



*Supplement to the  
Chevron Corporation  
Annual Report  
1995*

**New Prospects. New Perspectives.**





### Objective for 1994 -1998

Chevron's primary objective is to exceed the financial performance of its competitor group of five other major oil companies. Its goal is to be No. 1 among this peer group in Total Stockholder Return (stock price appreciation plus reinvested dividends) for the five-year period 1994-1998. To accomplish this goal, the company is guided by eight "strategic intents" as noted below.

Chevron's ongoing goal is also to be the industry leader in safety and health performance, and to be recognized worldwide for environmental excellence.

### Strategic Intents For 1996

- Build a committed team to accomplish the corporate mission.
- Focus on reducing costs across all activities.
- Continue upstream growth in international areas.
- Generate cash from North American upstream operations while maintaining value through sustained production levels.
- Achieve top financial performance in U.S. downstream.
- Grow Caltex in attractive markets while achieving superior competitive financial performance.
- Continue to improve competitive financial performance in chemicals while developing attractive opportunities for growth.
- Be selective in non-core businesses.

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## HISTORY

1879	Incorporated as Pacific Coast Oil Company in San Francisco, California.
1900	Acquired by the west coast operations of John D. Rockefeller's original Standard Oil Company.
1911	Emerged as Standard Oil Company (California), an autonomous entity, following U.S. Supreme Court decision to divide Standard Oil into 34 independent companies.
1926	Merged with Pacific Oil Company to become Standard Oil Company of California.
1920s-30s	Began exploring in Indonesia and South America. Major exploratory successes followed, with vast oil discoveries in Bahrain and Saudi Arabia. Established production and refining operations in Canada.
1936	Formed Caltex Group of Companies, jointly with Texaco, to manage exploration and production interests in the Middle East and Indonesia, and provide an outlet for the crude through Texaco's European markets.
1940s-60s	Continued expansion that eventually led to participation in a number of major discoveries, such as the North West Shelf in Australia, the Ninian Field in the North Sea, and development of the Gulf of Mexico.
1961	Acquired Standard Oil Company (Kentucky), a major products marketer in five southeastern states, to provide outlets for the company's crude oil production in southern Louisiana and the Gulf of Mexico.
1984	Acquired Gulf Corporation which nearly doubled the size of oil and gas activities. Also gained significant presence in industrial chemicals, natural gas liquids and coal industries. Changed name to Chevron Corporation to closely identify with the name under which most products were marketed.
1988	Purchased Tenneco Inc.'s Gulf of Mexico oil and gas properties, becoming one of the largest natural gas producers in the United States.
1993	Entered into a joint venture with the Republic of Kazakstan to develop and produce the giant Tengiz Field, estimated to hold at least six billion barrels of recoverable crude oil.
1996	Entered into exclusive negotiations to merge Chevron's gas gathering, processing and marketing operations with NGC Corporation.

CHEVRON  
TODAY

Chevron is a leading international energy and chemical company, operating in about 95 countries through approximately 450 subsidiaries, partnerships, affiliates and other entities engaging in all phases of the petroleum industry:

**Exploration and Production** Chevron is one of the largest natural gas producers in the United States and is among the leaders in worldwide liquids production. Chevron operates in major U.S. producing areas (California, the Gulf of Mexico, the Rocky Mountains and Texas) and in 24 other countries including Canada, United Kingdom, Australia, Indonesia, Nigeria, Angola, Papua New Guinea and Kazakstan. Exploration opportunities involve frontier areas such as China, Ireland and Peru. Current projects include development of deep-water and natural gas prospects in the Gulf of Mexico, the N'Kossa and Kitina oil fields in Congo, the Britannia natural gas field in the North Sea and a gas project in Nigeria. In 1995, Chevron replaced 138 percent of its oil and gas production with new proved reserves.

**Refining and Marketing** Chevron has six light-product refineries in the United States and one refinery each in Canada and United Kingdom. The company markets refined products through 8,500 retail outlets in the United States, Canada and United Kingdom. Chevron ranks among the top three marketers in 14 states in the United States, with principal gasoline markets located in the fastest growing areas – the west, southwest and south. Chevron's affiliate, Caltex, owns interests in 15 refineries, mostly located in the fast-growing Asia-Pacific region. Two refineries in Japan are to be sold in 1996. Caltex strategic plans call for increased focus on high-growth areas throughout the Pacific Rim and entry into emerging markets, such as China, India, Vietnam and Cambodia.

**Supply and Distribution** Chevron purchases, sells, trades and transports crude oil, natural gas, liquefied natural gas, refined products, liquefied petroleum gas and other products. Chevron operates a fleet of 35 vessels with one of the best safety records in the industry. The company also owns interests in over 13,000 miles of crude oil, natural gas and petroleum product pipelines.

**Chemicals** Chevron produces petrochemicals, additives and other chemicals in plants in 10 states in the United States, and in Brazil, France and Japan. Through affiliates and subsidiaries, it operates or markets in more than 80 countries. Currently, the company is restructuring to take advantage of its strengths in U.S. markets and to increase the focus on international growth. Chevron announced expansion plans for its ethylene, paraxylene and polystyrene facilities in the United States and has international projects planned for Saudi Arabia and Singapore.

**Other Operations** One of the nation's top 20 coal producers, Chevron operates five coal mines in major coal producing regions in the United States and has an equity interest in another coal mining company.

FUTURE  
OUTLOOK

Chevron's future will be shaped by eight strategic intents listed on the facing page, adopted to increase the company's competitive position and profitability. The company is currently well positioned for profitable business growth with a number of major projects coming on-line that will provide significant cash flow and earnings. Chevron continues to strive to operate more efficiently and at a lower cost to accomplish its financial goals and contribute to shareholder value.



**FINANCIAL HIGHLIGHTS<sup>(1)</sup>**

Millions of Dollars, Except Per Share Amounts

	1995	1994	1993
Income Before Cumulative Effect of Changes in Accounting Principles . . . . .	\$ 930	\$ 1,693	\$ 1,265
Cumulative Effect of Changes in Accounting Principles . . . . .	—	—	—
Net Income (Loss) . . . . .	\$ 930	\$ 1,693	\$ 1,265
Sales and Other Operating Revenues . . . . .	36,310	35,130	36,191
Cash Dividends . . . . .	1,255	1,206	1,139
Capital and Exploratory Expenditures <sup>(2)(3)</sup> . . . . .	4,800	4,819	4,440
Cash Provided by Operating Activities . . . . .	4,075	2,896	4,221
Working Capital at Year End . . . . .	(1,578)	(1,801)	(1,924)
Total Assets at Year End . . . . .	34,330	34,407	34,736
Total Debt at Year End . . . . .	8,327	8,142	7,538
Stockholders' Equity at Year End . . . . .	14,355	14,596	13,997
Market Value at Year End . . . . .	\$34,166	\$29,084	\$28,380
Common Shares Outstanding at Year End (Thousands) . . . . .	652,327	651,751	651,478
Per Share Data			
Income Before Cumulative Effect of Changes in Accounting Principles . . . . .	\$ 1.43	\$ 2.60	\$ 1.94
Cumulative Effect of Changes in Accounting Principles . . . . .	—	—	—
Net Income (Loss) . . . . .	\$ 1.43	\$ 2.60	\$ 1.94
Cash Dividends . . . . .	1.925	1.85	1.75
Stockholders' Equity at Year End . . . . .	22.01	22.40	21.49
Market Price: Year End . . . . .	52 <sup>3</sup> / <sub>8</sub>	44 <sup>5</sup> / <sub>8</sub>	43 <sup>9</sup> / <sub>16</sub>
High . . . . .	53 <sup>5</sup> / <sub>8</sub>	49 <sup>3</sup> / <sub>16</sub>	49 <sup>3</sup> / <sub>8</sub>
Low . . . . .	\$ 43 <sup>3</sup> / <sub>8</sub>	\$ 39 <sup>7</sup> / <sub>8</sub>	\$ 33 <sup>11</sup> / <sub>16</sub>
Key Financial Ratios			
Current Ratio . . . . .	0.8	0.8	0.8
Interest Coverage Ratio . . . . .	4.1	7.6	7.4
Total Debt / Total Debt Plus Equity . . . . .	36.7%	35.8%	35.0%
Return on Average Stockholders' Equity . . . . .	6.4%	11.8%	9.1%
Return on Average Capital Employed . . . . .	5.3%	8.7%	6.8%

(1) Comparability between years is affected by changes in accounting methods:

- 1995 reflects the adoption of Statement of Financial Accounting Standards (SFAS) No. 121 – “Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of.”
- 1992 and subsequent years reflect the adoption of SFAS:
  - No. 106 – “Employers’ Accounting for Postretirement Benefits other than Pensions”
  - No. 109 – “Accounting for Income Taxes”
- 1989 through 1994 includes the adoption of a change for impairment of proved non-producing oil and gas properties.
- 1986 through 1991 reflect the adoption of SFAS No. 96 – “Accounting for Income Taxes.”
- 1986 and all subsequent years reflect the adoption of the following SFAS:
  - No. 87 – “Employers’ Accounting for Pensions”
  - No. 88 – “Employers’ Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits”
  - No. 95 – “Statement of Cash Flows”

Share and per share amounts for all years reflect the two-for-one stock split in May 1994.

(2) Includes equity share of affiliates' expenditures

(3) Includes the 1988 acquisition of Tenneco Inc.'s Gulf of Mexico properties for \$2,512 million.

(4) Not meaningful as net income was a loss due to the Cumulative Effect of Change in Accounting Principle from the adoption of SFAS No. 96.

*This publication supplements Chevron Corporation's 1995 Annual Report to stockholders and should be read in conjunction with it. The financial information contained in this Supplement is expressly qualified by reference to the Annual Report, which contains complete financial statements, Management's Discussion and Analysis of Financial Condition and Results of Operations, and other supplemental financial data.*

**CASH DIVIDENDS / DOLLARS PER SHARE**

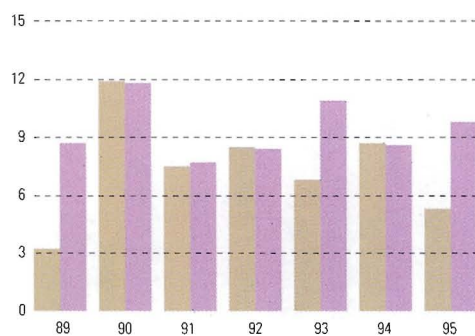


1992	1991	1990	1989	1988	1987	1986	1985
\$ 2,210 (641)	\$ 1,293 —	\$ 2,157 —	\$ 251 —	\$ 1,768 —	\$ 1,250 —	\$ 1,871 (3,282)	\$ 1,547 —
\$ 1,569	\$ 1,293	\$ 2,157	\$ 251	\$ 1,768	\$ 1,250	\$ (1,411)	\$ 1,547
38,212	38,118	41,540	31,916	27,722	28,106	26,245	43,845
1,115	1,139	1,043	953	869	818	818	818
4,423	4,787	4,269	3,982	5,853	2,841	3,018	4,035
3,914	3,278	4,727	3,046	2,993	4,004	2,882	6,691
(1,063)	(449)	1,072	1,037	938	1,083	1,426	1,220
33,970	34,636	35,089	33,884	33,924	34,057	34,251	38,862
7,841	7,697	6,769	7,516	7,302	7,170	8,357	9,391
13,728	14,739	14,836	13,980	14,744	13,853	13,325	15,517
\$22,600	\$23,924	\$25,477	\$24,053	\$15,595	\$13,505	\$15,464	\$12,999
650,348	693,444	701,600	710,048	681,750	681,646	681,628	681,914
\$ 3.26 (0.95)	\$ 1.85 —	\$ 3.05 —	\$ 0.37 —	\$ 2.59 —	\$ 1.83 —	\$ 2.74 (4.81)	\$ 2.27 —
\$ 2.31	\$ 1.85	\$ 3.05	\$ 0.37	\$ 2.59	\$ 1.83	\$ (2.07)	\$ 2.27
1.65	1.625	1.475	1.40	1.275	1.20	1.20	1.20
21.11	21.25	21.15	19.69	21.63	20.32	19.55	22.76
34 <sup>3</sup> / <sub>4</sub>	34 <sup>1</sup> / <sub>2</sub>	36 <sup>5</sup> / <sub>16</sub>	33 <sup>7</sup> / <sub>8</sub>	22 <sup>7</sup> / <sub>8</sub>	19 <sup>13</sup> / <sub>16</sub>	22 <sup>11</sup> / <sub>16</sub>	19 <sup>1</sup> / <sub>16</sub>
37 <sup>11</sup> / <sub>16</sub>	40 <sup>1</sup> / <sub>16</sub>	40 <sup>13</sup> / <sub>16</sub>	36	25 <sup>7</sup> / <sub>8</sub>	32 <sup>5</sup> / <sub>16</sub>	24	20 <sup>3</sup> / <sub>8</sub>
\$ 30 <sup>1</sup> / <sub>16</sub>	\$ 31 <sup>3</sup> / <sub>4</sub>	\$ 31 <sup>9</sup> / <sub>16</sub>	\$ 22 <sup>7</sup> / <sub>8</sub>	\$ 19 <sup>13</sup> / <sub>16</sub>	\$ 16	\$ 17	\$ 14 <sup>5</sup> / <sub>8</sub>
0.9	0.9	1.1	1.1	1.1	1.1	1.2	1.1
8.2	5.1	7.6	2.9	5.4	4.4	2.9	4.6
36.4%	34.3%	31.3%	35.0%	33.1%	34.1%	38.5%	37.7%
11.0%	8.7%	15.0%	1.8%	12.4%	9.2%	N/M <sup>(4)</sup>	10.2%
8.5%	7.5%	11.9%	3.2%	10.1%	7.8%	N/M <sup>(4)</sup>	8.3%

\$ 621      \$ 498      \$ 433      \$ 389      \$ 337      \$ 304      \$ 329      \$ 225

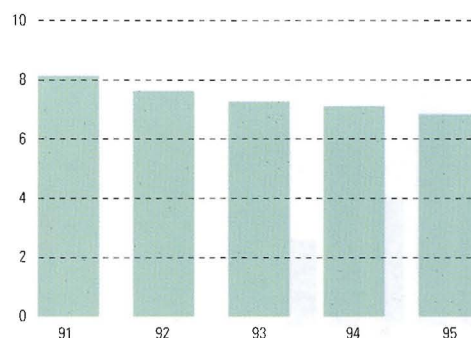
#### RETURN ON AVERAGE CAPITAL EMPLOYED / PERCENT

On Net Income      On Earnings  
Excluding Special Items



#### OPERATING, SELLING AND ADMINISTRATIVE EXPENSES, ADJUSTED FOR SPECIAL ITEMS

BILLIONS OF DOLLARS





## CONSOLIDATED STATEMENT OF INCOME

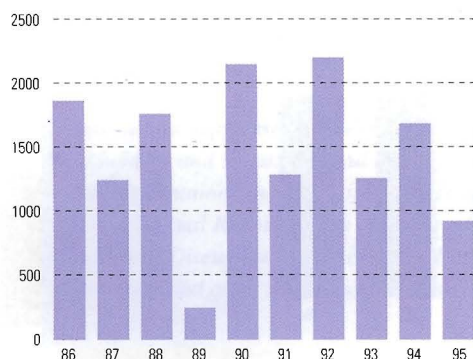
Millions of Dollars

	1995	1994	1993	Year Ended December 31 1992	1991
<b>Revenues:</b>					
<b>Sales and Other Operating Revenues:</b>					
Gasolines . . . . .	\$ 6,746	\$ 7,080	\$ 7,700	\$ 8,084	\$ 7,813
Jet Fuel . . . . .	2,429	2,497	2,744	2,745	2,953
Gas Oils and Kerosene . . . . .	2,468	2,958	3,725	3,960	3,777
Residual Fuel Oils . . . . .	681	707	806	928	1,161
Other Refined Products . . . . .	1,147	1,086	1,114	1,104	1,090
<b>Total Refined Products . . . . .</b>	<b>13,471</b>	<b>14,328</b>	<b>16,089</b>	<b>16,821</b>	<b>16,794</b>
Crude Oil . . . . .	9,376	8,249	8,501	10,031	10,276
Natural Gas . . . . .	2,019	2,138	2,156	1,995	1,869
Natural Gas Liquids . . . . .	1,285	1,180	1,235	1,190	1,165
Other Petroleum Revenues . . . . .	1,144	944	967	927	812
Petroleum Excise Taxes . . . . .	4,976	4,774	4,053	3,948	3,641
<b>Total Petroleum . . . . .</b>	<b>32,271</b>	<b>31,613</b>	<b>33,001</b>	<b>34,912</b>	<b>34,557</b>
Chemicals . . . . .	3,758	3,065	2,708	2,872	3,098
Chemicals Excise Taxes . . . . .	12	16	15	16	18
<b>Total Chemicals . . . . .</b>	<b>3,770</b>	<b>3,081</b>	<b>2,723</b>	<b>2,888</b>	<b>3,116</b>
Coal and Other Minerals . . . . .	358	416	447	397	427
Corporate and Other . . . . .	(89)	20	20	15	18
<b>Total Sales and Other Operating Revenues . . . . .</b>	<b>36,310</b>	<b>35,130</b>	<b>36,191</b>	<b>38,212</b>	<b>38,118</b>
Equity in Net Income of Affiliated Companies . . . . .	553	440	440	406	491
Other Income . . . . .	219	284	451	1,059	334
<b>Total Revenues . . . . .</b>	<b>37,082</b>	<b>35,854</b>	<b>37,082</b>	<b>39,677</b>	<b>38,943</b>
<b>Costs and Other Deductions:</b>					
Purchased Crude Oil and Products . . . . .	18,033	16,990	18,007	19,872	19,693
Operating Expenses <sup>(1)</sup> . . . . .	5,974	6,383	7,104	6,145	6,933
Exploration Expenses . . . . .	372	379	360	507	629
Selling, General and Administrative Expenses <sup>(2)</sup> . . . . .	1,384	963	1,530	1,761	1,704
Depreciation, Depletion and Amortization <sup>(3)</sup> . . . . .	3,381	2,431	2,452	2,594	2,616
Taxes Other Than on Income:					
Excise Taxes . . . . .	4,988	4,790	4,068	3,964	3,659
Other Taxes . . . . .	760	769	818	935	938
Interest and Debt Expense . . . . .	401	346	317	436	519
<b>Total Costs and Other Deductions . . . . .</b>	<b>35,293</b>	<b>33,051</b>	<b>34,656</b>	<b>36,214</b>	<b>36,691</b>
<b>Income Before Income Tax Expense and Cumulative Effect of Changes in Accounting Principles . . . . .</b>	<b>1,789</b>	<b>2,803</b>	<b>2,426</b>	<b>3,463</b>	<b>2,252</b>
<b>Income Tax Expense . . . . .</b>	<b>859</b>	<b>1,110</b>	<b>1,161</b>	<b>1,253</b>	<b>959</b>
<b>Income Before Cumulative Effect of Changes in Accounting Principles . . . . .</b>	<b>930</b>	<b>1,693</b>	<b>1,265</b>	<b>2,210</b>	<b>1,293</b>
<b>Cumulative Effect of Changes in Accounting Principles . . . . .</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(641)</b>	<b>-</b>
<b>Net Income . . . . .</b>	<b>\$ 930</b>	<b>\$ 1,693</b>	<b>\$ 1,265</b>	<b>\$ 1,569</b>	<b>\$ 1,293</b>
<b>Retained Earnings at Beginning of Year . . . . .</b>	<b>\$14,457</b>	<b>\$13,955</b>	<b>\$13,814</b>	<b>\$13,349</b>	<b>\$13,195</b>
<b>Net Income . . . . .</b>	<b>930</b>	<b>1,693</b>	<b>1,265</b>	<b>1,569</b>	<b>1,293</b>
<b>Cash Dividends . . . . .</b>	<b>(1,255)</b>	<b>(1,206)</b>	<b>(1,139)</b>	<b>(1,115)</b>	<b>(1,139)</b>
<b>Tax Benefit from Dividends Paid on Unallocated ESOP Shares . . . . .</b>	<b>14</b>	<b>15</b>	<b>15</b>	<b>11</b>	<b>-</b>
<b>Retained Earnings at Year End . . . . .</b>	<b>\$14,146</b>	<b>\$14,457</b>	<b>\$13,955</b>	<b>\$13,814</b>	<b>\$13,349</b>

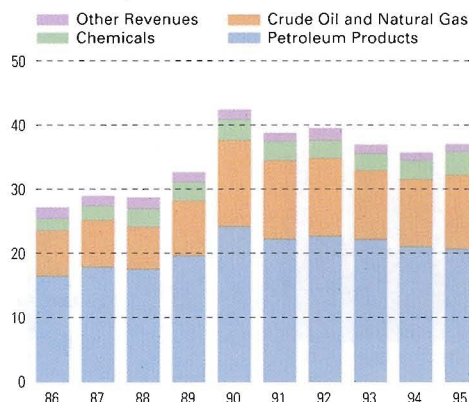
(1) Includes a provision for U.S. Refining and Marketing restructuring of \$69 million in 1994 and \$837 million in 1993.

(2) In 1994, includes a reversal of excess interest reserves of \$319 million resulting from a settlement with the IRS for several open tax years.

(3) In 1995, includes \$985 million of asset impairment write-downs resulting from adoption of new accounting standard SFAS 121.

INCOME BEFORE CUMULATIVE EFFECT OF CHANGES  
IN ACCOUNTING PRINCIPLES / MILLIONS OF DOLLARS

## REVENUES / BILLIONS OF DOLLARS





**EARNINGS BY MAJOR AREAS OF OPERATION**

Millions of Dollars		Year Ended December 31				
		1995	1994	1993	1992	1991
<b>Petroleum Operations</b>						
Exploration and Production	– United States . . . . .	\$ 72	\$ 518	\$ 566	\$ 1,043	\$ 285
	– International . . . . .	690	539	580	594	717
	– Total . . . . .	762	1,057	1,146	1,637	1,002
Refining and Marketing	– United States . . . . .	(104)	40	(170)	297	(153)
	– International . . . . .	345	239	252	111	486
	– Total . . . . .	241	279	82	408	333
Total Petroleum Operations . . . . .		1,003	1,336	1,228	2,045	1,335
Chemicals . . . . .		484	206	143	89	151
Coal and Other Minerals . . . . .		(18)	111	44	198	7
Corporate and Other <sup>(1)(2)</sup> . . . . .		(539)	40	(150)	(122)	(200)
<b>Income Before Cumulative Effect of Changes in Accounting Principles . . . . .</b>		<b>930</b>	<b>1,693</b>	<b>1,265</b>	<b>2,210</b>	<b>1,293</b>
Cumulative Effect of Changes in Accounting Principles . . . . .		–	–	–	(641)	–
<b>Net Income . . . . .</b>		<b>\$ 930</b>	<b>\$ 1,693</b>	<b>\$ 1,265</b>	<b>\$ 1,569</b>	<b>\$ 1,293</b>

**EARNINGS BY MAJOR AREAS OF OPERATION, EXCLUDING SPECIAL ITEMS <sup>(3)</sup>**

Millions of Dollars						
<b>Petroleum Operations</b>						
Exploration and Production	– United States . . . . .	\$ 552	\$ 584	\$ 702	\$ 630	\$ 331
	– International . . . . .	811	519	641	580	579
	– Total . . . . .	1,363	1,103	1,343	1,210	910
Refining and Marketing	– United States . . . . .	75	325	555	350	182
	– International . . . . .	283	249	251	114	353
	– Total . . . . .	358	574	806	464	535
Total Petroleum Operations . . . . .		1,721	1,677	2,149	1,674	1,445
Chemicals . . . . .		524	215	31	36	117
Coal and Other Minerals . . . . .		47	63	44	39	11
Corporate and Other <sup>(1)(2)</sup> . . . . .		(330)	(284)	(76)	(190)	(214)
Worldwide Earnings, Excluding Special Items . . . . .		1,962	1,671	2,148	1,559	1,359
Special Items . . . . .		(1,032)	22	(883)	651	(66)
<b>Income Before Cumulative Effect of Changes in Accounting Principles . . . . .</b>		<b>\$ 930</b>	<b>\$ 1,693</b>	<b>\$ 1,265</b>	<b>\$ 2,210</b>	<b>\$ 1,293</b>

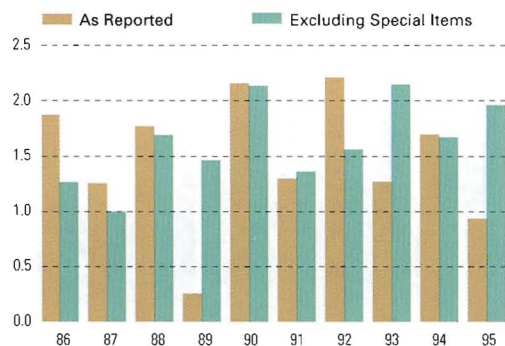
(1) "Corporate and Other" includes interest expense, interest income on cash and marketable securities, corporate center items, and real estate and insurance activities.

(2) Beginning in 1994, the company changed its method of distributing certain corporate expenses to its business segments.

(3) Net income is affected by transactions that are unrelated to or are not representative of the company's ongoing operations. These transactions, defined by Chevron management and designated "special items," can obscure the underlying results of operations for a year as well as affect comparability of results between years. Such items have been excluded from the earnings by major areas of operation to indicate the underlying trends of operational results.

**REPORTED EARNINGS VS.  
EARNINGS EXCLUDING SPECIAL ITEMS\***

BILLIONS OF DOLLARS



\* Before Cumulative Effect Of Changes In Accounting Principles.



