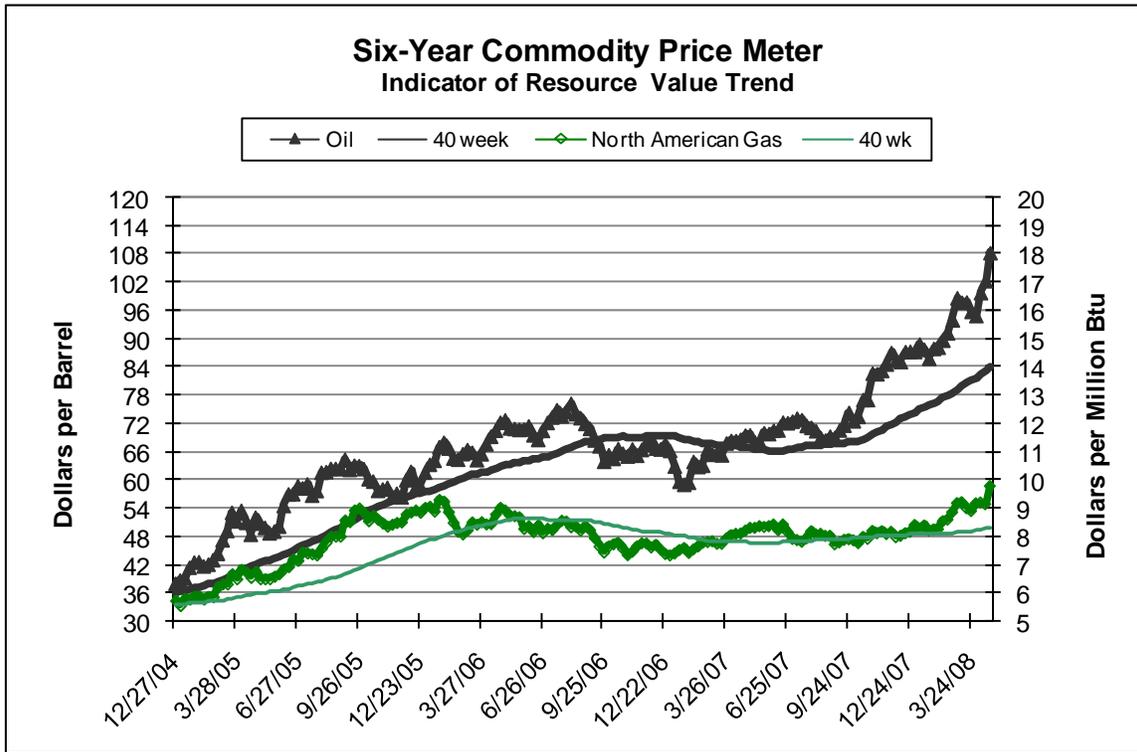
Buy-recommended **Occidental Petroleum (OXY)** offers unlevered appreciation potential of 17% to estimated net present value (NPV) of \$100 a share, revised up today from \$86. First quarter results released today exceeded our expectations from three months ago for oil and gas price, cash flow and earnings. Projected volumes along with current futures prices promise a continuing high level of unlevered cash flow (Ebitda) (see table Next Twelve Months Operating and Financial Estimates). Favorable operating trends at Oxy support the increase in NPV to bring it more in line with that supported by projected cash flow capitalized at unlevered multiples (PV/Ebitda) related to reserve life (Adjusted R/P) (see table Functional Cash Flow and Present Value). Latest oil reserves are concentrated 78% in the U.S. (see table Production and Reserves, 2007). Oxy's timely purchase of oil properties in California and West Texas in the last decade has produced a gusher of value for investors. At the same time, to control the risk of unexpected negative surprise, investors can limit the size of an OXY position. We carry the stock at an unlevered full weight of 3.2% in the illustrative McDep Energy Portfolio of 27 buy recommendations.

