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Occidental Petroleum Corporation Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Michael Jacobs - Tudor Pickering.

Michael Jacobs - Tudor Pickering

Steve I appreciate the color on California activity. Can you give us a little history on how overall activity in California is evolved over the last year or two and some of the assumptions that go into how you arrived at sub \$10 a barrel estimate for [S&D] and lifting cost?

Steve Chazen

We started this project, I think 5 years ago, well the notion there were right reservoirs that hadn't [inaudible] elsewhere in the state, and so we begun accumulating acreage. We really don't want to get into any more detail about how the numbers were computed, it's very early in the process and we are really not something we told you what we think. We can tell you with high certainty and we want to stay away from speculating about what it might turn out.

Michael Jacobs - Tudor Pickering

Okay. Just one more questions on the Permian with CO2 representing about 50,000 barrels a day future growth. How are you accessing the overall risk to that future growth and what is the potential recourse in kind of a worst case situation?

Steve Chazen

Talking about some SandRidge?

Michael Jacobs - Tudor Pickering

Yes.

Steve Chazen

No, things are going just fine with SandRidge we don't have any reason to believe that anything is going to happen except the plant is going to deliver generally on time. So, there is plenty of drilling locations in the area with lots of CO2. So I really not worried that we won't be able to supply CO2. If SandRidge doesn't supply for some reason, which I don't see why, the area is loaded with wells with

relative small amounts of methane and lots of CO2. It's not something we spend a lot time worrying about and I think they are doing fine, they seem to be okay.

Operator

Your next question comes from Michael LaMotte - J.P. Morgan.

Michael LaMotte - J.P. Morgan

If I could sort off follow up on the CapEx question and your cost question. I just want to get some sense from you is to how you think about the returns, or the difference between your realizations and your target cost in terms of when you actually might see some of your shorter cycle activity turn back-up against of the trends and volumes that looks to be down sequentially this year might actually stop and reverse?

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