## CONSOLIDATED BALANCE SHEET

Millions of Dollars	1995	1994	1993	1992	At December 31 1991
<b>Assets</b>					
Cash and Cash Equivalents . . . . .	\$ 621	\$ 413	\$ 1,644	\$ 1,292	\$ 1,040
Marketable Securities . . . . .	773	893	372	403	445
Accounts and Notes Receivable . . . . .	4,014	3,923	3,808	4,115	4,373
Inventories:					
Crude Oil and Petroleum Products . . . . .	822	1,036	1,108	1,276	1,557
Chemicals . . . . .	487	391	423	497	514
Other Merchandise . . . . .	21	20	18	70	65
Materials and Supplies . . . . .	268	263	252	292	329
Prepaid Expenses and Other Current Assets . . . . .	861	652	1,057	827	708
<b>Total Current Assets</b> . . . . .	<b>7,867</b>	<b>7,591</b>	<b>8,682</b>	<b>8,772</b>	<b>9,031</b>
Long-Term Receivables . . . . .	149	138	94	127	128
Investments and Advances . . . . .	4,087	3,991	3,623	2,451	2,279
Properties, Plant and Equipment, at Cost . . . . .	48,031	46,810	44,807	44,010	45,268
Less: Accumulated Depreciation, Depletion and Amortization . . . . .	26,335	24,637	22,942	21,822	22,418
Net Properties, Plant and Equipment . . . . .	21,696	22,173	21,865	22,188	22,850
Deferred Charges and Other Assets . . . . .	531	514	472	432	348
<b>Total Assets</b> . . . . .	<b>\$ 34,330</b>	<b>\$ 34,407</b>	<b>\$ 34,736</b>	<b>\$ 33,970</b>	<b>\$ 34,636</b>
<b>Liabilities and Stockholders' Equity</b>					
Short-Term Debt . . . . .	\$ 3,806	\$ 4,014	\$ 3,456	\$ 2,888	\$ 1,706
Accounts Payable . . . . .	3,294	2,990	3,325	3,469	3,826
Accrued Liabilities . . . . .	1,257	1,274	2,538	2,009	2,248
Federal and Other Taxes on Income . . . . .	558	624	782	967	1,148
Other Taxes Payable . . . . .	530	490	505	502	552
<b>Total Current Liabilities</b> . . . . .	<b>9,445</b>	<b>9,392</b>	<b>10,606</b>	<b>9,835</b>	<b>9,480</b>
Long-Term Debt and Capital Lease Obligations . . . . .	4,521	4,128	4,082	4,953	5,991
Deferred Credits and Other Non-Current Obligations . . . . .	1,992	2,043	1,677	1,160	1,266
Deferred Income Taxes . . . . .	2,433	2,674	2,916	2,894	2,977
Reserves for Employee Benefit Plans . . . . .	1,584	1,574	1,458	1,400	183
<b>Total Liabilities</b> . . . . .	<b>19,975</b>	<b>19,811</b>	<b>20,739</b>	<b>20,242</b>	<b>19,897</b>
<b>Stockholders' Equity</b> . . . . .	<b>14,355</b>	<b>14,596</b>	<b>13,997</b>	<b>13,728</b>	<b>14,739</b>
<b>Total Liabilities and Stockholders' Equity</b> . . . . .	<b>\$ 34,330</b>	<b>\$ 34,407</b>	<b>\$ 34,736</b>	<b>\$ 33,970</b>	<b>\$ 34,636</b>

## CONSOLIDATED ASSETS

Millions of Dollars					
Petroleum Operations:					
United States . . . . .	\$ 14,521	\$ 15,540	\$ 16,443	\$ 18,508	\$ 20,056
International . . . . .	13,392	12,493	12,202	9,671	9,018
Total Petroleum . . . . .	27,913	28,033	28,645	28,179	29,074
Chemicals . . . . .	2,524	2,403	2,457	2,555	2,612
Coal and Other Minerals . . . . .	531	637	757	772	779
Corporate and Other <sup>(1)</sup> . . . . .	3,362	3,334	2,877	2,464	2,171
<b>Total</b> . . . . .	<b>\$ 34,330</b>	<b>\$ 34,407</b>	<b>\$ 34,736</b>	<b>\$ 33,970</b>	<b>\$ 34,636</b>

(1) Includes cash, cash equivalents and marketable securities, real estate, insurance operations and management information systems.

## TOTAL DEBT / TOTAL DEBT PLUS EQUITY / PERCENT



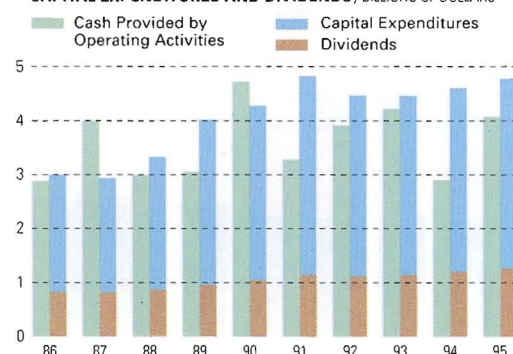


**CONSOLIDATED STATEMENT OF CASH FLOWS**

Millions of Dollars	1995	1994	1993	Year Ended December 31	
				1992	1991
<b>Operating Activities:</b>					
Net Income . . . . .	\$ 930	\$ 1,693	\$ 1,265	\$ 1,569	\$ 1,293
Adjustments:					
Depreciation, Depletion and Amortization . . . . .	3,381	2,431	2,452	2,594	2,616
Dry Hole Expense Related to Prior Years' Expenditures . . . . .	19	53	29	57	35
Distributions Less Than Equity in Affiliates' Income . . . . .	(132)	(55)	(173)	(144)	(220)
Net Before-Tax Losses (Gains) on Asset Sales and Retirements . . . . .	164	(83)	373	(568)	25
Net Foreign Exchange Losses (Gains) . . . . .	47	40	(27)	(66)	4
Deferred Income Tax Provision . . . . .	(258)	110	(160)	(176)	(183)
Cumulative Effect of Changes in Accounting Principles . . . . .	-	-	-	641	-
Decrease (Increase) in Operating Working Capital:					
Accounts and Notes Receivable . . . . .	(62)	(44)	187	97	692
Inventories . . . . .	(162)	(57)	288	292	312
Prepaid Expenses and Other Current Assets . . . . .	(148)	4	(52)	85	(151)
Accounts Payable and Accrued Liabilities . . . . .	428	(1,510)	214	(567)	(880)
Income and Other Taxes Payable . . . . .	(16)	(166)	(174)	175	(222)
Total Decrease (Increase) in Operating Working Capital . . . . .	40	(1,773)	463	82	(249)
Other . . . . .	(116)	480	(1)	(75)	(43)
<b>Net Cash Provided by Operating Activities . . . . .</b>	<b>4,075</b>	<b>2,896</b>	<b>4,221</b>	<b>3,914</b>	<b>3,278</b>
<b>Investing Activities:</b>					
Capital Expenditures <sup>(1)</sup> . . . . .	(3,529)	(3,405)	(3,323)	(3,352)	(3,693)
Proceeds from Asset Sales . . . . .	581	731	908	1,043	768
Purchases of Marketable Securities . . . . .	(2,759)	(1,943)	(1,855)	(2,633)	(4,104)
Sales of Marketable Securities . . . . .	2,903	1,398	1,885	2,678	4,122
<b>Net Cash Used for Investing Activities . . . . .</b>	<b>(2,804)</b>	<b>(3,219)</b>	<b>(2,385)</b>	<b>(2,264)</b>	<b>(2,907)</b>
<b>Financing Activities:</b>					
Net (Repayments) Borrowings of Short-Term Obligations . . . . .	(227)	466	293	1,333	1,564
Proceeds from Issuance of Long-Term Debt . . . . .	536	436	199	23	35
Repayments of Long-Term Debt . . . . .	(103)	(588)	(854)	(1,260)	(711)
Cash Dividends Paid . . . . .	(1,255)	(1,206)	(1,139)	(1,115)	(1,139)
Purchases of Treasury Shares . . . . .	(4)	(5)	(4)	(382)	(286)
<b>Net Cash Used for Financing Activities . . . . .</b>	<b>(1,053)</b>	<b>(897)</b>	<b>(1,505)</b>	<b>(1,401)</b>	<b>(537)</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents . . . . .</b>	<b>(10)</b>	<b>(11)</b>	<b>21</b>	<b>3</b>	<b>(20)</b>
<b>Net Change in Cash and Cash Equivalents . . . . .</b>	<b>208</b>	<b>(1,231)</b>	<b>352</b>	<b>252</b>	<b>(186)</b>
<b>Cash and Cash Equivalents at Beginning of Year . . . . .</b>	<b>413</b>	<b>1,644</b>	<b>1,292</b>	<b>1,040</b>	<b>1,226</b>
<b>Cash and Cash Equivalents at Year End . . . . .</b>	<b>\$ 621</b>	<b>\$ 413</b>	<b>\$ 1,644</b>	<b>\$ 1,292</b>	<b>\$ 1,040</b>

(1) Capital expenditures exclude the equity share of affiliates.

**CASH PROVIDED BY OPERATING ACTIVITIES COMPARED WITH CAPITAL EXPENDITURES AND DIVIDENDS / BILLIONS OF DOLLARS**



**CAPITAL AND EXPLORATORY EXPENDITURES – INCLUDES AFFILIATES**

Millions of Dollars	1995	1994	1993	Year Ended December 31 1992	1991
<b>United States</b>					
Petroleum: Exploration . . . . .	\$ 341	\$ 223	\$ 201	\$ 200	\$ 363
Production . . . . .	538	584	562	592	758
Refining . . . . .	646	639	700	547	567
Marketing . . . . .	201	209	201	370	341
Transportation . . . . .	45	37	48	45	66
Total Petroleum . . . . .	1,771	1,692	1,712	1,754	2,095
Chemicals . . . . .	172	109	199	224	195
Coal and Other Minerals . . . . .	40	39	47	65	99
Corporate and Other . . . . .	110	114	91	116	166
Total United States . . . . .	2,093	1,954	2,049	2,159	2,555
<b>International</b>					
Petroleum: Exploration . . . . .	376	353	369	364	470
Production . . . . .	1,459	1,578	1,230	1,094	938
Refining . . . . .	567	510	422	377	421
Marketing . . . . .	271	238	192	202	234
Transportation . . . . .	1	142	134	170	120
Total Petroleum . . . . .	2,674	2,821	2,347	2,207	2,183
Chemicals . . . . .	32	29	34	37	34
Coal and Other Minerals . . . . .	1	15	10	20	14
Corporate and Other . . . . .	–	–	–	–	1
Total International . . . . .	2,707	2,865	2,391	2,264	2,232
<b>Worldwide</b>					
Petroleum: Exploration . . . . .	717	576	570	564	833
Production . . . . .	1,997	2,162	1,792	1,686	1,696
Refining . . . . .	1,213	1,149	1,122	924	988
Marketing . . . . .	472	447	393	572	575
Transportation . . . . .	46	179	182	215	186
Total Petroleum . . . . .	4,445	4,513	4,059	3,961	4,278
Chemicals . . . . .	204	138	233	261	229
Coal and Other Minerals . . . . .	41	54	57	85	113
Corporate and Other . . . . .	110	114	91	116	167
Total Worldwide . . . . .	\$4,800	\$ 4,819	\$ 4,440	\$ 4,423	\$ 4,787
Memo: Affiliates' Expenditures Included Above. . . . .	\$ 912	\$ 846	\$ 701	\$ 621	\$ 498

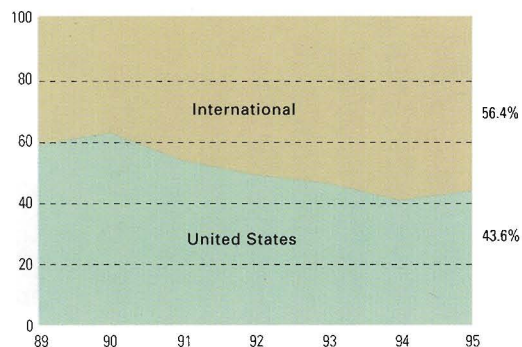
**EXPLORATION COSTS EXPENSED<sup>(1)</sup>**

Millions of Dollars

Petroleum: Geological and Geophysical . . . . .	\$ 76	\$ 72	\$ 92	\$ 269	\$ 307
Unproductive Wells Drilled . . . . .	176	183	127	186	267
Oil and Gas Lease Rentals . . . . .	11	9	15	17	26
Other <sup>(2)</sup> . . . . .	109	111	119	16	10
Total Petroleum . . . . .	372	375	353	488	610
Coal and Other Minerals . . . . .	–	4	7	19	19
Total Exploration Expenses . . . . .	\$ 372	\$ 379	\$ 360	\$ 507	\$ 629
Memo: United States . . . . .	\$ 102	\$ 134	\$ 99	\$ 183	\$ 220
International . . . . .	\$ 270	\$ 245	\$ 261	\$ 324	\$ 409

(1) Consolidated companies only. Excludes amortization of undeveloped leaseholds.

(2) Other exploration expenses include expensed well contributions, research and development costs, and other miscellaneous expenses.

**CAPITAL AND EXPLORATORY EXPENDITURES  
BY GEOGRAPHIC AREA / PERCENT**



**PROPERTIES, PLANT AND EQUIPMENT – INCLUDING CAPITAL LEASES**

Millions of Dollars	1995	1994	1993	1992	1991
<b>Net Properties, Plant and Equipment at Beginning of Year</b>	<b>\$22,173</b>	<b>\$21,865</b>	<b>\$22,188</b>	<b>\$22,850</b>	<b>\$22,726</b>
<b>Additions at Cost:</b>					
Petroleum:					
Exploration and Production <sup>(1)</sup>	2,197	1,726	1,677	1,609	1,761
Refining, Marketing and Transportation	1,222	1,117	1,179	1,284	1,439
Chemicals	194	114	198	208	205
Coal and Other Minerals	33	42	35	59	82
Corporate and Other <sup>(2)</sup>	203	125	96	209	178
<b>Total Additions at Cost</b>	<b>3,849</b>	<b>3,124</b>	<b>3,185</b>	<b>3,369</b>	<b>3,665</b>
<b>Depreciation, Depletion and Amortization Expense:</b>					
Petroleum:					
Exploration and Production	(2,289)	(1,561)	(1,583)	(1,760)	(1,840)
Refining, Marketing and Transportation	(680)	(574)	(566)	(527)	(466)
Chemicals	(186)	(158)	(149)	(145)	(141)
Coal and Other Minerals	(136)	(54)	(54)	(50)	(55)
Corporate and Other <sup>(2)</sup>	(90)	(84)	(100)	(112)	(114)
<b>Total Depreciation, Depletion and Amortization Expense</b>	<b>(3,381)</b>	<b>(2,431)</b>	<b>(2,452)</b>	<b>(2,594)</b>	<b>(2,616)</b>
<b>Net Retirements and Sales:</b>					
Petroleum:					
Exploration and Production	(105)	(27)	(239)	(1,119)	(536)
Refining, Marketing and Transportation	(528)	(149)	(771)	(150)	(183)
Chemicals	(9)	(37)	(25)	(81)	(12)
Coal and Other Minerals	–	(6)	(1)	(15)	(156)
Corporate and Other <sup>(2)</sup>	(302)	(167)	(15)	(72)	(37)
<b>Total Net Retirements and Sales</b>	<b>(944)</b>	<b>(386)</b>	<b>(1,051)</b>	<b>(1,437)</b>	<b>(924)</b>
<b>Net Intersegment Transfers and Other Changes:</b>					
Petroleum:					
Exploration and Production	(30)	20	4	7	1
Refining, Marketing and Transportation	(87)	–	28	(19)	(6)
Chemicals	88	1	(12)	10	–
Coal and Other Minerals	–	–	–	–	1
Corporate and Other <sup>(2)</sup>	28	(20)	(25)	2	3
<b>Total Net Intersegment Transfers and Other Changes<sup>(3)</sup></b>	<b>(1)</b>	<b>1</b>	<b>(5)</b>	<b>–</b>	<b>(1)</b>
<b>Net Properties, Plant and Equipment at Year End:</b>					
Petroleum:					
Exploration and Production <sup>(4)</sup>	10,473	10,700	10,542	10,683	11,946
Refining, Marketing and Transportation	8,194	8,267	7,873	8,003	7,415
Chemicals	1,380	1,293	1,373	1,361	1,369
Coal and Other Minerals	377	480	498	518	524
Corporate and Other <sup>(2)</sup>	1,272	1,433	1,579	1,623	1,596
<b>Total Net Properties, Plant and Equipment at Year End</b>	<b>\$21,696</b>	<b>\$22,173</b>	<b>\$21,865</b>	<b>\$22,188</b>	<b>\$22,850</b>
<b>Memo: Gross Properties, Plant and Equipment</b>	<b>\$48,031</b>	<b>\$46,810</b>	<b>\$44,807</b>	<b>\$44,010</b>	<b>\$45,268</b>
Accumulated Depreciation, Depletion and Amortization	(26,335)	(24,637)	(22,942)	(21,822)	(22,418)
<b>Net Properties, Plant and Equipment</b>	<b>\$21,696</b>	<b>\$22,173</b>	<b>\$21,865</b>	<b>\$22,188</b>	<b>\$22,850</b>

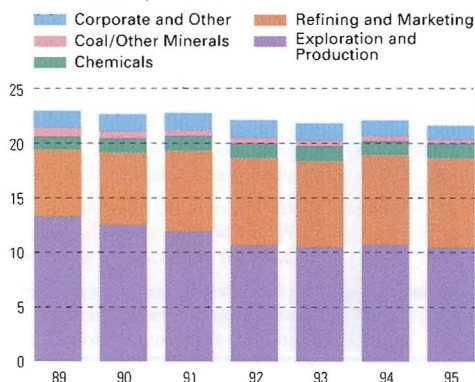
(1) Net of exploratory well write-offs.

(2) Principally includes real estate and management information systems.

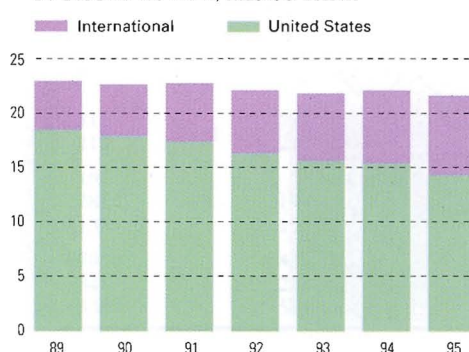
(3) Includes reclassifications to other asset accounts.

(4) Includes net investment in unproved oil and gas properties

**NET PROPERTIES, PLANT AND EQUIPMENT  
BY FUNCTION / BILLIONS OF DOLLARS**



**NET PROPERTIES, PLANT AND EQUIPMENT  
BY GEOGRAPHIC AREA / BILLIONS OF DOLLARS**



## MISCELLANEOUS DATA

	1995	1994	1993	1992	1991
<b>Performance Measures</b>					
Earnings, Excluding Special Items (Millions of Dollars) . . . . .	\$ 1,962	\$ 1,671	\$ 2,148	\$ 1,559	\$ 1,359
Adjusted Operating Expenses (Millions of Dollars) <sup>(1)</sup> . . . . .	\$ 7,856	\$ 8,143	\$ 8,283	\$ 8,875	\$ 9,408
Adjusted Operating Expenses per Barrel <sup>(1)</sup> . . . . .	\$ 6.81	\$ 6.57	\$ 6.51	\$ 6.91	\$ 7.45
Return on Average Capital Employed, Excluding Special Items <sup>(2)</sup> . . . . .	9.8%	8.6%	10.9%	8.4%	7.7%
Total Stockholder Return <sup>(3)</sup> . . . . .	22.0%	6.8%	30.6%	5.6%	(0.5)%
<b>Financial Ratios<sup>(4)</sup></b>					
Current Assets to Current Liabilities . . . . .	0.8	0.8	0.8	0.9	0.9
Interest Coverage Ratio . . . . .	4.1	7.6	7.4	8.2	5.1
Total Debt / Total Debt Plus Equity . . . . .	36.7%	35.8%	35.0%	36.4%	34.3%
Return on Average Stockholders' Equity . . . . .	6.4%	11.8%	9.1%	11.0%	8.7%
Return on Average Capital Employed . . . . .	5.3%	8.7%	6.8%	8.5%	7.5%
Return on Average Total Assets . . . . .	2.7%	4.9%	3.7%	4.6%	3.7%
Return on Sales . . . . .	3.0%	5.6%	3.9%	4.6%	3.8%
Cash Dividends to Net Income (Payout Ratio) . . . . .	135.0%	71.2%	90.0%	71.1%	88.1%
Cash Dividends to Cash from Operations . . . . .	30.8%	41.6%	27.0%	28.5%	34.7%
<b>Common Stock<sup>(5)</sup></b>					
Number of Shares Outstanding at Year End (Thousands) . . . . .	652,327	651,751	651,478	650,348	693,444
Weighted Average Shares Outstanding for the Year (Thousands) . . . . .	652,084	651,672	650,958	677,954	700,348
Number of Stockholders of Record at Year End (Thousands) . . . . .	136	141	145	154	160
Cash Dividends on Common Stock:					
Millions of Dollars . . . . .	\$ 1,255	\$ 1,206	\$ 1,139	\$ 1,115	\$ 1,139
Per Common Share . . . . .	\$ 1.925	\$ 1.85	\$ 1.75	\$ 1.65	\$ 1.625
Earnings Per Common Share:					
1st Quarter . . . . .	\$ 0.70	\$ 0.60	\$ 0.77	\$ (0.44)	\$ 0.80
2nd Quarter . . . . .	0.93	0.39	0.08	0.46	0.55
3rd Quarter . . . . .	0.44	0.65	0.64	0.68	0.45
4th Quarter . . . . .	(0.64)	0.96	0.45	1.65	0.05
Year . . . . .	\$ 1.43	\$ 2.60	\$ 1.94	\$ 2.31 <sup>(6)</sup>	\$ 1.85
Stockholders' Equity Per Common Share at Year End . . . . .	\$ 22.01	\$ 22.40	\$ 21.49	\$ 21.11	\$ 21.26
<b>Personnel, Payroll and Benefits<sup>(7)</sup></b>					
Number of Employees at Year End . . . . .	43,019	45,758	47,576	49,245	55,123
Payroll Costs (Millions of Dollars) . . . . .	\$ 2,044	\$ 2,138	\$ 2,159	\$ 2,333	\$ 2,355
Employee Benefit Costs (Millions of Dollars) <sup>(8)</sup> . . . . .	\$ 643	\$ 530	\$ 548	\$ 601	\$ 644
Investment Per Employee at Year End (Thousands of Dollars) <sup>(9)</sup> . . . . .	\$ 528	\$ 497	\$ 453	\$ 438	\$ 407
Average Sales Per Employee (Thousands of Dollars) <sup>(10)</sup> . . . . .	\$ 706	\$ 650	\$ 664	\$ 656	\$ 630
Average Monthly Wage Per Employee . . . . .	\$ 3,837	\$ 3,818	\$ 3,716	\$ 3,725	\$ 3,590

(1) Includes cost of the company's own fuel consumed in operations, which is eliminated in the consolidated financial statements. Excludes special items.

(2) Return on Average Capital Employed, Excluding Special Items = (Net Income, Excluding Special Items + Interest Expense After Tax) ÷ Average Capital Employed (Stockholders' Equity + Total Debt + Capital Lease Obligations + Minority Interests, at Beginning and End of Year).

(3) Total Stockholder Return = (Stock Price Appreciation + Reinvested Dividends) ÷ Stock Price at the Beginning of the Measurement Period.

(4) Interest Coverage Ratio = (Income Before Taxes on Income + Interest and Debt Expense + Amortization of Capitalized Interest) ÷ Before-Tax Interest Costs.

Total Debt / Total Debt Plus Equity Ratio = Total Debt, including Capital Lease Obligations ÷ (Total Debt + Stockholders' Equity).

Return on Average Stockholders' Equity = Net Income ÷ Average Stockholders' Equity (Beginning and End of Year).

Return on Average Capital Employed = (Net Income + Interest Expense After Tax) ÷ Average Capital Employed.

Return on Average Total Assets = Net Income ÷ Average Total Assets (Beginning and End of Year).

Return on Sales = Net Income ÷ Sales and Other Operating Revenues (Net of Excise Taxes).

(5) Share and per share amounts for all years reflect the two-for-one stock split in May 1994.

(6) Quarterly amounts do not add to the annual earnings per share for 1992 because of changes in the number of outstanding shares during the year.

(7) Consolidated companies only.

(8) Includes provisions for voluntary enhanced early retirement programs in 1991 and 1992 and employee severance programs in all years.

(9) Investment = Year-End Capital Employed.

(10) Average Sales Per Employee = Sales and Other Operating Revenues (Net of Excise Taxes) ÷ Average No. of Employees (Beginning and End of Year).

## STOCK PRICE MOVEMENTS / MARKET PRICE PER SHARE



## NUMBER OF EMPLOYEES AT YEAR END / THOUSANDS







Chevron Locations

### Business Description

Chevron is among the leaders in worldwide liquids production and is one of the largest natural gas producers in the United States. Chevron's exploration and production activities span the globe with operations in the United States and 24 other countries on six continents.

In the United States, Chevron's production operations are focused on major producing areas such as the Gulf of Mexico, California, the Rocky Mountains and Texas. These operations, covering 350 fields, continue to be a major cash generator and earnings contributor. A tighter exploration focus, lower cost operations, and more effective use of technology have enabled Chevron to pursue attractive opportunities in the United States. The use of 3-D seismic technology has brought new life to mature fields such as Eugene Island 238, South Marsh Island 66 and Laredo Lobo. The 3-D technology will also be applied to new prospects including acreage in Osage County, Oklahoma. Additionally, opportunities in the Gulf of Mexico continue to provide exciting new challenges in deep-water fields such as Green Canyon 205, and in the Norphlet trend with large natural gas deposits.

In the international arena, exploration and production activities cover various parts of the world including Canada, Nigeria, Angola, Congo, United Kingdom, Indonesia, Australia, Papua New Guinea and Kazakhstan. Exploration efforts continue in these core areas and in new prospects in China, Ireland, Peru, Colombia and Bolivia. Chevron has doubled international reserves in the last five years and increased by over 35 percent its non-U.S. oil and gas production over the same period. The company's success in developing attractive investment opportunities is reflected in capital spending plans for 1996. Chevron expects international upstream spending to total two billion dollars, or two-thirds of its worldwide upstream spending.

UPSTREAM FINANCIAL AND OPERATING HIGHLIGHTS	U.S. Upstream		International Upstream	
	1995	1994	1995	1994
Reported Earnings (Millions of Dollars) . . . . .	72	518	690	539
Earnings Excluding Special Items (Millions of Dollars) . . . . .	552	584	811	519
Gross Liquids Production (Thousands of Barrels Per Day) . . . . .	397	418	944	896
Net Liquids Production (Thousands of Barrels Per Day) . . . . .	350	369	651	624
Gross Natural Gas Production (Millions of Cubic Feet Per Day) . . . . .	2,207	2,441	652	657
Net Natural Gas Production (Millions of Cubic Feet Per Day) . . . . .	1,868	2,085	565	546
Gross Proved Liquids Reserves (Millions of Barrels) . . . . .	1,330	1,343	4,453	4,201
Net Proved Liquids Reserves (Millions of Barrels) . . . . .	1,187	1,200	3,156	2,967
Gross Proved Natural Gas Reserves (Billions of Cubic Feet) . . . . .	6,489	6,530	5,247	5,083
Net Proved Natural Gas Reserves (Billions of Cubic Feet) . . . . .	5,532	5,576	4,538	4,391
Natural Gas Sales (Millions of Cubic Feet Per Day) . . . . .	2,815	2,598	564	461
Natural Gas Liquids Sales (Thousands of Barrels Per Day) . . . . .	213	215	47	34
Net Exploratory Oil and Gas Wells Completed <sup>(1)</sup> . . . . .	101	53	25	60
Net Development Oil and Gas Wells Completed <sup>(1)</sup> . . . . .	281	194	48	57
Net Wells Producing at Year-End <sup>(1)</sup> . . . . .	10,133	11,152	1,574	1,589
Net Developed and Undeveloped Acreage (Thousands of Acres) <sup>(1)</sup> . . . . .	4,704	5,412	56,711	53,481
Exploration Expenditures (Millions of Dollars) . . . . .	341	223	376	353
Production Expenditures (Millions of Dollars) . . . . .	538	584	1,459	1,578

(1) Consolidated companies only.