Kurt H. Wulff, CFA

McDep LLC
Independent Stock Idea
 April 24, 2008



Occidental Petroleum									
Next Twelve Months Operating and Financial Estimates									
									Next Twelve Months
	Q1 3/31/07	Q4 12/31/07	Year 2007	Q1 3/31/08	Q2E 6/30/08	Q3E 9/30/08	Q4E 12/31/08	Year 2008E	3/31/09
Volume									
Natural Gas (mmcf)									
U.S. (or North America)	585	578	594	580	580	580	580	582	580
Overseas (or Int'l)	134	204	140	266	266	266	266	267	274
Total	719	782	734	846	846	846	846	848	854
Days	90	92	365	91	91	92	92	366	365
Oil (mbd)	467	460	460	466	466	466	466	467	466
Total gas & oil (mmb)	53	54	213	55	55	56	56	222	222
Total gas & oil (mbd)	587	590	582	607	607	607	607	607	608
Price									
Natural gas (\$/mcf)									
Henry Hub (\$/mmbtu)	6.81	6.97	6.87	8.02	10.40	11.07	11.47	10.24	11.21
U.S. (or North America)	6.38	6.77	6.53	8.15	10.57	11.25	11.66	10.41	11.39
Overseas (or Int'l)	2.16	1.56	1.70	1.47	1.47	1.47	1.47	1.47	1.47
Total	5.59	5.41	5.61	6.05	7.71	8.18	8.46	7.60	8.21
Oil (\$/bbl)									
WTI Cushing	58.08	90.67	72.28	97.94	115.46	115.06	113.29	110.44	113.91
Worldwide	51.78	80.30	64.73	86.75	102.26	101.91	100.35	97.84	100.90
Total gas & oil (\$/bbl)	48.06	69.73	58.20	75.03	89.25	89.63	88.82	85.70	88.81
Revenue (\$mm)									
Natural Gas									
U.S. (or North America)	336	360	1,416	430	558	600	622	2,211	2,412
Overseas (or Int'l)	26	29	87	36	36	36	36	143	147
Total	362	389	1,502	466	593	636	658	2,354	2,559
Oil	2,177	3,396	10,872	3,679	4,337	4,369	4,302	16,686	17,162
Ebitda (\$mm)									
Exploration and Production	1,721	2,787	8,644	3,240	3,352	3,404	3,373	13,369	13,410
Other	255	222	1,080	310	271	332	222	1,135	1,135
Total Ebitda	1,975	3,009	9,723	3,549	3,623	3,736	3,595	14,504	14,545
Exploration	102	101	364	74	100	100	100	374	400
Deprec., Deplet., & Amort.	588	639	2,393	653	653	653	653	2,612	2,612
Ebit	1,285	2,269	6,966	2,822	2,870	2,983	2,842	11,518	11,533
Interest	9	13	39	20	20	20	20	80	80
Ebt	1,276	2,256	6,927	2,802	2,850	2,963	2,822	11,438	11,453
Income Tax	447	789	2,425	981	998	1,037	988	4,003	4,008
Net Income (\$mm)									
Exploration and Production	1,549	2,599	7,818	3,011				3,011	
Other	137	94	601	179				179	
Unallocated	(856)	(1,227)	(3,916)	(1,368)				(1,368)	
Total	830	1,466	4,503	1,822	1,853	1,926	1,834	7,434	7,444
Shares (millions)	847	833	839	828	828	828	828	828	828
Per share (\$)	0.98	1.76	5.37	2.20	2.24	2.33	2.22	8.98	8.99
Ebitda Margin (E&P)	68%	74%	70%	78%	68%	68%	68%	70%	68%
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%



Disclaimer: This analysis was prepared by Kurt Wulff, Manager of McDep LLC as of January 1, 2008. Previously Mr. Wulff was doing business as McDep Associates. The firm used sources and data believed to be reliable, but makes no representation as to their accuracy or completeness. This analysis is intended for informational purposes and is not a solicitation to buy or sell a security. Past performance is no guarantee of future results.

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