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323 Alligator Ridge

Occidental Petroleum Corporation



Annual Report

Sixtieth Annual Report to Shareholders



Paul A. Bailly, President, Occidental Minerals Corporation. Opposite page: Silver-bearing ore containing minor amounts of gold is stockpiled after passing through the primary crusher at the Minerals Division's Candelaria project in western Nevada.

Minerals Division 1980 earnings of \$109.4 million reflected \$123.6 million of pre-tax profits realized by our treasury department from forward sales of silver and gold. While our limited partner in the Candelaria project has claimed approximately \$48 million of these profits, in our opinion, based in part on the views of our Special Counsel, the limited partner's claim is without merit.

During late 1980 the Division's two precious metals projects at Candelaria and Alligator Ridge in Nevada, began to produce silver and gold.

Candelaria Operations Begun

The Candelaria Partners project is a silver deposit with small amounts of gold, located in western Nevada, about 130 miles southeast of Reno. The project is a limited partnership in which Occidental Minerals Corporation (OxyMin) is the general partner and holds a 60 percent interest after recovery of its investment in the project development. Construction was completed in 11 months, a record time for a project of this type and magnitude.

The precious metals ore is mined by conventional open pit methods; then the ore is crushed and placed on leach heaps. A chemical solution is sprayed on the heaped ore which extracts the silver and gold.

Candelaria is a good example of how imaginative geologic reinterpretation of long-known data and an innovative metallurgical approach can lead to the rebirth of an abandoned mining district.

Alligator Ridge Nears Completion

At Alligator Ridge, a near-surface gold deposit in eastern Nevada, construction has been completed with the exception of permanent ore-crushing facilities which should be ready early in the second quarter of 1981. OxyMin holds a 50 percent interest in the project, which is operated by its partner.

Although Alligator Ridge mining, processing and

refining methods are generally similar to those at the Candelaria mine, the ore body discovery was the result of modern exploration techniques in an area where there had been no previous mining.

Exploration for additional gold deposits in the Alligator Ridge area is continuing with some encouraging results. Several areas where gold mineralization has been found through reconnaissance drilling will be the object of detailed drilling, metallurgical tests, and feasibility studies in 1981.

Exploration Activities

The Division continued its exploration for zeolites, which have special physical and chemical properties with applications in agriculture, odor control, treatment of chemical and nuclear waste solutions, and gas separation. OxyMin has discovered several substantial deposits in the western U.S.

OxyMin also continued active exploration programs in the western United States and in Australia for silver, gold and uranium. Several gold placer deposits and uranium deposits are under evaluation in the U.S., and a land position has been established in the famous Kalgoorlie gold district of western Australia.

Minerals Division

Statistical Highlights

For the year ended December 31, 1980

	1980
PROVEN AND PROBABLE ORE RESERVES BEGINNING OF YEAR:	
Total tons of ore —	
Candelaria (60 percent Oxy)	12,332,300
<u>Alligator Ridge (50 percent Oxy)</u>	4,877,200
OUNCES PER TON OF ORE:	
Candelaria —	
Silver (soluble)	1.83
Gold (soluble)0067
<u>Alligator Ridge Gold</u>122
TOTAL TONS OF ORE MINED:	
Candelaria (60 percent Oxy)	963,700
<u>Alligator Ridge (50 percent Oxy)</u>	380,200
OUNCES OF METAL PRODUCED:	
Candelaria —	
Total silver (60 percent Oxy)	269,362
Total gold (60 percent Oxy)	1,061
<u>Oxy's share of Alligator Ridge —</u>	
Silver	87
Gold	1,526
AVERAGE SALES PRICE (per ounce):	
Candelaria —	
Silver	\$ 18.33
Gold	\$ 610.36
<u>Alligator Ridge —</u>	
Silver	\$ 16.60
Gold	\$ 614.24
DIVISIONAL CAPITAL EXPENDITURES	\$ 56,418,000
NUMBER OF EMPLOYEES	247