## UNITED STATES

**Business Strategies**

- Sustain operating cost reductions through best practices, improved processes and energy management.
- Generate at least \$800 million in cash flow in 1995, net of capital and exploratory expenditures. A revised strategy for 1996 requires North American upstream operations to generate cash while maintaining value through sustained production levels, achieved through selective increases in capital and exploratory spending.
- Invest in high quality capital programs.
- Focus exploration on the few basins and trends that demonstrate the potential for large discoveries at comparatively low cost.
- Apply cost-effective technology that will provide Chevron with a competitive advantage.
- Continue to promote changes in work processes, decision making and culture that reflect a profit-driven business orientation.
- Operate as a leader among oil and gas operators in conducting environmentally safe operations.
- Maximize value of mid-stream operations by repositioning Chevron's natural gas marketing and liquids activities into a growth-oriented business.

**1995 Accomplishments**

- Generated \$672 million in net cash flow, despite low natural gas prices for most of the year and increased capital and exploratory spending on longer term projects.
- Replaced 92 percent of production with new proved reserve additions, the highest rate since 1988.
- Signed an agreement with the Osage Tribe and Davis Brothers Oil Producers in August 1995 to conduct a major 3-D seismic exploration and drilling program in Osage County, Oklahoma. The agreement covers over 400,000 acres.
- Completed the industry's first Gulf of Mexico dual horizontal well at the Bay Marchand Field. Total production from the well was 3,800 barrels of oil per day.
- Received the 1995 Bureau of Land Management State Director's Award as "Oil and Gas Operator of the Year" in California.

## INTERNATIONAL

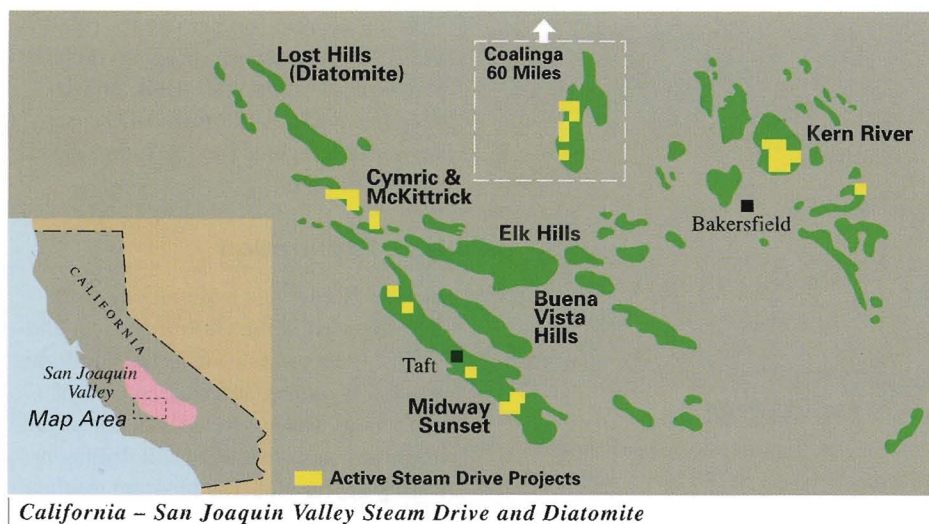
**Business Strategies**

- Continue to focus on current and planned new developments in West Africa, offshore Canada, Australia, United Kingdom, Indonesia and Kazakhstan. These projects will continue to increase Chevron's international production through the remainder of the decade.
- Continue to emphasize exploration activities in major producing areas in order to take advantage of Chevron's infrastructure and expertise, and focus on a limited number of frontier exploration areas with high potential.
- Continue to seek opportunities to purchase significant interests in existing development projects.
- Pursue the commercialization of Chevron's existing international gas reserves, expand the liquefied natural gas business in the Asia-Pacific area and develop new opportunities to supply gas markets in Europe and the United States.

**1995 Accomplishments**

- Continued to add significant international reserves by replacing 178 percent of international production. International production increased to 745,000 barrels of oil and equivalent gas (OEG) per day.
- Achieved a record total production level of 422,000 barrels of oil per day from Chevron-operated fields in Angola and signed a new agreement on a deep-water exploration block.
- Discovered significant new oil reserves in Congo (Moho Marine-1 well) which could rival those of nearby N'Kossa Field.
- Installed and commenced operations at the Goodwyn Platform and the Wanaea/Cossack fields in Australia. The exploratory discovery Perseus-1 added significant new gas and condensate reserves.
- Reached production milestones in Indonesia, where the Duri Field produced its one billionth barrel, and United Kingdom, where Statfjord Field reached three billion barrels of cumulative production.
- Signed an operating services agreement for the Boscan Field in Venezuela and a new exploration contract covering Block 52 in Peru.
- Began production from two new fields, HZ/32-2 and HZ/32-3, in the South China Sea which doubled Chevron's oil production in China.





## U.S. Production

### CALIFORNIA

#### Diatomite Development

The development of Chevron's San Joaquin Valley diatomite reserves in Lost Hills Field continued in 1995. Sixty-three new wells were drilled and completed and 20 older wells were reworked using sophisticated reservoir fracturing techniques. Net Chevron production reached 16,000 barrels of oil per day.

Chevron completed the fourth year of a water injection project to sustain the reservoir pressure and further boost production. When the injection project is completed in 1996, the project will have over 200 injectors.

The combination of reservoir fracturing and water injection is expected to increase both the production rate and the amount of net oil ultimately recovered over the long term by 110 million barrels. The Lost Hills Field is estimated to hold more than two billion barrels of oil in place.

#### Steam Drive Development

Net production from Chevron's thermal operations averaged 65,000 barrels of oil per day in 1995, over 50 percent of Chevron's daily California production. Based on the 1995 survey conducted by the Conservation Committee of California Oil and Gas Producers, Chevron is the low cost producer in the Kern River Field and second lowest in the other heavy oil fields where Chevron operates. Chevron's

heavy oil operations will continue to be a major cash contributor well into the next century.

### GULF OF MEXICO

#### Garden Banks 191

In less than two years of production from Garden Banks 191, Chevron has recovered the development investment of \$65 million. Chevron is the operator of the field and holds a 50 percent working interest. Net recoverable reserves are projected at 98 billion cubic feet of gas. The first year total production rate, although curtailed, averaged 116 million cubic feet of gas per day. Chevron accelerated the production schedule from 14 to 10 years through high rate completions and by using dual tubing strings and a separate pipeline, while converting the platform into a processing and sales facility.

#### Green Canyon 205

Planning continued for the development of Green Canyon 205, Chevron's first deep-water (2,600 feet) operation in the Gulf of Mexico. Chevron's capital requirements for this development will be approximately \$400 million. Geologic and reservoir models have been updated with new data obtained from the Green Canyon 205 #3 well drilled in early 1995.

Chevron's existing holdings in Green Canyon Blocks 205 and 161 have been unitized with Green Canyon Block 160. Chevron will be the unit operator with a 57 percent working interest. The project execution plan calls for first production in 1998, with peak production expected to reach a total of 55,000 barrels of oil and 72 million cubic feet of gas per day. Capital and operating expense forecasts are lower than previously predicted, maintaining the status of Green Canyon 205 as an attractive deep-water prospect in the Gulf of Mexico.

#### Norphlet

Phase I of Chevron's long-term natural gas development in the Norphlet trend will be completed during 1996. The trend stretches some 80 miles from the Mobile Block 861 area (offshore Mississippi) to the Destin Dome area (offshore Florida). In April 1995, production began from three wells in the Mobile 916 area (offshore Alabama) increasing total deliverability of this project to 70 million cubic feet of gas per day. Total deliverability will increase to 205 million cubic feet (Chevron net 125 million cubic feet) of gas per day during 1996, with additional





production from five new wells in the Mobile 916 area. Chevron will also be evaluating the Norphlet objective in the Destin Dome 57 #1 well during 1996.

#### Eugene Island 238

Chevron's Eugene Island 238 Field, first developed in the 1960s, completed its third year of a development program made possible by 3-D seismic technology. Chevron has a 100 percent interest in this field except for Block 229, where Chevron's interest is 70 percent. To date, thirteen of the thirty-six prospects identified have been drilled. Eleven wells drilled were successful, of which seven found gas and four discovered oil. The development program added net reserves of 72 billion cubic feet of gas and three million barrels of oil in 1995. Total field deliverability peaked in May 1995 at 11,700 barrels of oil per day and 218 million cubic feet of gas per day, which is three times the deliverability prior to 1992. Activity planned for 1996 includes setting a new platform and drilling an off-set well to a new discovery.

#### South Marsh Island 66

Chevron's South Marsh Island 66, a 22-year-old field, is also undergoing new development activity because of 3-D seismic technology. In its first year of field development activity, three of eighteen prospects identified were drilled. All three wells were successful. The development program added net reserves of 32 billion cubic feet of gas in 1995. Four additional wells are planned for 1996.

#### OKLAHOMA

##### Osage

Chevron signed an agreement with the Osage Tribe and Davis Brothers Oil Producers to begin 3-D seismic evaluation of more than 400,000 acres of tribal land in Osage County, Oklahoma to find new oil prospects in an area contiguous to a once prolific region. Chevron has committed five million dollars to the project, with future costs determined by 3-D results. Up to 15 wells may be drilled in 1996, with the seismic survey continuing over four years.



#### TEXAS

##### Laredo Lobo

Chevron continued to actively develop "tight gas" reserves in 1995 in the Lobo trend by drilling 30 new wells in the Laredo area of South Texas. This brings Chevron's total well count in the Laredo area to 235, of which 112 have been drilled based on 3-D seismic acquisition and prospecting in 1991-1992. The 1995 program resulted in a success rate of over 90 percent and new proved gas reserve additions of 94 billion cubic feet. Chevron acquired 14,000 net acres in the trend in 1995 for future development. Since 1992, cycle time for new acreage acquisition, shooting of 3-D seismic surveys, drilling and hooking up new wells for gas sales has been shortened from two years to one.

Net gas production averaged 165 million cubic feet per day. Chevron expects to maintain gas production at this level with continued development drilling. Additional 3-D seismic surveys are included in the future development plan for the area.

##### Pakenham

Chevron's 1994 purchase of Pakenham, Inc. included natural gas producing wells in West Texas. Chevron began development by drilling 26 new wells in 1995. Six wells were drilled in conventional gas formations, and the remaining 20 wells were drilled in "tight gas" sands. A total of 20 billion cubic feet of new proved gas reserves were added.

Chevron's current net gas production averages 34 million cubic feet per day, with plans to increase net production to

70 million cubic feet per day by 1999. The 1996 development program includes plans for 20 "tight gas" wells, and 10 deep gas wells. Additional 3-D seismic surveys are included in the future development program.

#### U.S. Exploration

In 1995, Chevron's exploration efforts were focused in the Gulf of Mexico and several onshore basins in Texas, California, Alaska, Wyoming and Utah. A total of 17 exploratory wells were drilled, not including seven wells that were still drilling or testing at year end. The program resulted in three discoveries in the Gulf of Mexico. Additionally, initial information from an onshore Texas well is encouraging.

#### Natural Gas Marketing

In January 1996, Chevron and NGC Corporation entered into exclusive negotiations to merge Chevron's gas gathering, processing and marketing operations with NGC. The proposed merger is expected to be finalized in the second quarter of 1996 and will form North America's largest processor and marketer of natural gas and gas liquids. The merged company, in which Chevron will have an approximate 28 percent ownership, is expected to have a strong competitive position in the growing deregulated energy services sector, with the advantages of Chevron's large natural gas assets and experience in processing and marketing natural gas liquids and NGC's leading position and experience in energy marketing, including electric power. The new company will retain the NGC name.

The new company brings economies of scale, greater operational flexibility to meet customers' needs and opportunities to expand into new North American and international markets – factors expected to greatly benefit Chevron and NGC.



**OPERATING STATISTICS**

Thousands of Barrels per Day	1995	1994	1993	1992	1991
Gas Liquids Production . . . . .	63	66	64	63	62
Gas Liquids Sales					
Third Party . . . . .	203	209	208	191	172
Other Chevron Companies . . . . .	80	72	79	72	79
Total Sales . . . . .	283	281	287	263	251

**WARREN PETROLEUM****Business Description**

Warren Petroleum Company engages in all aspects of the natural gas liquids (NGL) business including gas gathering and processing, fractionating, storing, transporting and marketing. Warren is the largest wholesale marketer of NGLs in the nation with sales exceeding one hundred million barrels in 1995. Warren is also responsible for virtually all of Chevron's domestic NGL purchases and sales, its major gas processing operations east of the Rockies and Chevron's international liquefied petroleum gas (LPG) activities.

Chevron and NGC Corporation entered into exclusive negotiations to merge Chevron's gas gathering, processing, and marketing operations with NGC. The merger is expected to be finalized in the second quarter of 1996. The merger will include all of NGC and most of Warren Petroleum Company and Chevron's Natural Gas Business Unit. Chevron will have an approximate 28 percent ownership of the new company. Warren's Venice, Louisiana processing complex is excluded from the proposed merger, but will likely be structured as a joint venture between the new company and Chevron.

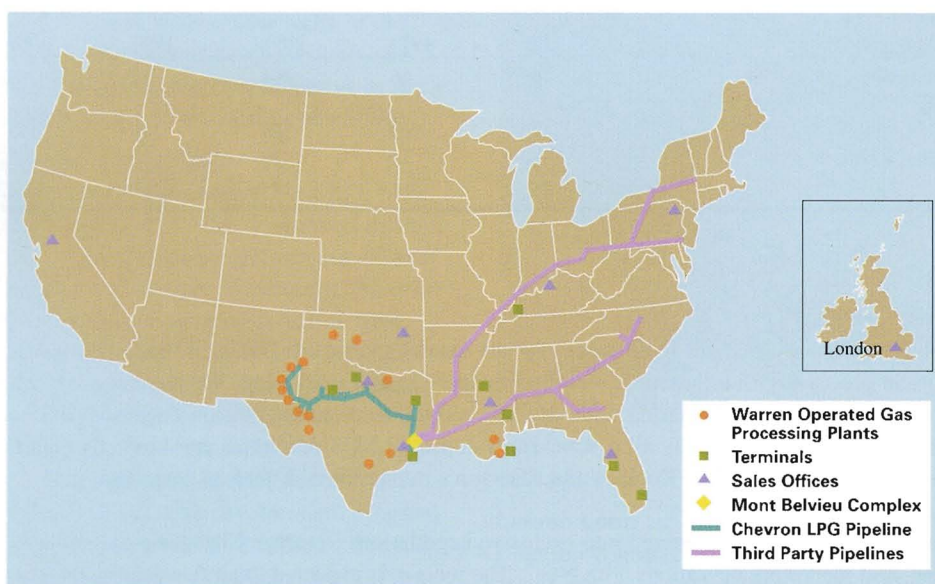
NGC's NGL assets, currently operated as Trident NGL, Inc., will be merged with Warren and will operate under the Warren Petroleum name. The new venture would make NGC the largest processor and marketer of NGLs in North America with production of 140,000 barrels per day and sales of 470,000 barrels per day.

**Business Strategies**

- Improve work processes to better meet present and future needs of customers.
- Improve operating efficiencies through facility consolidations, divestments and acquisitions where appropriate.
- Stimulate business growth by pursuing opportunities to increase capacity utilization and expand the range of domestic and international marketing services.
- Promote an active partnership with other Chevron companies to capitalize on available synergies.
- Continue to place a high priority on environmental and safety commitments.

**1995 Accomplishments**

- Completed and deployed a fundamental business process redesign of Warren's Marketing business into a new market-focused organization.
- Commenced an aggressive capital program for the Venice, Louisiana gas gathering and processing facilities to capitalize on the expansion of deep-water oil and gas production in the Gulf of Mexico.
- Sold two operated plants and interests in eleven non-operated joint venture plants as part of a plant asset rationalization effort.
- Integrated Warren and Chevron operations at Pakenham Field to streamline work processes and reduce joint operating costs.
- Achieved significant improvement in 1995 OSHA recordable lost time and off-the-job injury rates relative to 1994 and exceeded objectives of a company-wide commitment to safety. Warren's Transport group received the Private Truck Council of America's Platinum Award for its five-year safety performance among large fleets.



Warren Petroleum Company – Facility Locations

NGL PRODUCT	CONSUMER/INDUSTRIAL USES
Ethane	Petrochemical feedstock
Propane	Heating, cooking, crop drying and engine fuel; petrochemical feedstock
Normal Butane	Motor gasoline production; petrochemical feedstock
Isobutane	Motor gasoline production; Methyl Tertiary Butyl Ether (MTBE) feedstock
Natural Gasoline	Motor gasoline blending; petrochemical feedstock

### Gas Gathering and Processing

Warren's 4,700 mile gas-gathering pipeline network delivers unprocessed natural gas from thousands of production locations to its processing plants. Warren currently operates 15 gas processing plants in Oklahoma, Texas, Louisiana and New Mexico giving Warren a total processing capacity of roughly 3.3 billion cubic feet of gas per day. Warren also owns interests in 14 other gas processing plants.

Warren uses a variety of processing designs tailored to handle individual gas streams to extract NGLs. The designs typically employ either an absorption or a cryogenic expander process. In the absorption process, the raw natural gas stream passes through refrigerated absorption oil which, when heated, yields the absorbed NGL components. In the cryogenic expander process, the gas liquids separate from the natural gas stream under very low temperature conditions.

Following extraction of gas liquids, natural gas pipelines receive merchantable

dry gas for transmission and sale or delivery to end-users. Other pipelines transport the raw NGLs to centrally located fractionators for further processing into its marketable components. Warren's share of NGL production extracted from Chevron and third-party natural gas streams was 63,000 barrels per day in 1995.

### Fractionation and Storage

Warren's central fractionation and storage facility is the Mont Belvieu complex near Houston. It is one of the largest fractionation plants in North America with a 220,000 barrels-per-day operating capacity. The Mont Belvieu terminal is one of the largest underground NGL and petrochemical feedstock storage facilities in the world, with salt dome storage capacity of 45 million barrels.

At the fractionator, raising the temperature of the NGL stream is the first step in separating the individual NGL products. Further increases in temperature remove progressively heavier gas liquids components until the separation process is

complete. The lightest product contained in the fractionated NGL stream is usually ethane. Progressively heavier liquids include propane, isobutane, normal butane and natural gasoline.

### Transportation

Mont Belvieu serves as the hub of the nation's NGL distribution system, with pipelines linking the terminal with most refineries and petrochemical plants along the upper Texas Gulf Coast. Other pipelines deliver NGLs throughout the eastern United States.

The Warrengas terminal, Warren's marine terminal located on the Houston Ship Channel, is the industry's most versatile facility for handling NGL imports and exports. Dedicated pipelines linked to the Mont Belvieu complex allow Warren to off-load two products from one vessel or one product from two vessels simultaneously, a capability unique on the Gulf Coast. The marine terminal can handle specialty products such as olefins, pentanes and hexanes in addition to the traditional LPGs such as propane and butane.

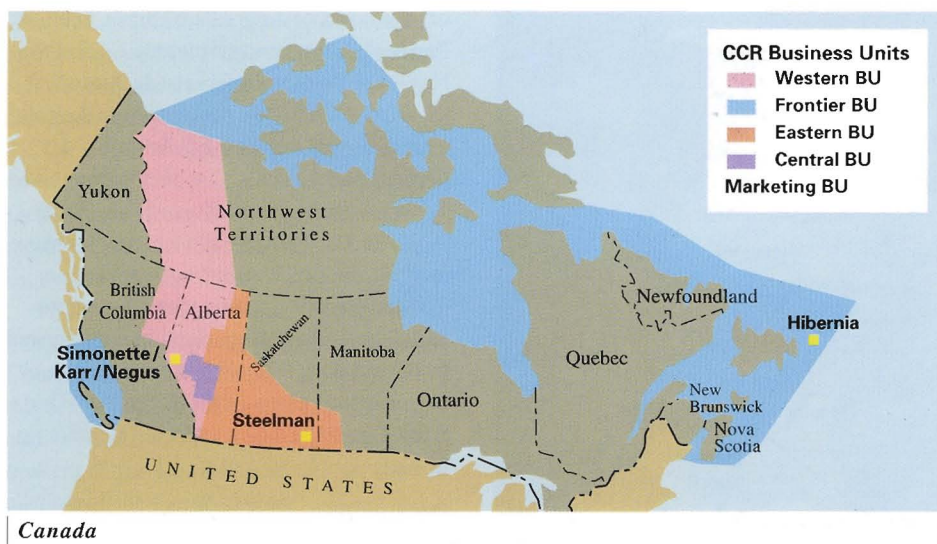
Warren distributes products to its customers using a fleet of 21 inland and seagoing barges, one of the largest private fleets of LPG barges in the world. In addition, Warren employs over 900 company-operated rail tank cars as well as the industry's largest fleet of cryogenic transport trucks.

### Marketing

In 1995, Warren marketed 283,000 barrels of NGLs per day through some 250 supply points in 46 states. Petrochemical manufacturers are the main purchasers of ethane. Residential and commercial users, in addition to petrochemical producers, provide major markets for propane. Capitalizing on its extensive pipeline network in the Texas Gulf Coast region, Warren directly supplied Chevron Chemical facilities, such as the Cedar Bayou chemical plant, with approximately 68,000 barrels of NGLs per day during 1995. Refineries were the major customers for the remaining types of NGLs.

With its premier import/export facility and growing international marketing presence, Warren is well positioned to take advantage of opportunities to import or export NGLs as market factors dictate.





## Canada

Chevron Canada Resources (CCR) streamlined its organization by reducing its business units from eight to five and consolidating the staff support groups. Development of significant oil discoveries continued, but gas development projects were curtailed due to depressed Canadian gas prices in 1995.

### Western Canada Production

1995 net production averaged 48,000 barrels of liquids and 243 million cubic feet of natural gas per day. Average operating expense declined by more than 70 cents per barrel from prior year levels due to the reorganization and work process improvements.

Development of the recent Simonette oil discovery continued in 1995, with first production of 5,500 barrels of oil per day commencing in May 1995. Simonette has estimated recoverable reserves of 50 million barrels with Chevron's interest in the field at over 60 percent. New discoveries were also developed at Karr, Negus and Steelman.

CCR drilled 26 wells in 1995 that were targeted at new reserves around existing infrastructures along with 87 development wells in existing fields.

### Western Canada Exploration

CCR drilled or participated in 22 exploratory wells in 1995. Many of the prospects were at locations where reserves could be brought on production quickly. New recoverable reserves are estimated to be 33 million barrels.

### Hibernia Development Project

The Hibernia offshore oil development project made significant progress in 1995 at its Bull Arm, Newfoundland fabrication site. All phases of the project are proceeding on schedule. CCR's share of construction costs reached approximately \$700 million at the end of 1995, with an estimated \$700 million remaining to be spent. The five main topsides have been brought together and interconnected. The massive concrete Gravity Base Structure (GBS), upon which the topsides will sit, is 275 feet tall. Planning of the transportation

system is proceeding and contracts have been awarded for construction of two tankers. Evaluation of a transshipment terminal versus additional tankers is nearing completion. Planning efforts for mating the topsides to the GBS and the 200-mile tow out in mid-1997 are underway. Oil production will begin in late 1997 or early 1998. CCR has a 27 percent share of the estimated 615 million barrels in recoverable reserves.

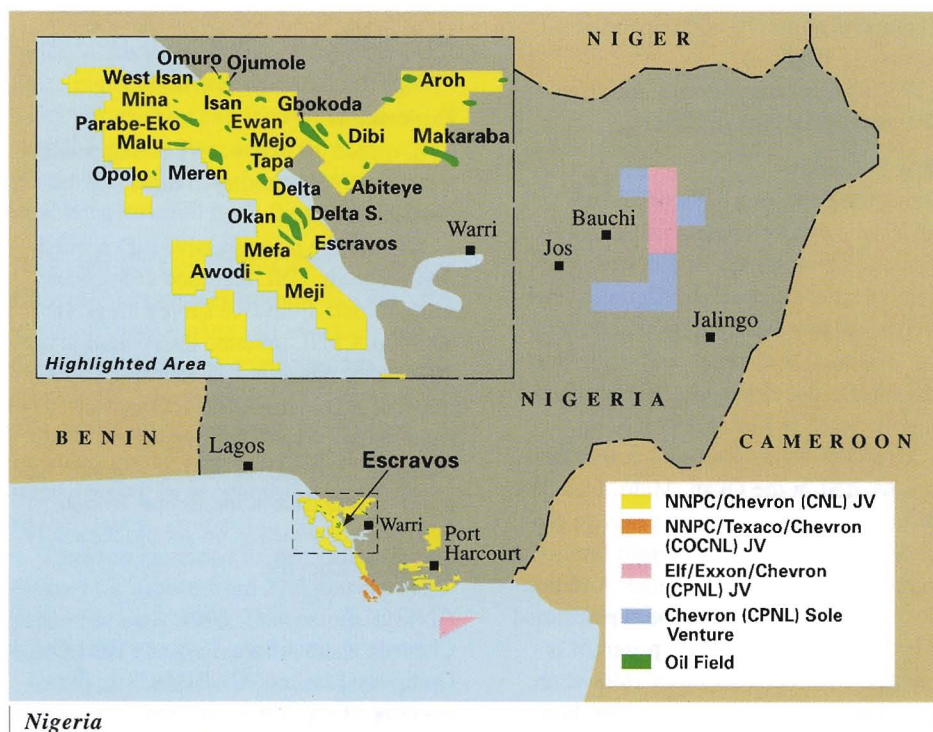
## Africa

### NIGERIA

Chevron's principal subsidiary in Nigeria, Chevron Nigeria Limited (CNL), operates and holds a 40 percent interest in concessions totaling 2.2 million acres, predominantly in the swamp and near offshore regions of the Niger Delta. CNL operates under a joint venture arrangement with the Nigerian government through its Nigerian National Petroleum Corporation (NNPC) which owns the remaining 60 percent interest in the operation.

Another subsidiary, Chevron Oil Company Nigeria Limited (COCNL), holds a 20 percent interest in six concessions, covering 600,000 acres, with six offshore oil fields operated by Texaco.

A third subsidiary, Chevron Petroleum Nigeria Limited (CPNL), oversees and





manages new venture projects in Nigeria. CPNL has a 30 percent interest in two deep-water Niger Delta blocks operated by Elf (40 percent), with Exxon (30 percent) also participating. CPNL also holds a 30 percent interest in three inland Benue Basin blocks obtained at the same time as the deep-water farm-in from Elf. A sole interest is held by CPNL in six other Benue Basin blocks through a production sharing contract.

### Production

Total 1995 production from the 29 CNL-operated fields averaged 384,000 barrels of oil per day, an increase of 15,000 barrels per day from 1994. The increase was achieved through an active new field development program, development drilling in existing fields, an aggressive workover program and increased commercial allowances. Three new fields were placed on production in 1995 – Mejo, Ojumole and Omuro. Together, these three fields added 12,000 barrels of oil per day to total production in 1995.

Production from the non-operated fields averaged a total of 54,150 barrels of oil per day in 1995. Optimization studies were carried out on some large reservoirs in the North Apoi and Funiwa fields during the year. The studies will result in increased development drilling and major rig workovers. Production is expected to increase to about 70,000 barrels of oil per day in 1996.

Political uncertainty did not affect Chevron operations in Nigeria.

### New Facilities

Conceptual engineering work began in 1995 for the development of the Ewan, Dibi and Gbokoda fields and was completed for the Opolo Field. Detailed engineering plans were completed and facilities construction commenced for the Benin River Field development. Project startup is anticipated in March 1996.

Upgrades were completed at five facilities located in the Okan, Malu, Isan and Makaraba fields. Since the upgrade program's inception in 1992, eight facility upgrades have been completed. Additionally, partial upgrades have been performed at two other facilities. The program is scheduled for completion in 1998 at an approximate total cost of \$315 million.



Angola, Congo and Zaire

### Escravos Gas Project

On-site construction for the Escravos Gas Project began in May 1995. Fabrication continued for the floating storage and off-loading vessel, the offshore compression platform, and the onshore LPG extraction plant. The project is on schedule for start-up in mid-1997. This first phase will cost a total of \$570 million and will utilize gas currently being flared from Okan and Mefa fields. Chevron has a 40 percent interest in this project.

### Exploration

CNL drilled 10 exploratory and appraisal wells in 1995, resulting in three new oil field discoveries.

Continuing its aggressive 3-D acquisition program, CNL recorded 265 square miles of data from five survey areas. In addition, CPNL initiated interpretation on 707 square miles of 3-D data and 2,389 miles of 2-D marine data acquired in 1994 from its deep-water joint venture with Elf (operator) and Exxon. It also acquired 725 miles of 2-D data in the Benue Trough, 293 miles of which is on six blocks solely owned by Chevron.

### ANGOLA

Chevron's subsidiary, Cabinda Gulf Oil Company Limited (CABGOC), is the operator of a 2,700-square-mile concession

off the coast of Angola's Cabinda exclave. Partners in the venture include Sociedade Nacional de Combustiveis de Angola (SONANGOL) – 41 percent, Agip Angola Limited – 9.8 percent, Elf Angola – 10 percent and CABGOC – 39.2 percent.

The concession is divided into Areas A, B, and C. Prior to 1994, Area A generated all the production, with operations divided into two major areas, Malongo and Takula. Area B production commenced in November 1994 with the commissioning of installations in the Kokongo Field. Area C production is expected to start-up in early 1997.

### Production

Area A includes 19 major fields (eleven in the Malongo Area and eight in the Takula Area). Thirteen of the Area A fields are producing currently.

Area B includes seven major fields. Kokongo and Nembu fields began producing in late 1994 and early 1996, respectively, and continue to undergo development. South Nembu and Lomba fields are in the early stages of development with start-ups scheduled in 1998 and 1999.

Area C includes seven major fields, none of which are currently producing. The N'Dola and Sanha fields are being actively developed with start-ups scheduled in 1997.

The concession's total peak production rate of 422,000 barrels per day was reached in May 1995. Crude oil production averaged 373,000 barrels per day for 1995.

Sporadic incidences of civil unrest in Angola have not affected CABGOC operations in Cabinda.

### Development

In Area A, 15 development wells were drilled during 1995. Five of these were in the Malongo Area and ten were in the Takula Area.

In the Malongo Area fields, a production decline was reversed by development of the Kungulo Pinda reservoir. A waterflood project for the Kungulo Field, a first for the Malongo Area, commenced in 1995.

Production from the Takula Area fields continued to increase during 1995, benefiting from waterflooding in the N'Sano Field, and from infill drilling and workover programs in other existing reservoirs in the Takula, Numbi, and Wamba fields.



The Numbi Northeast Field, discovered and delineated in 1995, is scheduled for full development in late 1996 and production start-up by early 1997.

The combination of exploratory discoveries, infill drilling, workovers and facility modernization should continue to maintain production from Area A in the immediate future.

Areas B and C continue to be the primary focus of major development activity. Contracts were awarded in late 1995 for the design, construction and installation of additional Area B facilities for the development of the Lomba Field and southern portion of the Nemba Field.

Fabrication work commenced on facilities for the N'Dola and Sanha fields in Area C in early 1994. The scope of work includes two integrated platforms and related pipelines that will operate as satellites of East Kokongo. Start-up is forecast for early 1997.

#### Exploration

Two exploration wells were drilled in Area A in 1995, resulting in one discovery, for which a development plan is being finalized. Total recoverable reserves are estimated at 15 million barrels of oil.

Negotiations to renew the exploration license in Areas B and C were completed. The agreement provided for acquisition and processing of 460 square miles of 3-D seismic data and drilling of two exploratory wells before February 2000. If one of the two wells is successful, a third well will be drilled. By the end of 1995, the obligation for acquisition of 460 square miles of 3-D seismic data was satisfied, and data was being processed. This data should be ready for interpretation in 1996. The drilling of the two exploratory wells is planned for late 1997 and early 1998.

Deep-water Block 14 was awarded to Chevron in February 1995. The contract calls for 2-D and 3-D seismic surveys and four wells during the next four years. By the end of 1995, the seismic obligations had been completed and interpretation was under way in preparation for drilling a well in mid-1996.

#### ZAIRE

Chevron's subsidiary, Zaire Gulf Oil Company Limited (ZAGOC), is the operator of a 390-square-mile concession off the coast

of Zaire. The partnership for this venture is ZAGOC (50 percent), Zaire Petroleum Company – Teikoku (32.28 percent), and Unocal International Corporation (17.72 percent). Continuous production was established in 1975. In 1995, an extension of the concession was granted to 2023.

#### Production

Crude oil production from eight offshore fields averaged 19,600 barrels per day in 1995. Production operations were fully maintained during the year despite the unstable political situation in Zaire.

#### Development

During 1995, four development wells, two water injection wells, and one work-over well were completed. The Tshiala Field development will continue during 1996 with four wells planned. Early production from the Tshiala 1X discovery and the corresponding field development wells are aiding in maintaining production levels for the concession.

#### Exploration

The Tshiala West 1X well, a follow-up to the successful Tshiala 1X exploration well drilled in 1994, was drilled in 1995, but failed to encounter hydrocarbons in either of two exploratory objectives. The well was plugged and abandoned as a dry hole. Three exploration wells are to be drilled in 1996.

Three-D seismic data for 90 square miles in the western part of the offshore Zaire concession was acquired during 1995. Processing and interpretation are scheduled for 1996. Approximately 80 percent of the offshore concession has now been covered by 3-D seismic data.

#### REPUBLIC OF CONGO

Chevron participates in three license areas offshore Congo, all of which are adjacent to Chevron's concessions in Angola (Cabinda). Field development and exploration continued in all these licenses, giving Chevron contiguous participation in production from Zaire to the Gabon border.

Chevron increased its percentage in the Haute Mer license from 22.5 percent to 30 percent in early 1995. This permit, operated by Elf Congo, includes the N'Kossa Field, which underwent extensive development drilling and facilities installation

during the year. To date, 14 wells have been drilled. First oil is planned for mid-1996, and the field should reach peak production of 110,000 barrels per day in late 1997.

In addition to the N'Kossa Field, the Haute Mer license contains extensive, highly prospective, exploration acreage. In late 1995, the Moho Marine-1 well tested oil at a rate of over 5,700 barrels per day. The Moho prospect is located nine miles west of N'Kossa in 2,620 feet of water and may be significantly larger than N'Kossa. These encouraging results will be further evaluated with an appraisal well planned for mid-1996.

Chevron has a 29.25 percent interest in the Marine VII license, which is operated by Agip and includes the Kitina Field. Seven development wells have been drilled in Kitina Field to date, with further development drilling to continue in 1996. Current plans call for platform installation in late 1997. First oil is anticipated in early 1998, with peak production of 45,000 barrels per day by 1999.

Chevron reached an agreement with the government of Congo in December 1995 to participate in the Marine IV permit as operator with an 85 percent interest. Marine IV is located in shallow water offshore northern Congo along the Gabon border. Assuming full approval is granted, Chevron will conduct exploratory seismic studies in 1996.





## Europe

### UNITED KINGDOM AND IRELAND

Chevron has interests in over 60 blocks in the United Kingdom and Ireland totaling about 2.4 million acres. Most blocks are located in the North Sea. In addition, Chevron has interests to the west of Shetland Islands, offshore Wales and in Liverpool Bay. In Ireland, Chevron has acreage in the Celtic Sea and Porcupine Basin.

Chevron holds interests in six producing oil fields in the North Sea: Chevron-operated Alba (33.17 percent) and Ninian (23.63 percent), and partner-operated Lyell (33.33 percent), Hutton (22.17 percent), Murchison (25.93 percent), and Statfjord (4.84 percent). Chevron's net share of production from these fields averaged 71,000 barrels of crude oil and natural gas liquids and 28 million cubic feet of gas per day in 1995.

### Ninian Production

In 1995, Ninian's average total production was over 56,000 barrels of oil per day. Tariff income from third-party and satellite fields for the first time largely offset the field's annual operating costs. Additionally, operating costs fell for the fifth successive year. Production from two wells drilled in 1995 from Ninian Southern

platform further contributed to Ninian's third-party tariff income.

A 3-D seismic survey of the greater Ninian area was acquired and results of the survey will be available in mid-1996.

During the year, Chevron played a prominent role in negotiations with the Shetland Islands Council to renew terms for continued use of the Sullom Voe Terminal beyond the year 2000. It is expected that new terms will be agreed to in 1996.

### Alba Production

In its second year of production, Alba achieved a daily average of 69,100 barrels of oil, averaging in excess of 85,000 barrels of oil per day during December.

Innovative modifications to four platform well slots provided the technique to drill 28 wells from a 24-well slot design. The technique is a major factor in eliminating the need for a separate platform to develop Alba Phase II, saving over 60 percent of the original Phase II development costs.

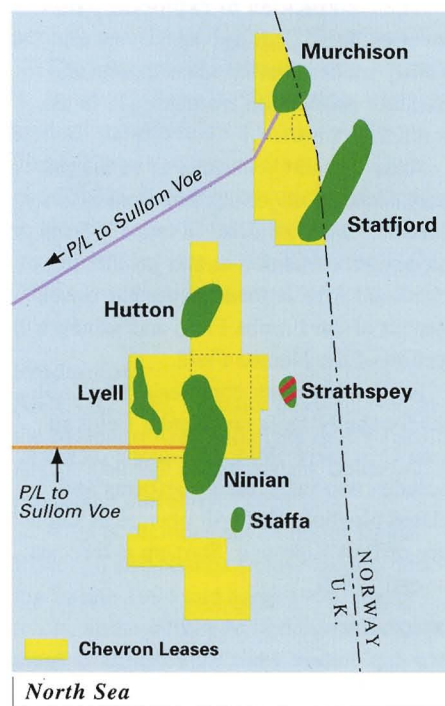
In November, the first of 18 development wells was spudded from the Alba Northern platform into the southern area of the reservoir, marking the start of the Alba Phase II development. Detailed design engineering started on a \$46 million upgrade for Alba Northern platform to handle the additional production from Phase II. New processing facilities will increase Alba Northern platform's production design capacity to over 100,000 barrels per day.

### Britannia Development

The Britannia gas field development gathered momentum in 1995 with nine pre-development wells drilled to total depth. Cost reduction initiatives, work process improvements and completion of a gas processing arrangement have reduced the estimated total development cost by \$400 million to \$2.1 billion.

Britannia, in the central North Sea, 130 miles northeast of Aberdeen, contains approximately 2.6 trillion cubic feet of recoverable natural gas and up to 140 million barrels of condensate and natural gas liquids. Peak production is expected to be approximately 740 million cubic feet of gas and 70,000 barrels of condensate per day. Agreements have been reached to sell gas to four purchasers. Production is scheduled for the fourth quarter of 1998.

Chevron, with an equity interest of just over 30 percent, shares operatorship of Britannia with Conoco.



### Statfjord Production

The Statfjord Field lies on the United Kingdom-Norwegian median line. The field marked its sixteenth year of oil production in 1995 and has produced over 3.1 billion barrels to date. In the North Sea, it is the company's largest producer, with net production of 29,000 OEG barrels in 1995.

Participants in the Statfjord Field have been involved in an equity redetermination and have been unable to come to an agreement. The matter has been submitted to an independent expert for resolution.

### Exploration

Chevron's exploration efforts continued in northwest Europe. In the U.K. 16th Licensing Round, two blocks were awarded to Chevron in the highly prospective Tertiary trend west of the Shetland Islands, together with three blocks in Cardigan Bay, offshore Wales, and a block adjacent to Chevron's Bressay heavy oil discovery in the North Sea. In Ireland, six blocks were awarded to Chevron in the Porcupine Basin Frontier Licensing Round.



## Asia-Pacific

### INDONESIA

Chevron's interests in Indonesia are managed by two affiliate companies, P.T. Caltex Pacific Indonesia (CPI) and Amoseas Indonesia (AI). Both companies are jointly owned 50 percent with Texaco. CPI, as contractor to Pertamina, the Indonesian national oil company, accounts for close to half of Indonesia's total crude oil production. Total CPI crude oil plus condensate production averaged 753,000 barrels per day during 1995. Chevron's net share of total production from both affiliates in Indonesia averaged 174,000 barrels per day.

#### Contract Areas

During 1995, Chevron successfully negotiated a new exploration production sharing contract (PSC) in the Lariang Block in west-central Sulawesi. This new PSC covers 1,540 square miles and is held 100 percent by Chevron. Chevron now holds interest in 12 contract areas. Of these, five are through CPI and seven through AI, including Lariang, which AI operates on behalf of Chevron. CPI has also started negotiations for a 20-year extension of the Coastal Plains block PSC, located in Central Sumatra, which is currently due to expire in 2001.

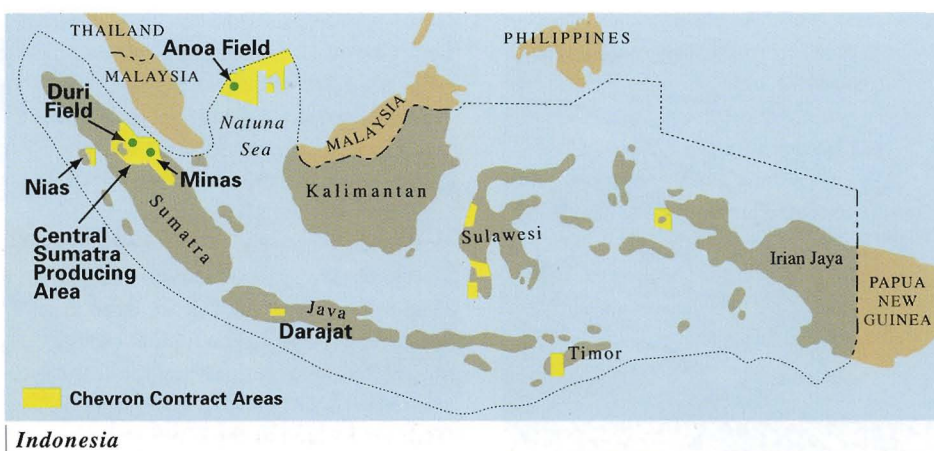
#### Exploration

Four of five exploratory wells drilled by CPI during 1995 were discoveries. Further evaluation is required to determine the full reserve potential of these discoveries. One of the wells, Besar, was tied into existing infrastructure and placed in production in November 1995.

CPI continued its exploration efforts off the west coast of Sumatra in search of natural gas for use in its enhanced oil recovery efforts and will be acquiring 2-D and 3-D seismic data to support that evaluation.

#### Duri Steamflood Project

The Duri Field contains a relatively heavy and waxy crude that is difficult to produce using primary production methods. As a result, CPI has been steamflooding the largest reservoir in the field, the P/K, since April 1985. The Duri steamflood project is being implemented in 13 phases, seven of which are on production, with the eighth



expected to come on stream in early 1997. Total production from the Duri Field averaged over 300,000 barrels of oil per day during 1995, the highest rate ever achieved from the field. The field produced its billionth barrel of oil in 1995 and still has an estimated two billion barrels of recoverable oil.

In 1994, a steamflood pilot of the Rindu formation was put on production. The Rindu formation overlays the P/K reservoir and is closer to the surface. This pilot produced over 2,000 barrels of oil per day during 1995, exceeding original predictions. Development plans for phases eight and nine of the Duri steamflood have now been modified to include concurrent development of the Rindu and P/K formations. Oil reserves of close to 200 million barrels are associated with this first phase of Rindu development.

#### Sumatra Waterflood Projects

During 1995, CPI continued to expand its waterflood efforts with the start-up of a new waterflood project in the Beruk Field. The government approved a similar project in the Bekasap Field, where injection is scheduled to start in mid-1997. Joint government, Pertamina and CPI study teams were instrumental in obtaining quick approvals for both projects.

Water injection at Minas moved into phase three of a four-phase pattern waterflood project that started in December 1993. Total field production has increased to over 210,000 barrels of oil per day, of which 75,000 barrels per day is attributable to the pattern waterflood.

#### Darajat Geothermal

Delivery of first steam from the AI-operated Darajat I geothermal project to the Indonesian government-owned utility power plant began in late 1994. Steam deliveries from the project continued at a steady pace throughout 1995, leading to development of the Darajat II geothermal project. AI has acquired an Indonesian partner for the project, which will include both steam production and power generation. Government approval was received in early 1996.

#### AUSTRALIA

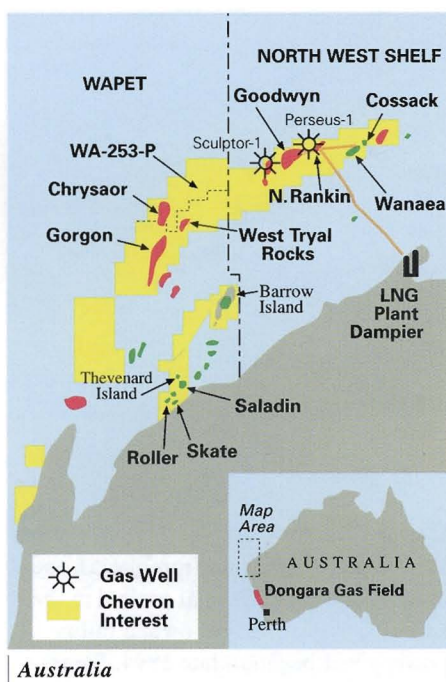
Chevron's primary interests in Australia are in two major non-operated joint ventures: 16.7 percent in the North West Shelf (NWS) Project, and 25.7 to 50 percent in permits held by the West Australian Petroleum Pty. Ltd. (WAPET) joint venture. The total proved reserves held in these joint ventures exceed 600 million barrels of oil, 180 million barrels of NGLs and 10 trillion cubic feet of gas. In addition, Chevron has recently acquired a 25 percent interest in two Browse Basin permits and a 17.25 percent interest in one Carnarvon Basin permit.

#### North West Shelf Production

The North West Shelf Project area is located about 1,000 miles north of Perth and 70 to 90 miles offshore. Water depths range from 250 to 500 feet.

Average total production from the North Rankin and Goodwyn fields during 1995 was 1.4 billion cubic feet of gas per day. This resulted in the delivery of 120 cargoes of liquefied natural gas (LNG) to Japan, eleven cargoes of LNG to Spain,





Korea and Turkey, and 134 billion cubic feet of natural gas to the western Australian domestic gas market. Total condensate production averaged 66,000 barrels per day.

In 1995, an agreement to sell an additional 500,000 metric tons per year of LNG to Japanese buyers was completed, increasing sales volumes to 7.5 million metric tons per year beginning in 1996. There was also considerable success in marketing the system capacity of LNG through spot sales. Six separate contracts with end-users replaced one domestic gas sales contract following deregulation initiatives by the state government, which resulted in incremental domestic gas sales volumes.

#### North West Shelf Development

The Goodwyn development came on stream in February 1995, helping to maintain plateau gas production rates and adding significantly to condensate production from the North West Shelf Project. By the end of the year, Goodwyn production had reached 70,000 barrels per day of condensate and 400 million cubic feet of gas per day. Development drilling will continue during the first nine months of 1996 to raise production capacity to 80,000 barrels per day of condensate and 900 million cubic feet of gas per day. Reserves are estimated to exceed five trillion cubic feet of natural gas, 170 million barrels of

NGLs and 330 million barrels of condensate. Chevron's total share of development costs are \$270 million.

The Wanaea/Cossack joint development also came on stream during 1995. First production from this development of two adjacent offshore oil fields occurred in November, with peak production of 115,000 barrels per day achieved shortly thereafter. Total recoverable reserves are more than 200 million barrels. The liquids-rich gas is transported onshore for separation, storage, and export using new LPG processing facilities located at the NWS Project's LNG Plant. Chevron's share of development costs for Wanaea/Cossack and the LPG facilities was \$135 million.

#### WAPET Production

WAPET operates two major production facilities on Barrow Island and Thevenard Island approximately 100 miles southwest of the NWS fields. Chevron's share of WAPET oil production in 1995 averaged 15,000 barrels per day from seven fields (Barrow Island, Saladin, Yammaderry, Cowle, Crest, Roller and Skate).

Although production from Saladin, Yammaderry and Cowle is declining due to water encroachment, production from the Thevenard Island facility reached an all-time high in 1995 due to the first full year of production from the Roller, Skate and Crest fields.

#### WAPET Development

A 20-well infill drilling program started on Barrow Island in November 1995. The program is designed to add approximately 2,000 barrels per day to production capacity and four million barrels to reserves.

WAPET's partners are aggressively pursuing options to commercialize the huge Gorgon Field. The field has estimated reserves of eight trillion cubic feet of gas and will be developed as an LNG project. Discussions regarding development of Gorgon as either a stand-alone project or as a cooperative expansion of the existing NWS LNG Project are proceeding. In addition to the Gorgon Field, the WAPET consortium has some two trillion cubic feet of reserves in the nearby West Tryal Rocks Field, and a 50 percent interest in another giant gas resource at the adjacent Chrysaor Field, discovered in late 1994, which could rival Gorgon in terms of gas reserves.

#### Exploration

WAPET's Chrysaor-1 was confirmed as a significant gas discovery in early 1995 when the well was tested at rates of up to 63 million cubic feet per day. A 3-D seismic survey was shot over the Chrysaor structure in Permit WA-253-P to appraise the field and several other gas prospects.

NWS participants drilled Perseus-1 between the North Rankin and Goodwyn fields during 1995, which resulted in a major gas discovery. The Perseus Field is now estimated to contain reserves of over three trillion cubic feet of gas and 90 million barrels of condensate. A second well drilled in January 1996 was successful in further delineating the Perseus reservoir. A third well is scheduled for second quarter 1996.

The Sculptor-1 well was also drilled during 1995 on NWS acreage. The well added roughly 300 billion cubic feet of gas and 10 million barrels of condensate to reserves in the Echo/Yodel fields. Interpretation of the huge East Dampier 3-D seismic survey covering most of the NWS Project permits continued during 1995. Several prospects have been identified from the data, and an exploration drilling program is scheduled for mid-1996.

#### PAPUA NEW GUINEA

##### Production

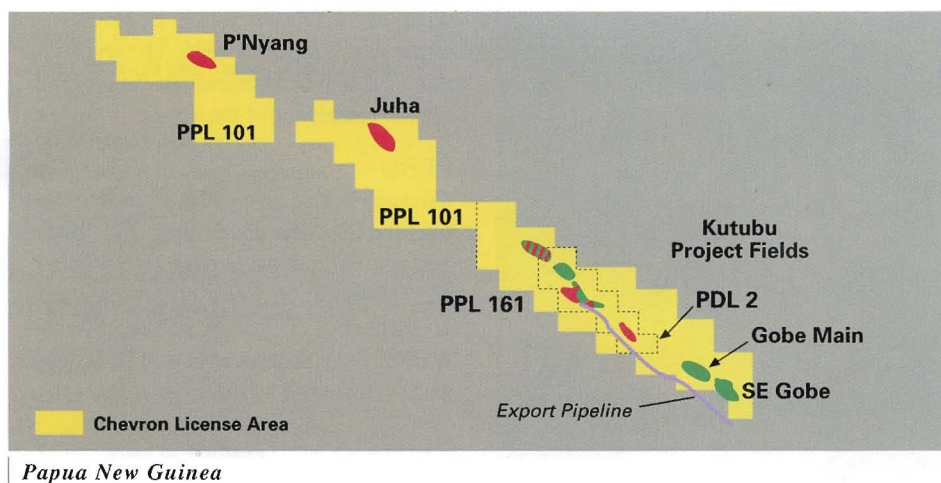
Chevron Niugini Pty. Ltd. is operator for the Kutubu Area fields, Papua New Guinea's first producing fields. Since June 1992, the Kutubu Area fields have averaged approximately 120,000 barrels per day from 37 wells and recovered a total of 145 million barrels through the end of 1995. Chevron holds a 19.375 percent interest in the Kutubu development and surrounding Petroleum Development License (PDL)-2.

##### Development

An active development drilling program within the Kutubu fields continued in 1995. This program was designed to both accelerate production and develop new reserves within the fields, and to maintain production at a rate in excess of 100,000 barrels of oil per day throughout 1995.

Chevron completed engineering work that will lead to the submission of a PDL application to the Papua New





Guinea government for the Gobe fields in first quarter 1996. The Gobe fields are located in the southeastern portion of the Petroleum Prospecting License (PPL)-161, some 30 miles southeast of the Kutubu fields. The Gobe fields are comprised of SE Gobe (discovered in 1991) and Gobe Main (discovered in 1993). Gobe Main is nine miles northwest of SE Gobe on the same 24-mile-long anticline. Chevron and partners drilled the Gobe-7X delineation well in 1995 which confirmed the extent of the SE Gobe discovery and allowed final commercial agreements to be completed. Government approval of a development application in early 1996 would allow first oil production from the Gobe fields to commence in early 1998.

The possibility for the eventual development of Chevron and partners' gas discoveries in the PPL-101 license (P'Nyang and Juha gas fields) and the PDL-2 license (Iagifu/Hedinia gas cap) continues to receive attention. The Chevron-led joint venture, as well as other competitor groups, have made significant gas discoveries in the Papuan Basin. These discoveries might eventually form the core of a conventional gas export project, via a pipeline to Australia, or an LNG project. Papua New Guinea is one of several Asia-Pacific nations with the potential for development of new LNG projects near or just after the turn of the century.

#### Exploration

The exploration program in 1995 focused on evaluating prospects with good potential, moderate risk, and close to existing

facilities. Exploratory drilling was conducted in the PPL-161 area. Paua-1X recovered oil from reservoirs in a large structure straddling the PPL-161 license boundary near the Kutubu Project facilities. Evaluation of Paua-1X has continued into 1996, with very encouraging preliminary results.

The Makas-1X well was drilled on a very attractive prospect, near the future Gobe facility. Good shows of oil and gas were observed throughout the drilled section, but the well was unable to reach the reservoir section due to mechanical problems. Another attempt is planned for 1996.

A third exploration well, drilled in 1995 on a different trend, penetrated water wet reservoirs in all of the objective sands.

#### CHINA

##### Pearl River Mouth Basin

Chevron is a partner with Texaco, Agip, and the China National Offshore Oil Company (CNOOC) in the Block 16/08 contract area of the Pearl River Mouth Basin in the South China Sea. Four fields are now on production: HZ/21-1, HZ/26-1, HZ/32-2, and HZ/32-3. Chevron, Texaco and Agip each have a 16.33 percent interest in the four fields, while CNOOC has a 51 percent interest.

HZ/21-1 and HZ/26-1 were placed in production in 1990 and 1991, respectively. Development of two 1993 discoveries, HZ/32-2 and HZ/32-3 was completed in June 1995, and doubled Block 16/08's output to 120,000 barrels of oil per day by year end.

Since the beginning of the contract, the area has been operated by a jointly funded and staffed organization, ACT Operators Group. A new operating agreement was signed in 1995 which includes CNOOC as a co-operator as of January 1, 1996. The organization's name has been changed to CACT Operators Group.

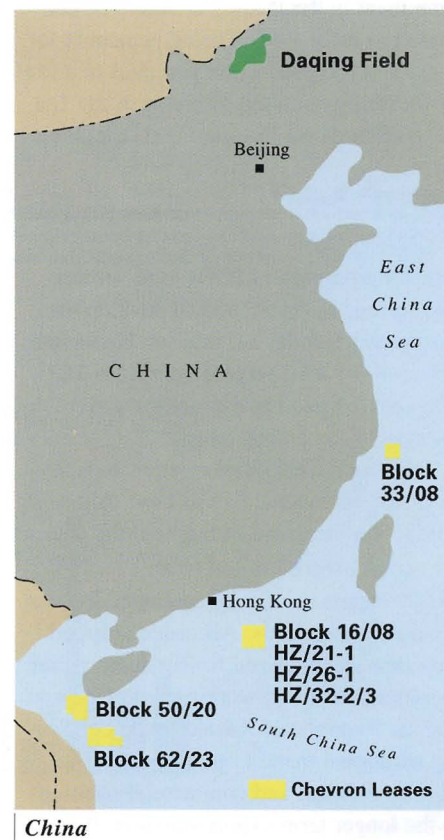
Future activities in the 16/08 contract area include completing a 350-square-mile 3-D seismic survey in early 1996.

#### Exploration

Exploratory drilling in East China Sea Block 33/08, a concession acquired in 1993, resulted in two dry holes. No further activity is planned.

During 1995, Chevron was awarded sole interest in a production-sharing contract in Block 62/23 and a geophysical agreement in Block 50/20, both south of Hainan Island in the South China Sea. Seismic data were subsequently acquired over both blocks, and one well is planned in 1996.

Bids have been submitted to CNOOC for acreage in Liaodong Bay (offshore northeast China) and South China Sea Block 63/15, an area near Block 62/23.







### Technology Agreement

The first stage of an enhanced oil recovery pilot project at Daqing, China's largest oil field, was completed with the drilling of the pilot area wells. The next stage will apply Chevron's Microbial Profile Modification technology with microbe injection in these wells during 1996.

Final negotiations for a second technical agreement in the Daqing area will be concluded in early 1996. The agreement is for a study of the production potential of a low permeability, thin bed reservoir in the Tou Tai portion of the Daqing Field complex.

### Central Asia

#### KAZAKHSTAN

The Tengizchevroil (TCO) joint venture was formed in April 1993 to develop the Tengiz and Korolev oil fields in Kazakhstan. Chevron has a 50 percent interest in TCO. The Tengiz Field has estimated recoverable reserves of six billion barrels.

TCO increased its production capacity to 95,000 barrels per day in 1994. Although production increased throughout the year, oil exports were limited to an average 55,000 barrels per day by continued Russian pipeline restrictions. All crude shipped is now demercaptanized to Russian pipeline specification. TCO, working with Chevron and the Republic of Kazakhstan, is developing additional markets as it continues to explore political and commercial solutions to the longer term export situation. If an expected increase in crude oil sales occurs,

TCO plans to expand production capacity to 135,000 barrels per day by year-end 1996. Production in January 1996 averaged 69,000 barrels per day.

#### AZERBAIJAN

In 1993, Chevron signed study agreements with the State Oil Company of Azerbaijan Republic to evaluate acreage in the Azeri portion of the Caspian Sea. These studies will be completed in 1996. Chevron has begun negotiations for exploration blocks as a result of the studies.

### South America

#### BOLIVIA

In 1995, Chevron (40 percent) and partners acquired a 165-mile seismic program over some large prospects in the southern half of the Caipipendi Exploration Block. This partner-funded data acquisition was being processed at year end. The 1996 program on this block will be determined after the new seismic data is interpreted and mapped.

#### COLOMBIA

Chevron holds a 50 percent interest in the Castilla and Chichimene fields, located in the Llanos Basin area of Colombia. At the end of 1995, these fields were producing approximately 26,000 barrels of oil per day. Evaluation of the Rio Blanco Exploration Block (50 percent Chevron), on trend with the giant Cusiana Field discovered by a competitor, continued in 1995 with the drilling of the first exploratory well, the Anaconda-1. The proposed total

depth of 16,500 feet should be reached late in the first quarter of 1996. The results of this well will help determine the program for the remainder of the year.

#### PERU

Chevron signed an agreement in late 1995 with the Peruvian government and obtained 100 percent interest in exploratory Block 52. The block, covering 1.77 million acres, is adjacent to the giant Camisea gas-condensate field. Seismic data will be acquired and evaluated in 1996.

#### VENEZUELA

In late 1995, Chevron and Maraven S.A. formed an alliance to further develop the Boscan oil field, provide heavy crude oil to Chevron in the United States through several independent supply agreements, and process and market asphalt with associated products. In mid-1996, Chevron will become responsible for operations and production of the Boscan Field under an operating service agreement. The field is currently producing 80,000 barrels of oil per day and is estimated to have 1.6 billion barrels of recoverable reserves.





**PROVED RESERVES – CRUDE OIL AND NATURAL GAS LIQUIDS**

Millions of Barrels	1995	1994	1993	At December 31 1992	1991
<b>Gross Crude Oil and Natural Gas Liquids</b>					
United States . . . . .	1,330	1,343	1,427	1,533	1,764
Africa . . . . .	1,181	981	842	757	784
Other International . . . . .	629	557	546	578	621
<b>Total - Consolidated Companies . . . . .</b>	<b>3,140</b>	<b>2,881</b>	<b>2,815</b>	<b>2,868</b>	<b>3,169</b>
<b>Equity Share in Affiliates</b>					
Indonesia . . . . .	1,340	1,349	1,450	1,483	1,101
Kazakstan . . . . .	1,303	1,314	1,322	—	—
<b>Total - Gross Reserves . . . . .</b>	<b>5,783</b>	<b>5,544</b>	<b>5,587</b>	<b>4,351</b>	<b>4,270</b>
<b>Net Crude Oil and Natural Gas Liquids</b>					
United States . . . . .	1,187	1,200	1,279	1,368	1,568
Africa . . . . .	969	804	682	615	636
Other International . . . . .	538	465	453	472	501
<b>Total - Consolidated Companies . . . . .</b>	<b>2,694</b>	<b>2,469</b>	<b>2,414</b>	<b>2,455</b>	<b>2,705</b>
<b>Equity Share in Affiliates</b>					
Indonesia . . . . .	562	603	669	641	451
Kazakstan . . . . .	1,087	1,095	1,102	—	—
<b>Total - Net Reserves . . . . .</b>	<b>4,343</b>	<b>4,167</b>	<b>4,185</b>	<b>3,096</b>	<b>3,156</b>

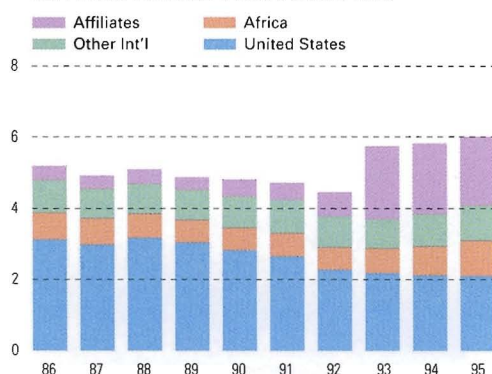
**PROVED RESERVES – NATURAL GAS**

Billions of Cubic Feet	1995	1994	1993	1992	1991
<b>Gross Natural Gas</b>					
United States . . . . .	6,489	6,530	6,420	6,445	7,725
Africa . . . . .	103	—	—	—	—
Other International . . . . .	3,184	3,112	2,675	2,752	2,930
<b>Total - Consolidated Companies . . . . .</b>	<b>9,776</b>	<b>9,642</b>	<b>9,095</b>	<b>9,197</b>	<b>10,655</b>
<b>Equity Share in Affiliates</b>					
Indonesia . . . . .	155	151	142	158	150
Kazakstan . . . . .	1,805	1,820	1,832	—	—
<b>Total - Gross Reserves . . . . .</b>	<b>11,736</b>	<b>11,613</b>	<b>11,069</b>	<b>9,355</b>	<b>10,805</b>
<b>Net Natural Gas</b>					
United States . . . . .	5,532	5,576	5,484	5,499	6,569
Africa . . . . .	84	—	—	—	—
Other International . . . . .	2,794	2,722	2,257	2,518	2,680
<b>Total - Consolidated Companies . . . . .</b>	<b>8,410</b>	<b>8,298</b>	<b>7,741</b>	<b>8,017</b>	<b>9,249</b>
<b>Equity Share in Affiliates</b>					
Indonesia . . . . .	155	151	142	158	150
Kazakstan . . . . .	1,505	1,518	1,528	—	—
<b>Total - Net Reserves . . . . .</b>	<b>10,070</b>	<b>9,967</b>	<b>9,411</b>	<b>8,175</b>	<b>9,399</b>

Proved reserves are estimated by the company's asset teams composed of earth scientists and reservoir engineers. These proved reserve estimates are reviewed annually by the corporation's reserves advisory committee to ensure that rigorous professional standards and the reserves definitions prescribed by the Securities and Exchange Commission are consistently applied throughout the company. See Glossary for explanation of proved reserves.

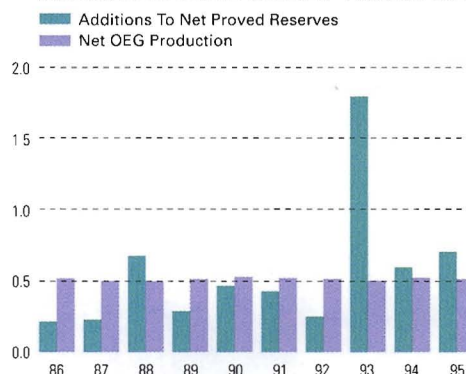
Net reserves exclude royalties and interests owned by others and reflect contractual arrangements and royalty obligations in effect at the time of the estimate.

**NET PROVED RESERVES\* / BILLIONS OF OEG BARRELS**



\*Natural gas converted to Oil Equivalent Gas (OEG) barrels at 6 MCF = 1 OEG barrel.

**CHANGES IN NET PROVED RESERVES\* / BILLIONS OF OEG BARRELS**



NET PROVED AND UNPROVED OIL AND GAS ACREAGE <sup>(1)(2)</sup>

Thousands of Acres	1995	1994	1993	1992	At December 31 1991
<b>United States</b>					
<b>Onshore</b>					
Alaska . . . . .	271	468	740	1,538	2,149
California . . . . .	213	410	440	472	549
Colorado . . . . .	48	47	53	55	76
Kansas . . . . .	14	15	67	22	88
Louisiana . . . . .	128	134	183	195	268
Michigan . . . . .	42	42	20	17	28
Montana . . . . .	111	111	124	120	151
Nevada . . . . .	43	83	244	313	394
New Mexico . . . . .	170	168	171	172	214
North Dakota . . . . .	11	16	38	48	51
Oklahoma . . . . .	104	109	131	117	170
Texas . . . . .	1,098	1,109	1,034	1,099	1,574
Utah . . . . .	386	359	210	131	330
Wyoming . . . . .	219	210	182	190	221
Other States . . . . .	96	97	138	172	330
<b>Total Onshore</b> . . . . .	<b>2,954</b>	<b>3,378</b>	<b>3,775</b>	<b>4,661</b>	<b>6,593</b>
<b>Offshore</b>					
Alaska Coast . . . . .	114	97	120	159	379
Atlantic Coast . . . . .	72	72	72	72	72
Gulf Coast . . . . .	1,481	1,762	1,883	1,908	2,655
Pacific Coast . . . . .	83	103	114	132	146
<b>Total Offshore</b> . . . . .	<b>1,750</b>	<b>2,034</b>	<b>2,189</b>	<b>2,271</b>	<b>3,252</b>
<b>Total United States</b> . . . . .	<b>4,704</b>	<b>5,412</b>	<b>5,964</b>	<b>6,932</b>	<b>9,845</b>
<b>Africa</b>					
Angola . . . . .	855	542	541	541	542
Congo . . . . .	504	161	90	132	132
Namibia . . . . .	1,072	1,072	1,072	1,608	—
Nigeria . . . . .	5,383	6,289	942	1,519	1,519
Somalia . . . . .	10,010	10,010	10,010	10,010	10,010
Zaire . . . . .	124	124	124	124	123
Other . . . . .	—	—	—	—	48,592
<b>Total Africa</b> . . . . .	<b>17,948</b>	<b>18,198</b>	<b>12,779</b>	<b>13,934</b>	<b>60,918</b>
<b>Other International</b>					
Australia . . . . .	1,304	1,463	1,360	1,316	1,289
Bolivia . . . . .	1,008	2,016	1,680	2,520	2,520
Canada . . . . .	11,029	10,909	10,757	10,856	11,171
China . . . . .	2,007	569	778	328	328
Colombia . . . . .	154	133	133	242	719
Europe (excluding U.K.) . . . . .	321	320	229	585	864
Indonesia . . . . .	13,085	9,894	14,338	15,642	16,040
Japan . . . . .	5,255	5,255	5,255	5,255	5,255
Papua New Guinea . . . . .	502	502	502	1,199	1,248
Peru . . . . .	1,777	—	—	—	—
Thailand . . . . .	858	2,403	2,403	2,403	2,403
Turkey . . . . .	251	251	251	588	588
United Kingdom . . . . .	1,113	1,056	977	601	729
Yemen . . . . .	—	438	438	438	438
Other . . . . .	99	74	100	515	522
<b>Total Other International</b> . . . . .	<b>38,763</b>	<b>35,283</b>	<b>39,201</b>	<b>42,488</b>	<b>44,114</b>
<b>Total International</b> . . . . .	<b>56,711</b>	<b>53,481</b>	<b>51,980</b>	<b>56,422</b>	<b>105,032</b>
<b>Worldwide Oil and Gas Net Acreage</b> . . . . .	<b>61,415</b>	<b>58,893</b>	<b>57,944</b>	<b>63,354</b>	<b>114,877</b>

(1) Consolidated companies only.

(2) Net acreage is the sum of the fractional interests in gross acres in which Chevron has an interest.



**NET CRUDE OIL AND NATURAL GAS LIQUIDS PRODUCTION<sup>(1)</sup>**

Thousands of Barrels Per Day

	1995	1994	1993	1992	1991
<b>Consolidated Companies</b>					
<b>United States</b>					
California - Onshore . . . . .	99.9	105.1	106.6	107.7	113.8
- Offshore . . . . .	20.0	22.7	23.8	21.7	13.7
Louisiana - Onshore . . . . .	4.6	4.5	5.8	20.8	23.6
- Offshore . . . . .	112.3	118.2	127.3	118.3	127.2
Texas . . . . .	65.8	69.4	73.6	89.3	98.6
Alaska . . . . .	5.3	5.9	10.4	14.3	11.5
Colorado . . . . .	13.5	14.3	16.6	15.8	16.3
Mississippi . . . . .	4.1	4.4	4.6	6.8	8.1
New Mexico . . . . .	8.2	8.5	8.6	10.9	11.0
Oklahoma . . . . .	3.6	3.0	2.5	3.8	4.5
Utah . . . . .	2.4	2.5	3.0	3.4	4.0
Wyoming . . . . .	9.3	9.7	10.6	16.6	16.3
Other States . . . . .	0.4	0.4	0.8	2.5	5.7
<b>Total United States . . . . .</b>	<b>349.4</b>	<b>368.6</b>	<b>394.2</b>	<b>431.9</b>	<b>454.3</b>
<b>Africa</b>					
Angola . . . . .	118.3	99.0	93.6	95.7	84.3
Nigeria . . . . .	133.1	129.6	115.9	112.2	109.3
Zaire . . . . .	9.8	9.0	8.1	9.7	9.7
<b>Total Africa . . . . .</b>	<b>261.2</b>	<b>237.6</b>	<b>217.6</b>	<b>217.6</b>	<b>203.3</b>
<b>Other International</b>					
Australia . . . . .	25.1	20.6	17.8	20.5	20.1
Canada . . . . .	48.3	51.5	49.5	52.3	56.1
Colombia . . . . .	10.3	9.6	7.8	6.7	6.0
Indonesia . . . . .	22.6	20.3	31.7	23.8	27.2
United Kingdom . . . . .	71.2	70.7	49.5	47.9	59.0
Papua New Guinea . . . . .	23.6	29.8	31.0	13.1	-
China . . . . .	9.0	8.2	8.2	10.3	4.3
Other <sup>(2)</sup> . . . . .	-	-	-	-	3.8
<b>Total Other International . . . . .</b>	<b>210.1</b>	<b>210.7</b>	<b>195.5</b>	<b>174.6</b>	<b>176.5</b>
<b>Total International . . . . .</b>	<b>471.3</b>	<b>448.3</b>	<b>413.1</b>	<b>392.2</b>	<b>379.8</b>
<b>Total - Consolidated Companies . . . . .</b>	<b>820.7</b>	<b>816.9</b>	<b>807.3</b>	<b>824.1</b>	<b>834.1</b>
<b>Equity Share in Affiliates</b>					
Indonesia . . . . .	150.9	153.0	131.5	119.8	123.5
Kazakhstan . . . . .	29.1	22.6	11.4	-	-
<b>Total - Worldwide . . . . .</b>	<b>1,000.7</b>	<b>992.5</b>	<b>950.2</b>	<b>943.9</b>	<b>957.6</b>

**GROSS LIQUIDS PRODUCTION**

Thousands of Barrels Per Day

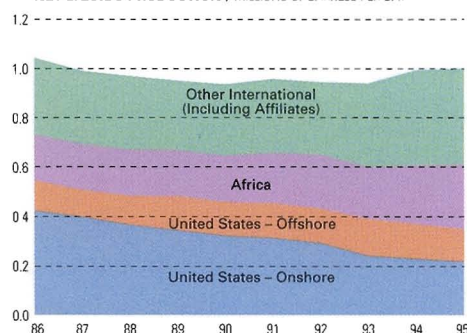
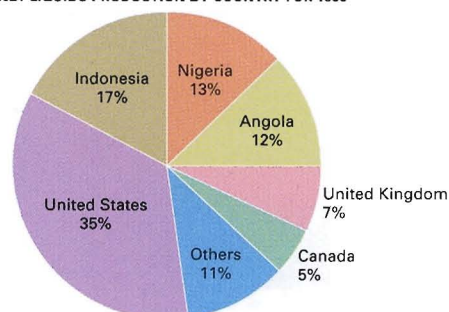
United States . . . . .	396.9	417.8	446.7	487.7	516.4
Africa . . . . .	321.7	292.5	267.8	267.5	249.6
Other International . . . . .	256.8	251.7	239.6	221.3	226.2
<b>Total - Consolidated Companies . . . . .</b>	<b>975.4</b>	<b>962.0</b>	<b>954.1</b>	<b>976.5</b>	<b>992.2</b>
<b>Equity Share in Affiliates</b>					
Indonesia . . . . .	336.7	329.4	306.3	302.3	307.4
Kazakhstan . . . . .	29.1	22.6	11.4	-	-
<b>Total - Worldwide . . . . .</b>	<b>1,341.2</b>	<b>1,314.0</b>	<b>1,271.8</b>	<b>1,278.8</b>	<b>1,299.6</b>

**DAILY NET PRODUCTION OF NATURAL GAS LIQUIDS (INCLUDED ABOVE)**

Thousands of Barrels Per Day

United States . . . . .	28.0	27.2	31.5	32.6	32.9
International . . . . .	17.7	17.0	11.4	10.8	10.0

- (1) Net liquids production excludes royalty interests owned by others.  
 (2) Operations in Spain and Oman were sold in 1991.

**NET LIQUIDS PRODUCTION / MILLIONS OF BARRELS PER DAY****NET LIQUIDS PRODUCTION BY COUNTRY FOR 1995**

**NET NATURAL GAS PRODUCTION<sup>(1)</sup>**

Millions of Cubic Feet Per Day

	1995	1994	1993	1992	1991
<b>Consolidated Companies</b>					
<b>United States</b>					
California - Onshore . . . . .	103	108	112	103	104
- Offshore . . . . .	22	29	27	42	40
Louisiana - Onshore . . . . .	50	38	30	65	74
- Offshore . . . . .	839	1,032	1,045	1,128	1,142
Texas - Onshore . . . . .	411	431	404	407	421
- Offshore . . . . .	41	53	62	125	97
Alabama - Onshore . . . . .	32	34	31	26	15
- Offshore . . . . .	44	25	28	20	—
Alaska . . . . .	33	30	28	31	33
Michigan . . . . .	1	1	1	2	3
Mississippi . . . . .	1	4	2	31	16
New Mexico . . . . .	102	105	95	104	105
Oklahoma . . . . .	34	35	28	36	60
Utah . . . . .	9	8	8	9	7
Wyoming . . . . .	145	152	155	170	200
Other States . . . . .	1	—	—	14	42
<b>Total United States . . . . .</b>	<b>1,868</b>	<b>2,085</b>	<b>2,056</b>	<b>2,313</b>	<b>2,359</b>
<b>International</b>					
Australia . . . . .	208	199	163	166	155
Canada . . . . .	243	247	218	217	204
Netherlands . . . . .	3	5	6	19	18
United Kingdom . . . . .	28	30	28	27	25
Other Countries . . . . .	1	1	1	1	2
<b>Total International . . . . .</b>	<b>483</b>	<b>482</b>	<b>416</b>	<b>430</b>	<b>404</b>
<b>Total - Consolidated Companies . . . . .</b>	<b>2,351</b>	<b>2,567</b>	<b>2,472</b>	<b>2,743</b>	<b>2,763</b>
<b>Equity Share in Affiliates</b>					
Indonesia . . . . .	40	31	38	33	43
Kazakhstan . . . . .	42	33	15	—	—
<b>Total - Worldwide . . . . .</b>	<b>2,433</b>	<b>2,631</b>	<b>2,525</b>	<b>2,776</b>	<b>2,806</b>

**GROSS NATURAL GAS PRODUCTION**

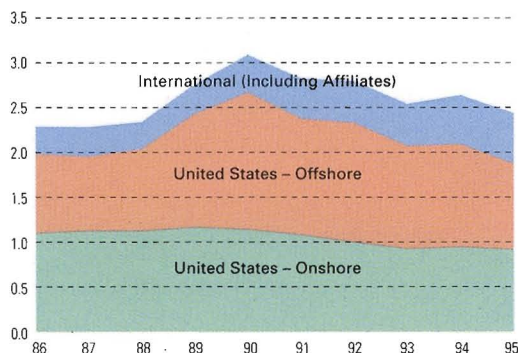
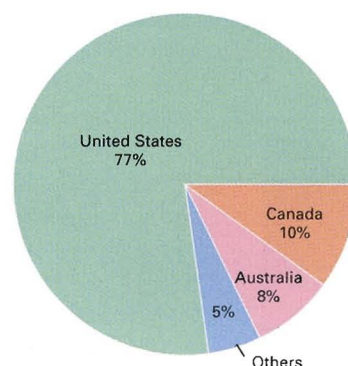
Millions of Cubic Feet Per Day

United States . . . . .	2,207	2,441	2,407	2,720	2,779
International . . . . .	570	593	519	508	482
<b>Total - Consolidated Companies . . . . .</b>	<b>2,777</b>	<b>3,034</b>	<b>2,926</b>	<b>3,228</b>	<b>3,261</b>
<b>Equity Share in Affiliates</b>					
Indonesia . . . . .	40	31	38	33	43
Kazakhstan . . . . .	42	33	15	—	—
<b>Total - Worldwide . . . . .</b>	<b>2,859</b>	<b>3,098</b>	<b>2,979</b>	<b>3,261</b>	<b>3,304</b>

(1) Net natural gas production excludes royalty interests owned by others.

**NET NATURAL GAS PRODUCTION**

BILLIONS OF CUBIC FEET PER DAY

**NET NATURAL GAS PRODUCTION BY COUNTRY FOR 1995**



**NATURAL GAS REALIZATIONS<sup>(1)</sup>**

Dollars Per Thousand Cubic Feet

	1995	1994	1993	1992	1991
United States . . . . .	\$ 1.51	\$ 1.77	\$ 1.99	\$ 1.70	\$ 1.53
International . . . . .	1.73	1.84	2.08	2.07	2.28

**CRUDE OIL REALIZATIONS<sup>(2)</sup>**

Dollars Per Barrel

United States . . . . .	\$ 15.34	\$ 13.86	\$ 14.58	\$ 16.50	\$ 17.10
International . . . . .	16.10	14.86	16.09	17.93	18.36

(1) U.S. natural gas realizations are based on revenues from net production. International natural gas realizations are based on revenues from liftings. International realizations include equity in affiliates.

(2) U.S. realizations are based on crude oil revenues from net production and include intercompany sales at transfer prices which are at estimated market prices. International realizations are based on crude oil and natural gas liquids revenues from liftings. International realizations include equity in affiliates.

**NATURAL GAS SALES**

Millions of Cubic Feet Per Day

United States . . . . .	2,815	2,598	2,334	2,539	2,592
International . . . . .	564	461	462	466	444
<b>Total . . . . .</b>	<b>3,379</b>	<b>3,059</b>	<b>2,796</b>	<b>3,005</b>	<b>3,036</b>

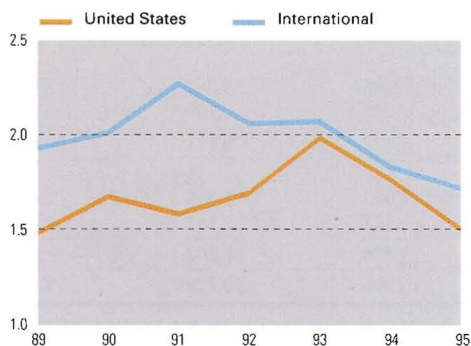
**NATURAL GAS LIQUIDS SALES**

Thousands of Barrels Per Day

United States . . . . .	213	215	211	194	175
International . . . . .	47	34	37	33	29
<b>Total . . . . .</b>	<b>260</b>	<b>249</b>	<b>248</b>	<b>227</b>	<b>204</b>

**NATURAL GAS REALIZATIONS**

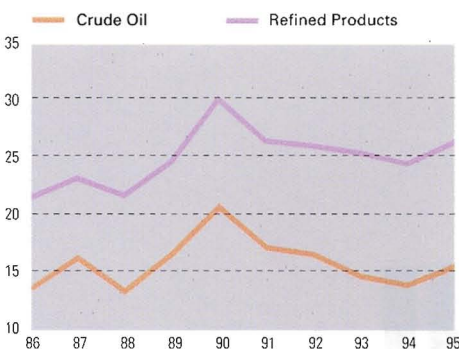
DOLLARS PER THOUSAND CUBIC FEET


**CRUDE OIL REALIZATIONS**

DOLLARS PER BARREL


**NATURAL GAS REVENUES**

BILLIONS OF DOLLARS


**U.S. CRUDE OIL REALIZATIONS VS. REFINED PRODUCT PRICES / DOLLARS PER BARREL**


NET WELLS COMPLETED <sup>(1)(2)(3)</sup>		1995	1994	1993	1992	1991
<b>United States</b>						
Exploratory	- Oil . . . . .	37	24	27	36	25
	- Gas . . . . .	64	29	5	6	14
	- Dry . . . . .	24	17	14	16	25
<b>Total</b>		<b>125</b>	<b>70</b>	<b>46</b>	<b>58</b>	<b>64</b>
Development	- Oil . . . . .	250	156	240	190	328
	- Gas . . . . .	31	38	53	27	117
	- Dry . . . . .	6	5	11	5	6
<b>Total</b>		<b>287</b>	<b>199</b>	<b>304</b>	<b>222</b>	<b>451</b>
<b>Total United States</b>		<b>412</b>	<b>269</b>	<b>350</b>	<b>280</b>	<b>515</b>
<b>International</b>						
Exploratory	- Oil . . . . .	13	24	26	12	12
	- Gas . . . . .	12	36	4	6	15
	- Dry . . . . .	31	44	39	7	31
<b>Total</b>		<b>56</b>	<b>104</b>	<b>69</b>	<b>25</b>	<b>58</b>
Development	- Oil . . . . .	45	54	60	59	76
	- Gas . . . . .	3	3	7	6	20
	- Dry . . . . .	3	4	12	5	7
<b>Total</b>		<b>51</b>	<b>61</b>	<b>79</b>	<b>70</b>	<b>103</b>
<b>Total International</b>		<b>107</b>	<b>165</b>	<b>148</b>	<b>95</b>	<b>161</b>
<b>Worldwide</b>		<b>519</b>	<b>434</b>	<b>498</b>	<b>375</b>	<b>676</b>

**EXPLORATION AND DEVELOPMENT COSTS <sup>(3)</sup>**

Millions of Dollars

<b>United States</b>						
Exploration Costs . . . . .		\$ 312	\$ 209	\$ 183	\$ 189	\$ 321
Development Costs . . . . .		\$ 453	\$ 416	\$ 475	\$ 483	\$ 665
<b>International</b>						
Exploration Costs . . . . .		\$ 345	\$ 308	\$ 340	\$ 349	\$ 434
Development Costs . . . . .		\$ 1,208	\$ 779	\$ 805	\$ 871	\$ 721

**NET PRODUCING WELLS <sup>(1)(3)</sup>**

At December 31

<b>United States</b>						
- Oil <sup>(4)</sup> . . . . .		8,771	9,208	8,186	8,062	12,147
- Gas . . . . .		1,362	1,314	1,236	1,109	1,701
<b>Total United States</b>		<b>10,133</b>	<b>10,522</b>	<b>9,422</b>	<b>9,171</b>	<b>13,848</b>
<b>International</b>						
- Oil . . . . .		1,429	1,451	1,453	1,448	1,492
- Gas . . . . .		145	138	121	154	162
<b>Total International</b>		<b>1,574</b>	<b>1,589</b>	<b>1,574</b>	<b>1,602</b>	<b>1,654</b>
<b>Worldwide</b>		<b>11,707</b>	<b>12,111</b>	<b>10,996</b>	<b>10,773</b>	<b>15,502</b>

(1) Net wells include all those wholly-owned and the sum of fractional interests in those that are joint venture, unit operations or similar wells. Producing wells exclude shut-in wells.

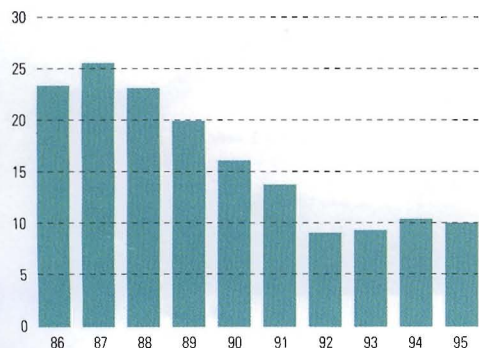
(2) Indicates the number of wells completed during the year regardless of when drilling was initiated. Completion refers to the installation of permanent equipment for the production of oil or gas or, in the case of a dry well, the reporting of abandonment to the appropriate agency.

(3) Consolidated companies only.

(4) Beginning in 1994, net producing wells include injection wells temporarily functioning as producing wells.

**NET U.S. WELLS PRODUCING AT YEAR END**

THOUSANDS





**FINANCIAL AND OPERATING HIGHLIGHTS****(Excludes Equity Interest in Caltex Petroleum Corporation)**

	1995	1994
Reported Earnings (Millions of Dollars) . . . . .	(53)	69
Earnings Excluding Special Items (Millions of Dollars) . . . . .	132	356
Refinery Inputs (Thousands of Barrels Per Day) . . . . .	1,072	1,376
Average Refinery Capacity (Thousands of Barrels Per Day) . . . . .	1,288	1,460
Percentage of Refining Capacity Utilized . . . . .	83	94
U.S. Mogas/Jet Yields (Percent of U.S. Refinery Production) . . . . .	62	59
Refined Product Sales (Thousands of Barrels Per Day) . . . . .	1,429	1,628
Motor Gasoline Sales (Thousands of Barrels Per Day) . . . . .	635	713
Number of Service Stations at Year End . . . . .	8,504	8,601
Total Number of Controlled Seagoing Vessels . . . . .	42	45
Cargo Transported by Controlled Vessels (Millions of Barrels) . . . . .	318	335
Total Net Pipeline Mileage . . . . .	12,984	12,734
Refining Capital Expenditures (Millions of Dollars) . . . . .	685	666
Marketing Capital Expenditures (Millions of Dollars) . . . . .	243	266
Transportation Capital Expenditures (Millions of Dollars) . . . . .	45	179

*Discussion of Caltex Petroleum Corporation operations can be found on pages 37-39.*

## MARKETING – UNITED STATES

**Competitive Position**

- United States service stations continue to be top tier in customer satisfaction surveys.
- Fifth largest seller of gasoline in the United States. Ranks among top three gasoline marketers in 14 states. Primary markets are located in the fastest growing areas of the United States – the west, southwest and south.
- The nation's top seller of jet fuel and asphalt.
- In December 1995, Chevron announced the realignment of the U.S. gasoline marketing business, combining several regional offices and consolidating support functions to increase the focus and execution of the *Customer Driven Vision*.

**Business Strategies**

Chevron Products Company's Vision is to be *Customer Driven*. To make the Vision a reality, Chevron must:

- Become the leading branded gasoline marketer and convenience retailer in the west and sunbelt.
- Build a global, high-value branded lubricants business.
- Sustain position as the leading marketer of aviation fuels in the west.
- Lead the industry in safety and reliability while achieving predictability in all operations.
- Use existing refining system to supply retail gasoline demands with minimal capital additions.
- Build and acquire the people skills and behaviors needed to achieve the Vision.
- Redesign key work processes to achieve superior performance at lower cost than competitors.

<b>LIGHT PRODUCT SALES<sup>(1)(2)</sup></b>	<b>1995</b>	<b>1994</b>	<b>% Change</b>
<b>Sales Revenues</b>			
(Millions of Dollars)			
United States . . . . .	<b>\$ 9,534</b>	\$ 10,479	(9.0)
International . . . . .	<b>2,109</b>	2,056	2.6
Total Sales Revenues . . . . .	<b>\$ 11,643</b>	\$ 12,535	(7.1)
<b>Sales Volumes</b>			
(Thousands of Barrels Per Day)			
United States . . . . .	<b>989</b>	1,152	(14.1)
International . . . . .	<b>223</b>	230	(3.0)
Total Sales Volumes . . . . .	<b>1,212</b>	1,382	(12.3)

(1) Consolidated companies only.

(2) Light products include motor gasoline, jet fuel, aviation gasoline and mid-distillates.

## MARKETING – UNITED STATES

### 1995 Accomplishments

- Continued to aggressively expand network of “FastPay” systems, now available at 3,000 stations nationwide. “FastPay” allows credit card customers to pay at the pump with credit approvals processed in about five seconds using satellite data transmission.
- Completed a state-of-the-art education and training facility in San Ramon, California in April 1995. Chevron University is designed to equip retailers with the business skills necessary to be leading competitors, and is already recognized as one of the best learning environments in the industry.
- Increased emphasis on non-fuel revenues at existing stations as food store sales increased and revenues from enhanced car wash facilities grew.
- Signed an alliance with McDonald’s to develop a network of retail sites which join Chevron service stations and convenience stores with McDonald’s restaurants in 12 western and southwestern states.
- Continued to develop opportunities to increase revenues from direct mail marketing of quality consumer goods to Chevron’s seven million credit card base.
- Enhanced brand value by focused advertising campaign to promote the quality and unsurpassed performance of Chevron’s motor gasoline. The “Car Character” campaign, featuring talking clay-mation cars, was introduced successfully in 1995. The campaign achieved advertising awareness significantly exceeding the performance of past advertising campaigns.
- Improved image and service throughout the retail network by ongoing performance enhancement under the Commitment to Service Excellence program.
- Continued program to upgrade service stations to the state-of-the-art Hallmark 21 image, which will be completed in 1996. Hallmark 21 is a modern visual identity that builds Chevron’s brand recognition and reputation.
- Embarked on a Product Integrity/Quality Assurance effort to renew a commitment to stringent controls over product handling. This allows Chevron to continue to deliver the highest quality products to its customers.
- Continued strong emphasis on incident-free operations, including programs that protect the environment and ensure safety and product integrity. Improved safety performance within Marketing by 40 percent over the past five years.
- Streamlined operations by developing and installing a system that receives fuel inventory data from all stations, calculates when the next fuel delivery is needed, and automatically places the order.



MARKETING –  
CANADA**Competitive Position**

- Markets in western Canada, primarily British Columbia.
- Market leader for transportation fuels in British Columbia through branded proprietary retail and cardlock facilities.
- Network of Town Pantry convenience stores is now the largest in the industry in British Columbia.
- Retail network of approximately 200 stations has the highest per-station throughput in Canada.

**Business Strategies**

- Continue branded marketing for all retail and commercial sales, and control of distribution through the value chain, from refinery to end-user.
- Increase focus on environmental safety in the commercial network.
- Increase use of information technology for customer service and operating efficiency.
- Increase market share for retail and jet volumes while maintaining or increasing margins.

**1995 Accomplishments**

- Third highest level of earnings in the company's 60-year history.
- Increased volumes of jet fuel by 16 percent and retail gasoline by three percent to ensure the company's position as industry leader.
- Played a strong role as industry leader in negotiating with the provincial government for cost-effective air regulations phased in over a reasonable time frame.

MARKETING –  
UNITED KINGDOM**Competitive Position**

- Expanded retail network to approximately 525 service stations and other outlets selling petroleum products.

**Business Strategies**

- Target investment towards those sectors that maintain the value of the company, protecting its brand image and viability.
- Continue brand development through selective retail acquisitions in target areas.
- Enhance customer awareness in the company's marketing areas.
- Be environmentally responsible while maintaining competitive position.

**1995 Accomplishments**

- Reorganized operations to improve customer focus.
- Sold 30 non-core service stations.
- Retained market share and strengthened dealer portfolio.
- Made significant progress in health, environment and safety areas. Received two Chairman's safety awards for downstream operations.

## REFINING – UNITED STATES

### **Competitive Position**

- One of the largest crude oil refiners in the United States. Refining capacity is generally located in regions experiencing growth in demand for refined products, particularly the west and the southeast.
- El Segundo, Pascagoula and Richmond, Chevron's three largest refineries, aim to become top operational performers in their respective areas. The west coast facilities will produce cleaner burning California reformulated gasoline as required by the California Air Resources Board (CARB) in 1996.
- El Paso, Hawaii and Salt Lake, the three smaller refineries, are well positioned to take advantage of growing or niche markets.

### **Business Strategies**

- Committed to meeting the needs of the customer, by providing quality gasoline, lubricants and aviation fuel on-test the first time, delivered on-time and for the agreed-upon volumes.
- Ensure safe, reliable and incident-free operations by using safe operating practices, training employees, improving equipment reliability and complying with all environmental and safety standards.
- Achieve lowest sustainable operational cost by operating refineries efficiently and by reducing operating expenses and costs of goods sold, without compromising safety or environmental standards.
- Leverage efforts throughout six-refinery system to take advantage of economies of scale. Identify and incorporate "Best Practices" in all operations.
- Develop loyal customers by continuously improving the quality of products and services.

### **1995 Accomplishments**

- Completed major upgrades at two west coast refineries to produce California reformulated gasoline as required in 1996. Richmond replaced the aging Fluid Catalytic Cracking (FCC) and Alkylation plants with modern state-of-the-art technology. Similarly, El Segundo replaced the Alkylation plant and is slated to upgrade the FCC in 1996. These new units improve efficiency and reduce operating cost. Projects were executed efficiently using Chevron's improved project management process.
- Continued to improve relations with communities in which refineries operate through comprehensive community outreach programs.
- Reduced injuries to one-half the level of the previous three-year average – currently performing at pacesetter level with the objective to make even further improvements.





## **Chevron's Worldwide Refineries (excluding Caltex)**

### **Pascagoula, Mississippi**

The Pascagoula Refinery, with a refining capacity of 295,000 barrels per day, is Chevron's largest refinery. Pascagoula continues to be one of the premier crude processing facilities in the world, with the capability to efficiently convert low-cost, low-quality crude oil into valuable light products. Pascagoula's competitive position is enhanced by a strong value-added relationship with Chevron Chemical and its petrochemical production facilities at the refinery. Chevron's patented Aromax® technology is used to produce high-valued benzene (a chemical building block) from lower valued refining feedstocks. The refinery also produces paraxylene.

### **Richmond, California**

The Richmond Refinery is able to process 230,000 barrels per day of crude oil using one modern crude unit. Cogeneration improves the facility's energy efficiency and makes the refinery self-sufficient in electric power. State-of-the-art lube oil facilities efficiently manufacture high quality lube base stocks. Projects totaling \$700 million were completed in 1995 to upgrade and expand the facility's aging Alkylation and FCC plants to enable production of cleaner burning California reformulated gasoline in 1996. The new units will also be more efficient and cost effective to operate.

### **El Segundo, California**

The El Segundo Refinery has a rated capacity of 258,000 barrels per day and continues as a top competitor in the Los

Angeles Basin, the world's largest gasoline market. In 1995, this refinery also completed a multi-year construction program totaling about \$700 million to meet regional clean air requirements and produce cleaner burning California reformulated gasoline and diesel fuel. A new Alkylation plant was placed in operation in late 1995. Plans in 1996 include an upgrade of the FCC plant to improve reliability and efficiency.

### **El Paso, Texas**

The El Paso Refinery has a capacity of 87,000 barrels per day through integration with the former El Paso Refining Co. facilities (Chevron's share is 62,000 barrels per day). The facility's safety performance, reliability and operational efficiency have continued to improve. While experiencing growing competition with products moving from the east into this niche, the expanding markets in the southwest and along the Mexican border represent excellent opportunities.

### **Honolulu, Hawaii**

The Hawaiian Refinery has 54,000 barrels per day crude capacity and supplies 60 percent of Hawaii's gasoline market. Upgrades have made the refinery energy self-sufficient, reduced operating costs and improved operating efficiency. The recent replacement of the crude unit furnaces significantly improved energy efficiency and reliability.

### **Salt Lake City, Utah**

The Salt Lake Refinery has a rated capacity of 45,000 barrels per day and processes locally produced, low-cost, high-sulfur crude oil into valuable light products.

Recently completed projects have allowed the refinery to be a low-cost producer of low-sulfur diesel and gasoline, and improved the efficiency and reliability of the crude unit furnace. Of the 17 refineries competing in the region, the Salt Lake Refinery is one of only five to operate coking facilities. The coking facility enables Salt Lake to produce over 90 percent premium high-value products from total input.

### **Burnaby, British Columbia, Canada**

The 50,000-barrel-per-day Burnaby Refinery maintained crude runs at an average of 47,000 barrels per day, equal to the highest in its history, while maintaining a core product yield of 92 percent. The refinery produces light products and asphalt for the British Columbia and Yukon markets. Major upgrades at the refinery during the year included completion of a new concrete wharf, and improved computerized control and information systems. Upgrades are planned for the 50 percent-owned Alberta Envirofuels MTBE plant in Edmonton, Alberta, which operated at 13,000 barrels per day in 1995. The plan is to increase the capacity to 18,000 barrels per day over the next two years.

### **Milford Haven, Wales, United Kingdom**

The 115,000-barrel-per-day Milford Haven Refinery produces motor gasoline for sale in both the United Kingdom and export markets. It also produces other light products, distillates and fuel oil. A \$27 million upgrade project to comply with legislation on gasoil sulfur is due to be completed by the end of May 1996, with the objective of supplying low-sulfur diesel by August.

GLOBAL  
LUBRICANTS**Business Strategies**

- Continue to grow strong North American business.
- Target emerging markets such as Central Asia and Latin America to grow the lubricants business aggressively.
- Continue to develop a strategic alignment with Caltex.

**1995 Accomplishments**

- Merged the domestic and international lubricant functions to create a global lubricants business so as to expand Chevron's supplier relationship with worldwide equipment manufacturers and other industrial users.
- Implemented strategies to aggressively penetrate the midwest and northeast United States and eastern Canada.
- Focused on customers in high value target markets in Latin America. Established a European product line and made blending/packaging arrangements at a Gulf Oil (Great Britain) plant, a plant in Greece, and in Siberia.
- Worked jointly with Caltex to develop global packaging image and product line and to integrate key business processes.

TECHNOLOGY  
MARKETING**Business Strategies**

- Maintain leadership in lube oil and resid hydro-treating licensing and consolidate recent leadership position in hydrocracking licensing.

**1995 Accomplishments**

- Isodewaxing technology selected for a state-of-the-art lube oil plant to be built in the People's Republic of China. The pact with the Daqing Petroleum Administrative Bureau is Chevron's first process licensing agreement with China since 1985 and first Isodewaxing license with solvent-extracted feedstock. The facility, slated to come on stream in 1998 at the Daqing Refinery, will produce an average of 4,300 barrels per day of high-quality base oils – the basic ingredient for lubricants.
- Isodewaxing technology also selected by Neste Oy for a new, state-of-the-art lube oil manufacturing facility to be built at the Porvoo Refinery, located near Helsinki, Finland. Scheduled to come on stream by the fourth quarter of 1997, the facility will have a capacity of about 5,000 barrels per day.
- Won eight out of 10 hydrocracking licenses over the last two years by having a distinct advantage in maximum mid-distillate yields with Cogel catalysts, with recent wins in Egypt, India and Poland. Marketing alliance with Lummus strengthens Chevron's position.
- Started up third Onstream Catalyst Replacement (OCR) licensed unit with Mitsubishi Oil in Japan.



## CALTEX PETROLEUM CORPORATION

### Business Description

Chevron owns a 50 percent interest in Caltex Petroleum Corporation, with Texaco, Inc. owning the remaining 50 percent. Caltex is involved in all aspects of the downstream business: refining, distribution, shipping, storage, marketing, supply and trading operations. Caltex companies operate in approximately 60 countries in Asia, Australia, New Zealand, the Middle East and Africa.

Caltex sales of petroleum products were 1.3 million barrels per day in 1995. Caltex and its affiliates operate a network of about 8,400 retail outlets in over 25 countries, fuel aircraft at about 40 airports and provide marine fuels and lubricants at over 100 ports in 22 countries.

Caltex owns or has equity interests in 15 fuel refineries and three lube oil refineries with total refining capacity of approximately one million barrels per day. In December, Caltex agreed to sell to Nippon Oil Company its 50 percent interest in Nippon Petroleum Refining Company, Limited, which includes two refineries in Japan. Of the 13 refineries remaining after the sale, nine are located in the fast growing Asia-Pacific region.

Caltex's international supply and trading organization is headquartered in Singapore with support offices in Dallas, London, Bahrain, Tokyo, and Cape Town. This organization provides 24-hour service to the Caltex system and third parties who require crude oil, feedstocks, base oils and refined products. Caltex and its affiliates control ocean-going vessels and own or have equity interests in pipelines, terminals and depots.

Caltex's affiliates in Japan and South Korea are active in the petrochemicals business. Their plants convert lower-value refinery output into products such as polypropylene, benzene and paraxylene, thus providing Caltex the opportunity to market a wider range of higher value products.

### Business Strategies

- Practice active portfolio management to achieve the most efficient allocation of capital.
- Allocate resources to those areas where sustainable competitive advantage can be achieved.
- Establish Caltex as the brand of choice through improved retail marketing operations and the implementation of a dramatic new image.
- Build on existing lube strengths and grow sales in select markets.
- Aggressively enter select frontier areas identified as having long-term potential.
- Strengthen and streamline operations to reduce unit operating expenses and increase net margins in each market.

### 1995 Accomplishments

- Reached agreement to sell its interest in Nippon Petroleum Refining Company, Limited, to its partner, Nippon Oil Company, consistent with Caltex's strategic plan to focus on high-growth areas in the Pacific Rim.
- Merged operations in Australia with Ampol Limited to form the largest integrated refining/marketing company in that country. Currently realizing benefits of the merger through reduced operating costs.
- Endorsed 50-percent-owned Honam Oil Refinery Company, Limited's strategy to expand and upgrade refining and marketing operations in South Korea.
- Implemented pacesetter process for selecting and training retail personnel; rolled out state-of-the-art methodology for retail network planning and site selection.
- Formed a joint venture to build an LPG terminal and storage facility in China.



## Asia – Pacific

The Asia-Pacific region continues to be a high-growth area. Petroleum product consumption is expected to continue to grow at an average rate of six to eight percent per year. Most of Caltex's capital expenditure program of eight billion dollars over the next five years will be directed toward participation in the growth of this area.

### THAILAND

Caltex is restructuring its marketing organization to become more cost-effective in this high-growth, competitive environment, thereby positioning itself for long-term growth.

In mid-1996, Caltex will take a major step in increasing the refining capacity in Thailand when the \$1.7 billion, 130,000-barrel-per-day grassroots refinery at Map Ta Phut begins operations. This refinery, which is a joint venture with the Thai government, will be a significant part of the overall expansion of the domestic refining capacity, which is expected to double by 1998 to approximately 700,000 barrels per day.

### SOUTH KOREA

South Korea continues to be a high-growth market, where gasoline demand is surging at 12 percent per year. Caltex is represented in Korea by Honam Oil Refinery

Company, Limited, its 50 percent joint venture with the LG Group. Honam's 380,000-barrel-per-day refinery in Yocheon is the largest in the Caltex system. The company is one of Korea's largest marketers, with over 2,300 retail outlets supplying 25 percent of all refined products.

Over the next five years, Honam plans to spend \$4.4 billion for refining and marketing projects to maintain its market share. Included in this program is an expansion of the Yocheon Refinery to 600,000 barrels per day. This expansion will make the Yocheon Refinery one of the largest in the world. Also included in the program are refinery upgrades and a 35 percent increase in the number of retail outlets by 1998.

### JAPAN

For over 40 years, Caltex has participated in this mature market through 50-percent interests in Nippon Petroleum Refining Company, Limited (NPRC) and Koa Oil Company, Limited. NPRC operates two refineries, Negishi and Muroran, with a total capacity of 510,000 barrels per day, while Koa's two refineries, Marifu and Osaka, have a combined capacity of 214,000 barrels per day.

In December, Caltex agreed to sell its 50 percent interest in NPRC to its partner, Nippon Oil Co. (NOC). NOC markets refined products through more than 10,000

service stations. Caltex will continue its other businesses in Japan, including its interest in Koa Oil Co. and its oil trading activities.

The sales proceeds of approximately two billion dollars will result in a significant gain when the transaction is completed in 1996. These proceeds will help fund Caltex projects in higher-growth areas in the Asia-Pacific region and provide dividends to its parent companies – Chevron and Texaco.

### PHILIPPINES

Caltex is a major retailer in the Philippines, with over 900 retail outlets and a 33 percent market share for motor fuels. The company will continue to focus on upgrading its retail network through the use of a sophisticated site-location system and the implementation of a new brand image program. Current plans include construction of over 200 new service stations and convenience stores in the next five years.

The company operates a wholly-owned 71,000-barrel-per-day refinery at Batangas. An instrument modernization project currently under way will accelerate efficiency and productivity improvements in refinery operations. Additional planned investments through the year 2000 will enable the refinery to meet more stringent motor gasoline and diesel product quality requirements.

### CHINA

Caltex is engaged in marketing activities in southern China and intends to expand into other selected areas. The company operates 13 gasoline service stations, five lubricant service centers, a product depot in the Shenzhen Special Economic Zone (SEZ) near Hong Kong, and another depot in the Zhuhai SEZ near Macau. In addition, Caltex participates in lube blending and marketing through a joint venture with the Shanghai Gaoqiao Refinery. Through another joint venture, Caltex operates a 100,000-ton-per-year asphalt terminal in Shandong province.

Major projects currently being pursued include a breakbulk cavern storage terminal for imported LPG in Shantou, Guangdong province. A joint venture is being formed with Shantou Ocean Enterprises to build and operate this terminal, which would be the country's largest.



**MALAYSIA**

Malaysia is another Asia-Pacific country experiencing robust economic growth of seven to nine percent per year, with demand for transport fuels growing at six percent.

Caltex has a retail market share of 18 percent in this growing market through 275 outlets selling gasoline, diesel and lubricants. The company is planning an aggressive retail investment program involving both the acquisition of new outlets and re-imaging of selected existing sites.

**SINGAPORE**

Caltex operations in Singapore include refining, retail marketing, terminaling, and crude and products trading.

The company has a one-third interest in Singapore Refining Company (SRC). SRC is now capable of processing 280,000 barrels per day, having completed an expansion/upgrade project in 1995 that increased the refinery's crude oil capacity by 60,000 barrels per day. This project enables SRC to further upgrade low value heavy residues to premium distillates.

Caltex markets gasoline and diesel through 33 retail outlets. Current plans call for acquisition of new sites and re-imaging of existing retail outlets.

Through its Tanjong Penjuru Terminal, which has a capacity of 3.2 million barrels, Caltex is the largest fuel oil blender in Singapore. Caltex also operates a lube oil blending plant at the terminal.

Singapore is the location for the company's worldwide trading headquarters. The trading organization handles the sales and acquisition of crude and products for the entire Caltex system. The Singapore office also coordinates crude and product deliveries throughout the Caltex system via chartered vessels.

**AUSTRALIA**

Caltex has been active in Australia for over 50 years and, in 1995, merged with Ampol Limited, to form the country's largest oil company. The new company, Australian Petroleum Pty. Limited (APPL) was formed to build on the strengths of the two companies and to take advantage of synergies, such as consolidation of operations and facilities. Caltex has a 37.5 percent ownership in APPL.

APPL has a network of over 2,000 retail outlets and is a market share leader at 30 percent. The company also operates two refineries, near Sydney and Brisbane, with a total capacity of 185,000 barrels per day.

**Middle East and Africa**

Caltex refines, markets, transports and trades crude oil and products in the Middle East, and in eastern and southern Africa.

**SOUTH AFRICA**

Caltex has been the brand leader in gasoline sales for many years, with about 1,000 retail outlets and a wholly-owned 100,000-barrel-per-day refinery in Capetown.

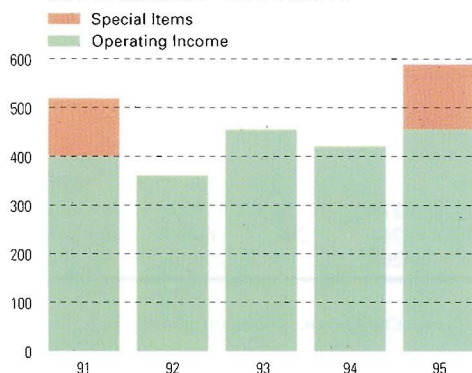
Future refining investments will be directed toward improving refinery yields and product quality.

Caltex also operates a lube blending plant and has a share in a lube oil refinery in Durban.

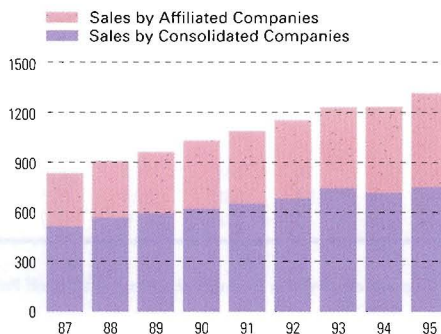
**Emerging Markets**

Caltex continues to implement its strategic plan to be in the forefront of the emerging markets by aggressively pursuing opportunities to develop business in countries that are now open to outside investment as a result of favorable political changes. Some of the planned developments include:

- **Cambodia** – Launch branded automotive and industrial lubricants, and establish retail outlets in 1996.
- **Vietnam** – Invest primarily in retail and lubricants marketing and distribution facilities.
- **India** – Upgrade and possibly expand its existing lubricants blending facility. Consider building a second lubricants blending facility. Investigate opportunities in the LPG and retail markets.
- **Sri Lanka** – Build on position as sole manufacturer and marketer of lubricants. Consider developing aviation refueling activities at the major airports.

**CALTEX EARNINGS / MILLIONS OF DOLLARS****CALTEX REFINED PRODUCT TRADE SALES**

THOUSANDS OF BARRELS PER DAY



**SHIPPING****Business Description**

Chevron's marine transportation operations support the company's worldwide crude supply, production distribution and trading activities. At year-end 1995, Chevron operated 35 owned and bareboat chartered vessels worldwide, of which 29 had international flags. In addition, at any given time, Chevron typically has on charter an additional 25 to 35 ships on a time or single-voyage basis. The company's main shipping routes include ports in the Middle East, Far East, West Africa, Gulf of Mexico, and the east and west coasts of the United States.

**Asset Management**

Four tankers were sold and leased back in 1995, to provide flexible charter termination options. Additionally, one 264,000 DWT vessel and one 70,000 DWT vessel were sold to match fleet size with the changing sources and volume of crude oil required by Chevron's U.S. refineries.

**Environmental Performance**

Following the Fleet Modernization Program, 12 out of the 35 owned and bareboat chartered vessels in the fleet are now double hull. Chevron's tanker fleet, including chartered vessels, transported about 540 million barrels of crude and products during 1995. Less than two barrels were spilled overboard from these vessels. The company continues to actively participate in many worldwide efforts directed towards improving industry environmental standards and to play a leadership role in the Marine Preservation Association, which funds the industry's U.S. oil spill response organization.

**Safety Performance**

Chevron's tanker fleet had incident-free performance in 1995 and continued a twenty-year downward trend in employee lost-time injuries, achieving one of the lowest one-year injury rates ever. Chevron's continuing commitment to safety is exemplified by the marine cadet training program and extensive training throughout the company.

VESSELS	1995		1994		1993		1992		1991	
	U.S.	Int'l	U.S.	Int'l	U.S.	Int'l	U.S.	Int'l	U.S.	Int'l
<b>Number of Controlled Seagoing Vessels by Size, DWT<sup>(1)(2)</sup></b>										
<b>Company-Operated<sup>(3)</sup></b>										
Up to 25,000	—	—	—	—	—	—	—	1	—	1
25,000 - 45,000	5	6	5	6	5	6	5	6	5	6
45,000 - 80,000	1	2	2	4	2	4	2	4	2	4
80,000 - 160,000	—	14	—	12	—	12	—	11	—	10
VLCCs: 160,000 - 320,000	—	6	—	7	—	9	—	9	—	10
ULCCs: Above 320,000	—	1	—	1	—	1	—	3	—	3
<b>Total Company-Operated</b>	<b>6</b>	<b>29</b>	<b>7</b>	<b>30</b>	<b>7</b>	<b>32</b>	<b>7</b>	<b>34</b>	<b>7</b>	<b>34</b>
<b>Time-Chartered</b>										
Up to 25,000	—	3	—	2	—	2	—	2	—	4
25,000 - 45,000	—	—	—	1	—	1	—	2	—	3
45,000 - 80,000	—	3	—	3	—	3	—	3	—	2
80,000 - 160,000	—	1	—	2	—	3	—	2	—	3
VLCCs: 160,000 - 320,000	—	—	—	—	—	—	—	1	—	1
<b>Total Time-Chartered</b>	<b>—</b>	<b>7</b>	<b>—</b>	<b>8</b>	<b>—</b>	<b>9</b>	<b>—</b>	<b>10</b>	<b>—</b>	<b>13</b>
<b>Total Controlled Seagoing Vessels</b>	<b>6</b>	<b>36</b>	<b>7</b>	<b>38</b>	<b>7</b>	<b>41</b>	<b>7</b>	<b>44</b>	<b>7</b>	<b>47</b>
<b>Cargo Transported<sup>(2)(4)</sup></b>										
Millions of Barrels	70	248	82	253	75	271	74	317	66	322
Thousands of Barrels Per Day	191	680	224	695	205	744	202	866	180	881
Billions of Ton Miles	7	176	9	207	8	261	9	259	9	237

(1) Consolidated companies only, as of December 31.

(2) Excludes six bareboat-chartered and two time-chartered LNG vessels employed in the Australian North West Shelf Project, in which Chevron owns a one-sixth interest.

(3) Includes owned and bareboat-chartered.

(4) Includes cargo carried by company-operated and time-chartered vessels; excludes single voyage charters.



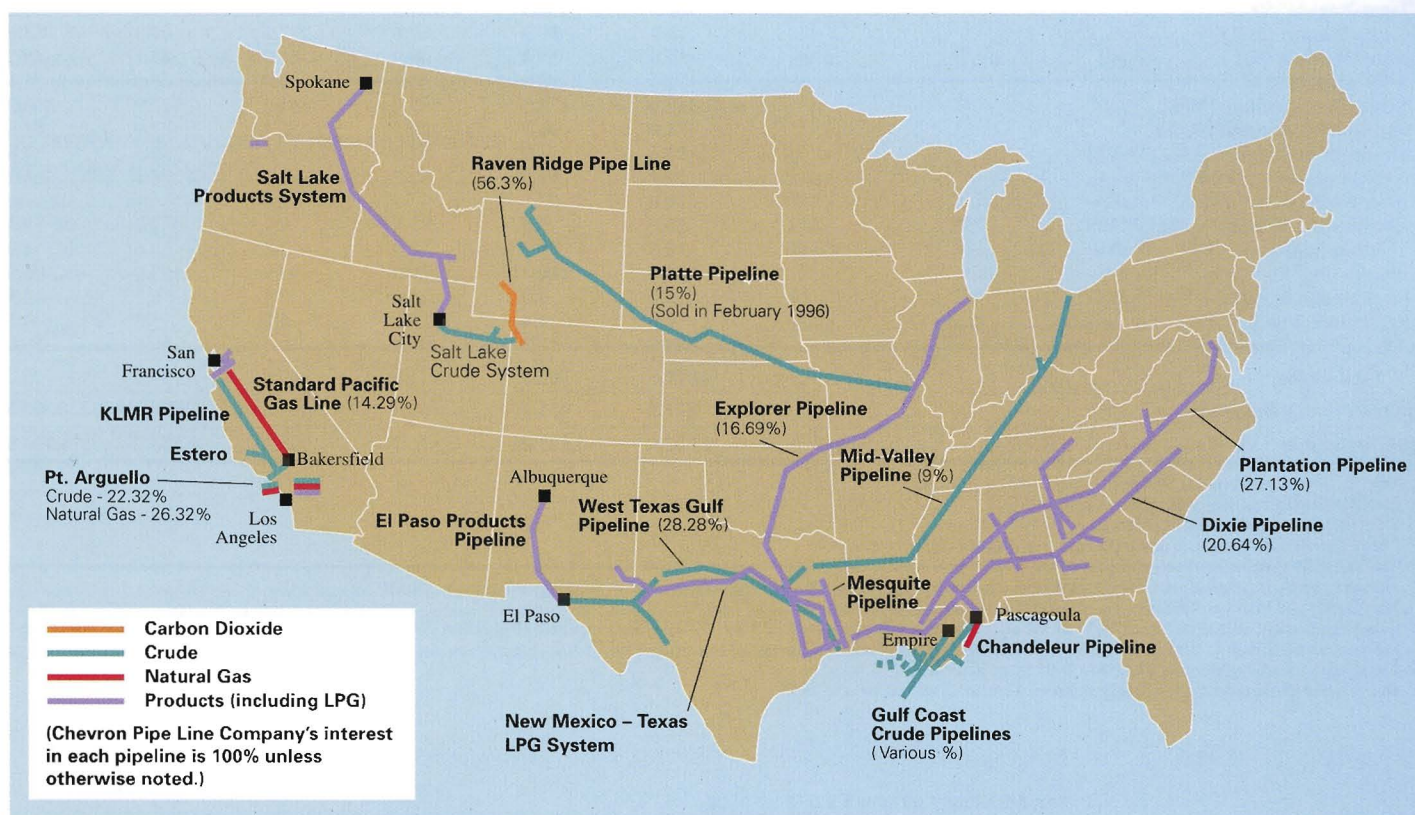
**NET PIPELINE MILEAGE** <sup>(1)(2)</sup>

Includes Equity in Affiliates

	1995	1994	1993	1992	1991
<b>Crude Oil Lines</b>					
United States . . . . .	5,794	5,770	6,320	6,588	6,609
International . . . . .	772	785	747	722	546
<b>Worldwide</b> . . . . .	<b>6,566</b>	<b>6,555</b>	<b>7,067</b>	<b>7,310</b>	<b>7,155</b>
<b>Natural Gas Lines</b>					
United States . . . . .	437	445	613	438	431
International . . . . .	228	205	197	197	188
<b>Worldwide</b> . . . . .	<b>665</b>	<b>650</b>	<b>810</b>	<b>635</b>	<b>619</b>
<b>Product Lines</b>					
United States . . . . .	5,737	5,513	5,319	5,291	5,430
International . . . . .	96	121	142	130	102
<b>Worldwide</b> . . . . .	<b>5,833</b>	<b>5,634</b>	<b>5,461</b>	<b>5,421</b>	<b>5,532</b>

(1) Partially-owned pipelines are included at the company's equity percentage of total pipeline mileage.

(2) Reflects net pipeline mileage under transportation function. Excludes gathering pipelines relating to U.S. production function.

*Chevron Pipe Line Company Owned and/or Operated Pipelines*

## Refining

REFINING CAPACITIES AND INPUTS (Includes Equity in Affiliates)		Capacity	Refinery Inputs				
Thousands of Barrels Per Day		12/31/95	1995	1994	1993	1992	1991
<b>United States</b>							
Pascagoula, Mississippi . . . . .	295.0	281.8	324.1	282.7	293.9	306.4	
El Segundo, California . . . . .	258.0	220.8	227.1	233.4	235.2	179.6	
Richmond, California . . . . .	230.0	202.4	220.3	228.6	228.3	220.6	
Port Arthur, Texas <sup>(1)</sup> . . . . .	—	26.1	158.0	176.6	189.1	195.2	
Philadelphia, Pennsylvania <sup>(2)</sup> . . . . .	—	—	93.5	183.8	163.5	162.3	
Perth Amboy, New Jersey <sup>(3)</sup> . . . . .	80.0	32.6	24.0	43.0	30.6	45.4	
El Paso, Texas <sup>(4)</sup> . . . . .	62.0	57.6	59.1	62.8	61.9	55.7	
Honolulu, Hawaii . . . . .	54.0	54.7	55.5	47.5	52.2	49.2	
Salt Lake City, Utah . . . . .	45.0	40.9	42.8	42.2	46.2	46.2	
Portland, Oregon <sup>(3)</sup> . . . . .	15.0	5.3	5.5	3.7	6.7	7.6	
Richmond Beach, Washington <sup>(3)</sup> . . . . .	5.0	2.6	2.9	3.1	3.7	4.6	
Nikiski, Alaska <sup>(5)</sup> . . . . .	—	—	—	—	—	5.5	
<b>Total United States</b> . . . . .	<b>1,044.0</b>	<b>924.8</b>	<b>1,212.8</b>	<b>1,307.4</b>	<b>1,311.3</b>	<b>1,278.3</b>	
<b>International</b>							
Burnaby, B.C., Canada . . . . .	50.0	46.7	47.1	42.9	40.5	40.6	
Milford Haven, Wales, U.K. . . . .	115.0	100.1	116.0	120.5	103.2	107.5	
<b>Total International</b> . . . . .	<b>165.0</b>	<b>146.8</b>	<b>163.1</b>	<b>163.4</b>	<b>143.7</b>	<b>148.1</b>	
<b>Caltex Refineries (Includes Equity in Affiliates)<sup>(6)</sup></b>							
Japan-Negishi [50%] <sup>(7)</sup> . . . . .	180.0	158.3	151.9	143.6	142.0	140.6	
Japan-Muroran [50%] <sup>(7)</sup> . . . . .	75.0	59.3	67.6	57.4	66.3	55.1	
Japan-Marifu [50%] . . . . .	55.0	55.8	49.9	51.0	48.1	45.2	
Japan-Osaka [50%] . . . . .	52.0	38.0	45.3	38.0	38.6	35.1	
South Korea-Yocheon [50%] . . . . .	190.0	179.2	185.4	185.6	177.9	158.0	
Philippines-Batangas [100%] . . . . .	71.0	66.3	60.1	56.4	61.9	51.5	
Singapore-Pualau Merilimau [33.3%] . . . . .	93.3	71.9	72.8	72.5	55.5	57.8	
Australia-Sydney [37.5%] <sup>(8)</sup> . . . . .	39.4	52.3	82.7	83.7	78.1	68.2	
Australia-Brisbane [37.5%] <sup>(9)</sup> . . . . .	30.0	23.3	—	—	—	—	
New Zealand-Whangarei [12.27%] <sup>(10)</sup> . . . . .	10.3	9.5	9.8	9.4	7.2	7.3	
Thailand-Sriracha [4.75%] . . . . .	10.5	10.3	8.9	3.8	6.6	4.9	
Bahrain [40%] . . . . .	106.8	100.4	99.0	98.9	103.9	102.8	
Pakistan-Karachi [12%] . . . . .	5.2	6.0	5.6	5.5	6.1	5.5	
Kenya-Mombasa [11.75%] . . . . .	9.0	4.4	5.0	5.2	5.5	4.7	
South Africa-Capetown [100%] <sup>(11)</sup> . . . . .	100.0	67.8	77.6	58.0	N/A	N/A	
<b>Total Caltex</b> . . . . .	<b>1,027.5</b>	<b>902.8</b>	<b>921.6</b>	<b>869.0</b>	<b>797.7</b>	<b>736.7</b>	
<b>Equity in Caltex Refineries</b> . . . . .	<b>513.8</b>	<b>451.4</b>	<b>460.8</b>	<b>434.5</b>	<b>398.9</b>	<b>368.4</b>	
<b>Total Worldwide</b> . . . . .	<b>1,722.8</b>	<b>1,523.0</b>	<b>1,836.7</b>	<b>1,905.3</b>	<b>1,853.9</b>	<b>1,794.8</b>	

(1) The Port Arthur Refinery was sold in February 1995.

(2) The Philadelphia Refinery was sold in August 1994.

(3) Refineries are primarily asphalt plants.

(4) The El Paso Refinery capacity and input represent only the Chevron share.

(5) The Nikiski Refinery was closed mid-year 1991.

(6) Figures in brackets denote Caltex's ownership percentage at year-end 1995. Only Caltex's equity share of capacity and inputs is shown.

(7) The Negishi and Muroran Refineries are scheduled to be sold in 1996.

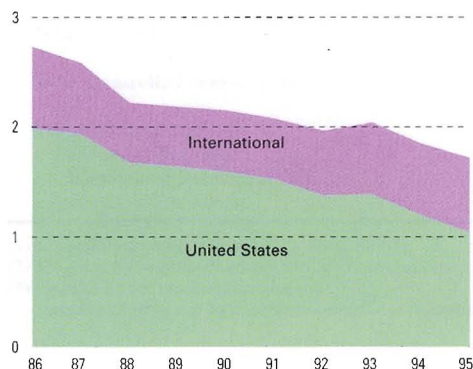
(8) Caltex equity share decreased from 75% to 37.5% after a merger with Ampol Ltd. in May 1995. Refinery input for 1995 reflect 75% ownership through April 30 and 37.5% thereafter.

(9) Refinery acquired May 1, 1995 in merger with Ampol Ltd. Represents May to December activity in 1995.

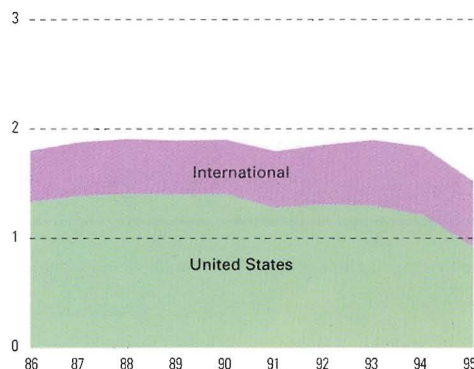
(10) Caltex equity share increased to 12.27% in 1995 from 10.63%.

(11) Due to government restrictions, refinery statistics were not disclosed prior to 1993.

REFINERY CAPACITY / MILLIONS OF BARRELS PER DAY



REFINERY INPUTS / MILLIONS OF BARRELS PER DAY





**REFINERY UTILIZATION<sup>(1)</sup>**

Percent of Capacity	1995	1994	1993	1992	1991
United States . . . . .	82.4	93.4	94.2	90.3	82.0
Canada . . . . .	93.4	99.2	95.3	90.0	90.2
United Kingdom . . . . .	87.0	100.9	104.8	91.7	97.7
Caltex . . . . .	89.8	93.7	94.8	96.8	91.7
Worldwide . . . . .	85.1	94.1	95.0	91.7	84.8

**UTILIZATION OF CRACKING AND COKING FACILITIES<sup>(2)</sup>**

Percent of Capacity	1995	1994	1993	1992	1991
United States . . . . .	79	90	88	88	82

**SOURCES OF U.S. CRUDE OIL PURCHASES**

Percent of Total Purchased	1995	1994	1993	1992	1991
Alaska North Slope . . . . .	30.1	20.1	18.8	18.9	12.0
United States - Other . . . . .	21.7	26.9	29.1	33.6	41.3
Arabian . . . . .	18.4	12.6	12.2	13.0	16.6
Indonesian . . . . .	4.0	3.5	2.9	3.2	4.0
Nigerian . . . . .	0.1	4.8	10.1	6.6	6.9
Mexican . . . . .	13.8	13.1	10.0	10.0	9.9
Other International . . . . .	11.9	19.0	16.9	14.7	9.3
Total . . . . .	100.0	100.0	100.0	100.0	100.0

**U.S. REFINERY PRODUCTION OF FINISHED PRODUCTS**

Thousands of Barrels Per Day	1995	1994	1993	1992	1991
Mogas . . . . .	398.2	537.3	566.5	566.7	546.7
Jet Fuel . . . . .	195.4	229.1	229.4	229.1	234.1
Gas Oil . . . . .	164.3	246.1	276.8	300.8	256.9
Fuel Oil . . . . .	59.1	87.0	108.2	91.1	106.7
Other . . . . .	133.8	200.7	188.7	197.2	197.0
Total . . . . .	950.8	1,300.2	1,369.6	1,384.9	1,341.4

**PETROLEUM INVENTORIES**Millions of Barrels at Dec. 31<sup>(3)(4)</sup>

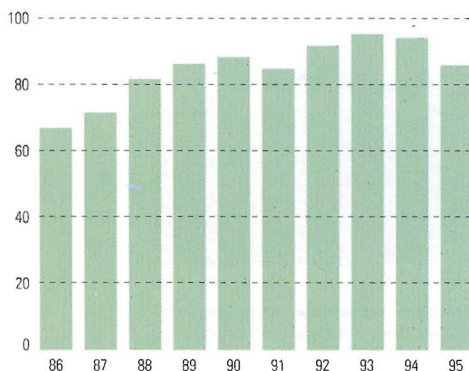
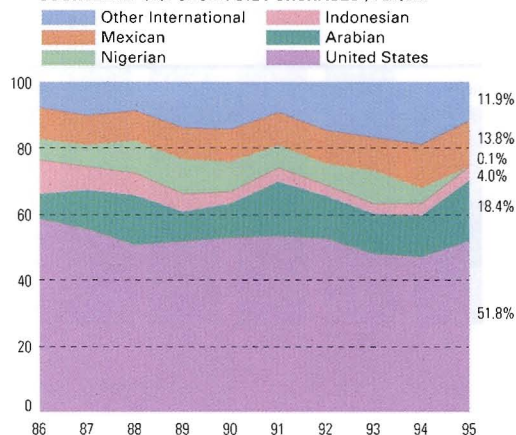
Raw Stocks . . . . .	41	42	42	45	55
Unfinished Stocks . . . . .	17	20	19	23	22
Finished Products . . . . .	35	37	38	37	44
Total . . . . .	93	99	99	105	121

(1) Adjusted for sales and closures of refineries. Percentage of capacity utilized is based on average annual capacity (beginning and end of year).

(2) Hydrocrackers, catalytic crackers and coking facilities are the primary facilities used to convert heavier products into gasoline and other light products.

(3) Consolidated companies only.

(4) On an "owned" inventories basis (i.e., physical inventory adjusted for volumes payable to or receivable from others).

**WORLDWIDE REFINERY UTILIZATION**  
PERCENT OF CAPACITY**SOURCES OF U.S. CRUDE OIL PURCHASES / PERCENT**

## Sales and Realizations

**REFINED PRODUCT SALES**

Thousands of Barrels Per Day	1995	1994	1993	1992	1991
<b>United States</b>					
Gasoline . . . . .	552	615	652	646	632
Jet Fuel . . . . .	241	260	247	252	249
Gas Oils and Kerosene . . . . .	196	277	325	347	312
Residual Fuel Oil . . . . .	38	65	94	110	145
Other . . . . .	90	97	105	115	106
<b>Total United States</b> . . . . .	<b>1,117</b>	<b>1,314</b>	<b>1,423</b>	<b>1,470</b>	<b>1,444</b>
<b>International</b>					
Gasoline . . . . .	83	98	90	86	75
Jet Fuel . . . . .	39	39	48	34	38
Gas Oils and Kerosene . . . . .	101	93	107	95	80
Residual Fuel Oil . . . . .	77	69	69	67	89
Other . . . . .	12	15	15	12	8
	<b>312</b>	<b>314</b>	<b>329</b>	<b>294</b>	<b>290</b>
Equity Share of Affiliate . . . . .	657	620	594	565	533
<b>Total International</b> . . . . .	<b>969</b>	<b>934</b>	<b>923</b>	<b>859</b>	<b>823</b>
<b>Worldwide</b>					
Gasoline . . . . .	635	713	742	732	707
Jet Fuel . . . . .	280	299	295	286	287
Gas Oils and Kerosene . . . . .	297	370	432	442	392
Residual Fuel Oil . . . . .	115	134	163	177	234
Other . . . . .	102	112	120	127	114
	<b>1,429</b>	<b>1,628</b>	<b>1,752</b>	<b>1,764</b>	<b>1,734</b>
Equity Share of Affiliate . . . . .	657	620	594	565	533
<b>Total Worldwide</b> . . . . .	<b>2,086</b>	<b>2,248</b>	<b>2,346</b>	<b>2,329</b>	<b>2,267</b>

**TOTAL REFINED PRODUCT REALIZATIONS<sup>(1)</sup>**

Dollars Per Barrel					
United States . . . . .	\$ 26.19	\$ 24.37	\$ 25.35	\$ 25.96	\$ 26.40
International . . . . .	24.49	22.98	24.37	26.53	27.25
Worldwide . . . . .	25.82	24.10	25.17	26.05	26.55

**MAJOR REFINED PRODUCT REALIZATIONS<sup>(1)</sup>**

Dollars Per Barrel					
<b>United States</b>					
Gasoline . . . . .	\$ 29.13	\$ 27.34	\$ 28.38	\$ 29.82	\$ 29.52
Jet Fuel . . . . .	23.35	22.71	25.05	25.81	27.50
Gas Oils and Kerosene . . . . .	22.56	21.60	23.27	23.86	25.27
Residual Fuel Oil . . . . .	15.67	14.72	14.16	14.34	14.98
<b>International</b>					
Gasoline . . . . .	\$ 28.79	\$ 26.25	\$ 28.99	\$ 32.78	\$ 36.66
Jet Fuel . . . . .	26.62	23.92	27.38	28.97	32.62
Gas Oils and Kerosene . . . . .	23.28	22.83	24.82	26.89	31.00
Residual Fuel Oil . . . . .	16.31	14.02	12.65	14.30	11.60
<b>Worldwide</b>					
Gasoline . . . . .	\$ 29.09	\$ 27.19	\$ 28.45	\$ 30.17	\$ 30.27
Jet Fuel . . . . .	23.80	22.87	25.43	26.19	28.19
Gas Oils and Kerosene . . . . .	22.80	21.91	23.66	24.51	26.44
Residual Fuel Oil . . . . .	16.10	14.36	13.53	14.34	13.70

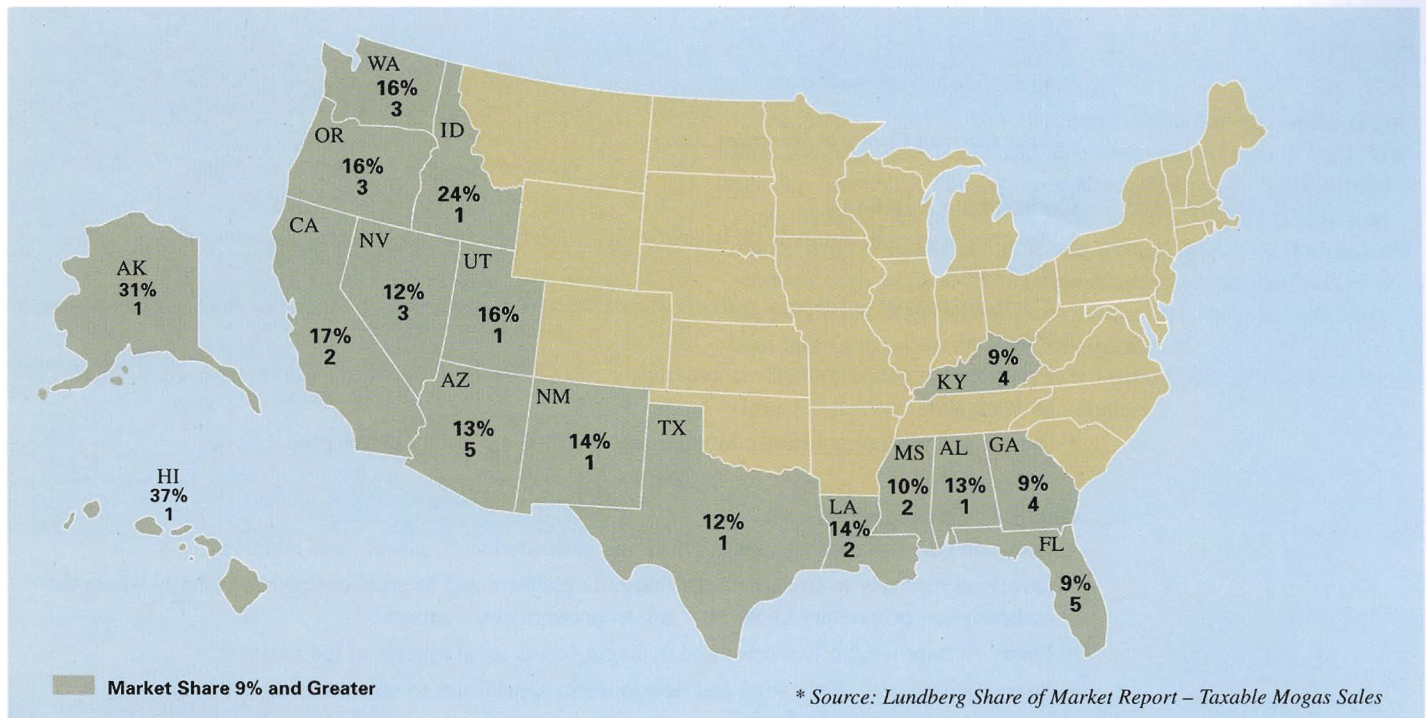
(1) Consolidated companies only; excludes excise taxes.



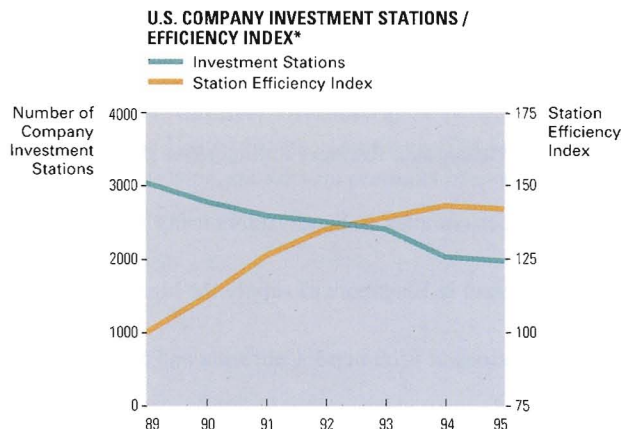
OUTLETS AT YEAR END <sup>(1)</sup>	1995		1994		1993		1992		1991	
	Company	Other	Company	Other	Company	Other	Company	Other	Company	Other
<b>Service Stations<sup>(2)</sup></b>										
United States . . . . .	1,920	5,868	2,037	5,866	2,415	5,925	2,513	6,219	2,596	6,693
Canada . . . . .	193	—	200	—	214	—	219	16	192	47
Central America . . . . .	—	—	—	—	—	—	150	39	144	46
United Kingdom . . . . .	208	315	233	265	230	237	241	205	245	177
Total Service Stations . . . . .	2,321	6,183	2,470	6,131	2,859	6,162	3,123	6,479	3,177	6,963
<b>Aircraft and Marine</b>										
United States . . . . .	—	638	—	680	—	705	—	799	—	853
Canada . . . . .	—	13	—	17	—	17	—	22	—	24
Total Aircraft and Marine . . . . .	—	651	—	697	—	722	—	821	—	877

(1) Includes consolidated companies only.

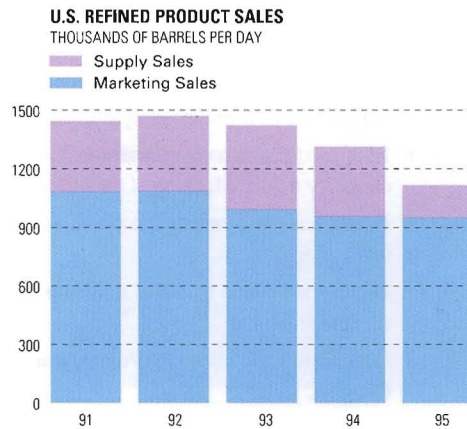
(2) Company investment stations are motor vehicle outlets that are company-owned or -leased. These service stations may either be company-operated or leased to a dealer. Other consists of all remaining branded outlets that are owned by others and supplied with branded products.



Chevron Products Company – Motor Gasoline Sales\* – Market Share Percent and Ranking



\* Efficiency index indicates the relative average throughput for company investment service stations, using 1989 as the base year with an index of 100.





*Major Chevron Chemical Marketing Areas*

## CHEMICALS

### Competitive Position

- Assured access to competitively priced raw materials through integration with other Chevron operations.
- Competitive cost position in petrochemicals with solid technology base and modern, efficient plant facilities.
- Proprietary technology and manufacturing cost leadership in benzene, paraxylene, alpha-olefins, and polystyrene.
- Market and technology leadership in many lubricant and fuel additive product lines.

### Business Strategies

- Focus on core business segments, which are petrochemicals, plastics and additives.
- Invest aggressively to strengthen the domestic platform and to grow businesses globally where the company has proprietary know-how and technological advantages.
- Focus on improving efficiencies and managing costs in all aspects of the business.
- Strengthen product application and development capabilities to maximize value added.
- Continue to monitor and improve customer satisfaction.

### 1995 Accomplishments

- Achieved an outstanding financial performance with record revenue, earnings and cash flow.
- Set new annual production records for several products in the Aromatics and Olefins Divisions.
- Successfully assimilated Port Arthur chemical operations and finalized plans to proceed with an expansion to increase ethylene capacity by 70 percent.
- Finalized plans to increase paraxylene capacity at the Pascagoula Refinery and increase polystyrene capacity at the Marietta, Ohio facility.
- Formed a joint venture to build a \$600 million aromatics complex in Saudi Arabia using Aromax® technology.
- Developed plans to build a lube oil and fuel additive plant in Singapore to supply the high growth market in Asia.
- Completed the shutdown/divestiture of fertilizer operations at Richmond, California and St. Helens, Oregon.
- Achieved record safety performance.
- Started a major restructuring to bring a sharper focus to U.S. and international operations.



## Major Operating Divisions

### AROMATICS AND DERIVATIVES

Manufactures, markets and distributes aromatic hydrocarbon-based chemical intermediates and polystyrene. The ultimate consumer products derived from these chemical intermediates include: plastics, adhesives, synthetic fibers and household detergents.

The Aromatics Division operates five manufacturing facilities in the United States and markets in 32 countries.

#### AROMATICS AND DERIVATIVES

Mfg. Locations	Annual Prod. Cap. (Millions of Pounds)	Major Products
Richmond, CA	105	Propylene Tetramer
St. James, LA	1,700	Styrene
Pascagoula, MS	1,594	Paraxylene, Benzene
Marietta, OH	430	Polystyrene
Port Arthur, TX	1,297	Benzene, Cumene, Toluene, Cyclohexane

#### OLEFINS AND DERIVATIVES

Mfg. Locations	Annual Prod. Cap. (Millions of Pounds)	Major Products
Cedar Bayou, TX	3,985	Ethylene, Propylene, Low Density Polyethylene, Linear Low Density Polyethylene, High Density Polyethylene, Normal Alpha Olefins, Acetylene Black
Port Arthur, TX	1,725	Ethylene, Propylene
Orange, TX	1,120	High Density/Low Density Polyethylenes
Plexco Operation (Seven locations in the U.S.)	205	High Density Polyethylene Pipe, Pipe Coatings, Fittings and Custom Extrusions

### OLEFINS AND DERIVATIVES

Manufactures, markets and distributes major olefin products (ethylene and propylene), key ethylene derivatives (high density, low density, linear low density, specialty polyethylenes and normal alpha olefins), acetylene black and fabricated products such as high density polyethylene pipe and fittings. The ultimate consumer products derived from these intermediates include rigid and flexible packaging, high performance plastic pipe, tires and batteries, household detergents and synthetic motor oil.

The Olefins Division operates 10 manufacturing facilities in the United States and markets in 45 countries.

### ORONITE ADDITIVES

Develops, manufactures, markets and distributes specially tailored chemical additives for fuels and lubricants. These additives improve performance in many types of engines by controlling deposits and by providing improved lubricant performance. Ultimate consumer products include deposit-inhibiting gasolines and superior lubricant products.

The Oronite Additives Division operates two manufacturing facilities in the United States and one each in Japan, Brazil and France. The division markets its products in over 80 countries.

#### ORONITE ADDITIVES

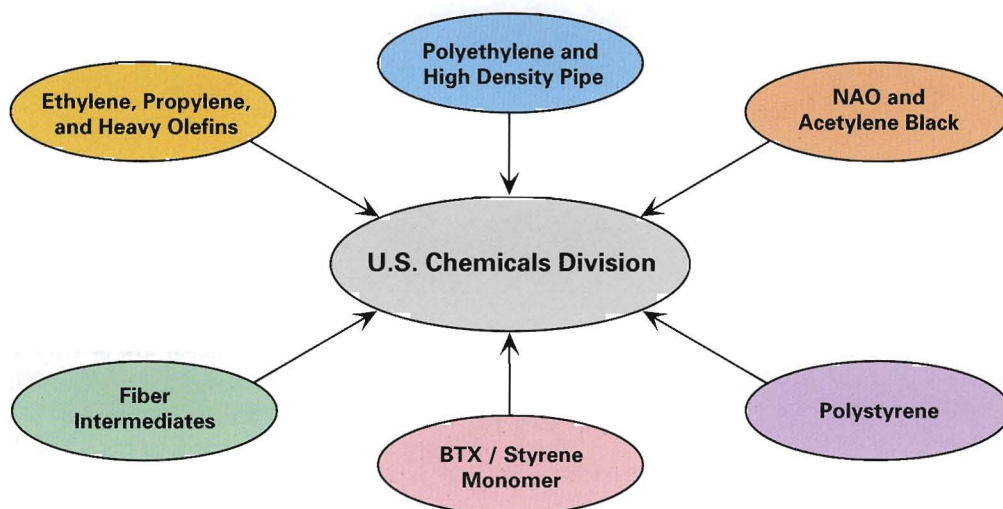
Mfg. Locations	Annual Prod. Cap. (Millions of Gallons)	Major Products
Belle Chasse, LA	82	Lube Oil Additives, Gasoline Additives, Succinimides, Phenates, Sulfonates
Cedar Bayou, TX	12	Polyalphaolefins
Sao Paulo, Brazil	9	Lube Oil Additives
Gonfreville, France	67	Lube Oil Additives, Succinimides, Phenates, Sulfonates, Inhibitors, Sulfonic Acids, Fuel Additives Branched Alkylbenzene, Heavy Alkylates
Omaezaki, Japan	11	Lube Oil Additives (Blending Facility and Technology Center)

## CHEMICAL COMPANY RESTRUCTURES FOR GROWTH

Effective January 1996, Chevron Chemical Company reorganized its Aromatics and Derivatives and Olefins and Derivatives Divisions into the following:

- U.S. Chemicals Division
- International Group

The new U.S. Chemicals Division will have responsibility to manage the domestic petrochemical operations. In the new organization, various product lines have been divided into six Strategic Business Units (SBU) as shown below:



Each SBU will be responsible and accountable for profitability, raw material acquisition, manufacturing, marketing, supply and distribution, pricing, technology and other business operations. This change represents a significant departure from the current functional orientation used to manage these different aspects of the business. The new organization is intended to increase efficiency and allow further improvement in customer service.

The new International group, formed to pursue new growth opportunities, will coordinate non-U.S. supply sources, marketing and new manufacturing projects overseas. Details of this new group, designed to sharpen the company's regional focus around the world, are expected to be finalized by mid-1996.

The Oronite Additives Division will continue to provide synergy to the petrochemical segments, and its global operations will not be affected by this reorganization.



**SALES BY GEOGRAPHIC AREA<sup>(1)</sup>**

Millions of Dollars	1995	1994	1993	1992	1991
United States . . . . .	\$ 3,332	\$ 2,801	\$ 2,459	\$ 2,676	\$ 2,905
International . . . . .	621	561	518	476	457
<b>Total Worldwide . . . . .</b>	<b>\$ 3,953</b>	<b>\$ 3,362</b>	<b>\$ 2,977</b>	<b>\$ 3,152</b>	<b>\$ 3,362</b>

**EARNINGS, EXCLUDING SPECIAL ITEMS<sup>(2)</sup>**

Millions of Dollars	1995	1994	1993	1992	1991
United States . . . . .	\$ 459	\$ 160	\$ (8)	\$ (19)	\$ 85
International . . . . .	65	55	39	55	32
<b>Total Worldwide . . . . .</b>	<b>\$ 524</b>	<b>\$ 215</b>	<b>\$ 31</b>	<b>\$ 36</b>	<b>\$ 117</b>

**DIVISIONAL SALES REVENUES<sup>(1)</sup>**

Millions of Dollars	1995	1994	1993	1992	1991
<b>Consolidated Companies</b>					
Aromatics and Derivatives . . . . .	\$ 1,297	\$ 972	\$ 747	\$ 761	\$ 774
Olefins and Derivatives . . . . .	1,571	1,326	1,120	1,154	1,252
Additives . . . . .	995	941	854	814	759
<b>Total . . . . .</b>	<b>3,863</b>	<b>3,239</b>	<b>2,721</b>	<b>2,729</b>	<b>2,785</b>
Other Revenues <sup>(3)</sup> . . . . .	90	123	256	423	577
<b>Total Consolidated Companies . . . . .</b>	<b>\$ 3,953</b>	<b>\$ 3,362</b>	<b>\$ 2,977</b>	<b>\$ 3,152</b>	<b>\$ 3,362</b>

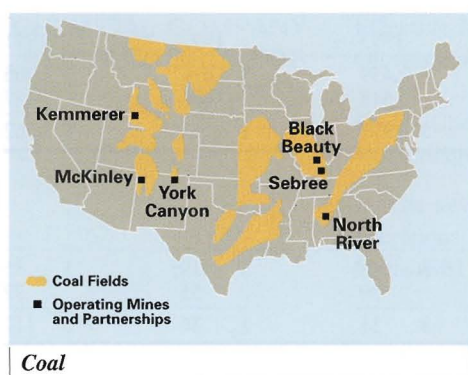
**SALES VOLUMES<sup>(1)</sup>**

Millions of Pounds or Gallons	1995	1994	1993	1992	1991
Aromatics and Derivatives . . . . .	4,562	4,067	3,704	4,285	4,103
Olefins and Derivatives . . . . .	5,212	4,742	4,183	3,988	4,154
Additives . . . . .	151	143	138	130	119

(1) Includes third-party sales and sales to other Chevron companies.

(2) See Page 5 for reported earnings.

(3) Other revenues include the Agricultural division, comprised of agricultural chemicals, fertilizer, and Ortho lawn and garden products. The company began exiting from these businesses in 1990 and completed its withdrawal in early 1996 with the disposition of the remaining fertilizer assets.



### Competitive Position

- The Pittsburg & Midway Coal Mining Co. (P&M), a wholly-owned Chevron subsidiary, ranks among the top 20 coal companies in the United States, based on sales tonnage.
- Effects of short-term fluctuations in coal prices and consumption levels are minimized through geographic diversity in customer base and long-term sales commitments.
- Eighty-eight percent of P&M's sales are to electric utilities. Based on original contract terms, fifty percent are covered by contracts of 10 years or longer and twenty percent have terms of three to 10 years.
- P&M holds low-sulfur coal reserves in major U.S. coal producing regions.
- Based on a recent customer survey, P&M received high ratings from customers in areas such as quality of coal and flexible delivery schedules.

### Business Strategies

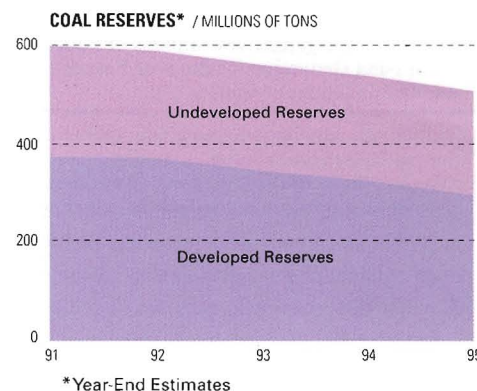
- Continually improve safety and environmental record.
- Continue to improve ability to compete as a low-cost producer by applying new mining technologies, exploiting economies of scale, improving processes and retaining flexibility in mine planning.
- Negotiate long-term commitments for unsold mine capacity. Seek extensions of existing long-term sales agreements.
- Seek investments which strengthen current competitive position.
- Position reserves and production capacity to participate in regional markets in the fast growing areas of the southwestern and southeastern United States.

### 1995 Accomplishments

- Completed first year of a new safety program with an 18 percent reduction in lost-time incidents.
- Completed organizational restructuring to operate in an increasingly competitive coal market.
- Continued to reduce operating costs, with a reduction of 11 percent from 1994 level.
- Completed first customer satisfaction survey and formed response teams to address findings.
- Completed a major strategic study that established clear direction for the company.

### U.S. Coal Business Environment

- The U.S. coal industry is highly competitive and is dominated by the electric utility industry, which consumed more than eighty percent of all coal produced in the United States in 1995.
- Electric utility growth strategies are influenced by various legal and regulatory mandates that stimulate competition in the utility industry and encourage energy conservation. Also mandated is a shift toward use of low-sulfur coal.
- Over one billion tons of coal were produced in 1995 by the U.S. coal industry, about the same as 1994.
- Coal industry productivity, measured by tons per man-hour, has increased at an average rate of more than six percent per year since 1990.



Mine Name	State	Principal Operation	Sulfur Content <sup>(1)</sup>	Estimated Capacity	Sales (Millions of Tons)				
					1995	1994	1993	1992	1991
Kemmerer . . . . .	WY	Truck-and-Shovel	LS	4.0	3.6	3.9	3.6	3.8	3.5
McKinley . . . . .	NM	Dragline / T&S	LS	8.3	6.8	8.2	8.2	6.6	5.3
North River . . . . .	AL	Longwall	MS	2.0	1.9	1.6	2.4	2.1	2.1
Seabee . . . . .	KY	Continuous Miner	HS	0.9	0.5	0.4	0.4	0.2	—
York Canyon <sup>(2)</sup> . . . . .	NM	Dragline	LS	1.3	2.0	2.3	2.3	0.9	0.7
Black Beauty (33.3%) <sup>(3)</sup> . . . . .	IN/IL	Truck-and-Shovel	Various	3.6	2.5	3.4	3.4	2.5	1.9
Closed/Sold . . . . .	Various	—	—	—	—	0.6	0.5	0.4	1.3
<b>Total Sales</b> . . . . .					<b>17.3</b>	<b>20.4</b>	<b>20.8</b>	<b>16.5</b>	<b>14.8</b>

(1) LS = Low Sulfur MS = Medium Sulfur HS = High Sulfur

(2) One of the two York Canyon mines was closed in late 1995.

(3) Interest changed from 50 percent to 33.3 percent in August 1994. Sales and capacity are P&M's share.



## *Glossary of Terms*

### **ACREAGE**

Land leased for oil and gas exploration and production.

### **CONDENSATES**

Liquid hydrocarbons produced with natural gas that can be separated by cooling or other means.

### **ENHANCED RECOVERY METHODS**

Techniques used to maintain or increase the production of oil and gas from a reservoir by the introduction of an artificial drive and displacement mechanism (injectants) into the reservoir in order to restore formation pressure and fluid flow. Types of injectants include water, steam, chemicals, gas and carbon dioxide.

### **INTEGRATED PETROLEUM COMPANY**

The term applies to companies involved in the full spectrum of petroleum activities – from oil and gas exploration to the marketing of petroleum finished products. An integrated petroleum company's operations are divided into two major activities. **Upstream** operations are comprised of activities related to the exploration and production of crude oil and natural gas. **Downstream** operations refer to the refining, marketing and distribution activities for petroleum products.

### **OIL EQUIVALENT GAS (OEG)**

The volume of natural gas that can be burned to give the same amount of heat as a barrel of oil. Six thousand cubic feet of average natural gas is the equivalent of one average barrel of oil.

### **PETROCHEMICALS**

Chemicals derived from petroleum. Major petrochemical operations within Chevron include: **Aromatics** – used in the manufacturing of plastics, adhesives, synthetic fibers and household detergents, **Olefins** – used in the manufacturing of packaging, plastic pipes, tires, batteries, household detergents and synthetic motor oils, and **Oronite Additives** – used as chemical additives to control deposits and improve lubricating performance in fuels and lubricants.

### **PRODUCTION**

Oil and gas production is measured in terms of **total production** – the entire quantity of oil and gas produced from the property, **gross production** – the company's share of total production after deducting any joint venture partner's equity share but before deducting royalties, and **net production** – gross production less royalties. **Royalties** are the land owner's share of gross production without bearing production expenses.

### **REFORMULATED GASOLINE**

**Reformulated** gasoline contains oxygenates and incorporates additional composition changes that reduce exhaust emissions year round. **California reformulated** gasoline is based on more stringent requirements than the federally-mandated reformulated gasoline. The California reformulated gasoline reduces exhaust emissions even more than the federal formula and, as a result, is cleaner burning. **Oxygenated** gasoline is for wintertime use and contains an oxygen blending component (oxygenate), such as ether or alcohol, to reduce exhaust emissions.

### **RESERVES**

**Proved reserves** are estimated quantities which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. Due to the inherent uncertainties and the limited nature of reservoir data, estimates of underground reserves are subject to change over time as additional information becomes available. Proved reserves do not include additional quantities which may result from extensions of currently proved areas, from application of secondary or tertiary recovery processes not yet tested and determined to be economic, or recoverable beyond the term of lease or contract. **Recoverable reserves** are reserves that are recoverable using all known primary and enhanced recovery methods.

### **WELLS**

Oil and gas wells are classified as either exploratory or development wells. **Exploratory wells** are wildcat wells drilled in an unproven area where no oil or gas production exists. **Delineation wells** are exploratory wells drilled to determine the boundaries of a productive formation or to delineate the extent of a find. **Development wells** are wells drilled in an existing reservoir in a proven oil or gas producing area. **Completed wells** are wells in which drilling work has been completed and are capable of producing. **Dry wells** are wells completed as dry holes – wells not capable of producing in commercial quantities.

Organizations	Principal Business	Principal Areas of Activity
<b>OPERATING</b>		
Chevron U.S.A. Production Company	Exploration and Production	United States
Chevron Products Company	Refining and Marketing	Worldwide
Chevron Asiatic Limited	Exploration and Production	International
Chevron Canada Limited	Refining and Marketing	Western Canada
Chevron Canada Resources	Exploration and Production	Canada
Chevron Chemical Company	Industrial Chemicals	Worldwide
Chevron Chemical S.A.	Industrial Chemicals	International
Chevron International Limited	Exploration and Financing	International
Chevron Nigeria Limited	Exploration and Production	Nigeria
Chevron Oil Trading Company	Liquefied Natural Gas Marketing	International
Chevron Overseas Petroleum Inc.	Exploration and Production	International
Chevron Pipe Line Company	Crude Oil, Petroleum Products and Natural Gas Transportation	United States
Chevron Shipping Company	Marine Management	Worldwide
Chevron Transport Corporation	Marine Transportation	Worldwide
Chevron U.K. Limited	Exploration and Production	North Sea
Cabinda Gulf Oil Company Limited	Exploration and Production	Angola
Gulf Oil (Great Britain) Limited	Refining and Marketing	United Kingdom
The Pittsburg & Midway Coal Mining Co.	Coal	United States
Warren Petroleum Company	Natural Gas Liquids	Worldwide
Amoseas Indonesia, Inc. (50%)	Exploration and Production	Indonesia
Caltex Petroleum Corporation (50%)	Refining and Marketing	International
P.T. Caltex Pacific Indonesia (50%)	Exploration and Production	Indonesia
Tengizchevroil (50%)	Exploration and Production	Kazakstan
<b>SERVICE</b>		
Chevron Information Technology Company	Communications, Data Processing and Advanced Office Systems	Worldwide
Chevron Petroleum Technology Company	Oil Field Technical Services, Research and Development	Worldwide
Chevron Real Estate Management Company	Property Management	United States
Chevron Research and Technology Company	Refined Products Research and Development and Engineering Services	Worldwide
Chevron Services Company	Administrative Services	Worldwide
<b>FINANCE</b>		
Chevron Canada Enterprises Limited	Commercial Paper Issuer	Canada
Chevron Capital U.S.A. Inc.	Debt Financing	United States
Chevron Oil Finance Company	Commercial Paper Issuer	United States
Chevron U.K. Investment PLC	Commercial Paper Issuer	United States
Chevron Hibernia Ltd.	Commercial Paper Issuer	Canada
Chevron Canada Finance	Debt Financing	Canada

Chevron Corporation has ownership interests in approximately 450 subsidiaries, branches, divisions, partnerships and affiliates operating in about 95 countries. The above listing represents the most significant of the company's operations. Chevron's interest is 100 percent unless otherwise noted in parentheses.



## Mission and Vision

### Mission

We are an international company providing energy and chemical products vital to the growth of the world's economies. Our mission is to create superior value for our stockholders, our customers and our employees.

### Vision

Our vision is to be Better than the Best, which means:

- Employees are proud of their success as a team
- Customers, suppliers and governments prefer us
- Competitors respect us
- Communities welcome us
- Investors are eager to invest in us

*Our primary objective is to exceed the financial performance of our strongest competitors. Our goal is to be No. 1 among our competitors in Total Stockholder Return for the period 1994-1998. We will balance long-term growth and short-term results in pursuit of this objective.*

Our approach to the business is based on:

- Committed Team Values
- Total Quality Management
- Protecting People and the Environment

We will be guided by the Strategic Intent in our Corporate Strategic Plan and will measure progress with the Vision Metrics.

This report has been issued solely for the purpose of providing additional financial and statistical data. It is not a circular or prospectus regarding any security or stock of the company, nor is it issued in connection with any sale, or offer for sale of or solicitation of any offer to buy any securities.

As used in this report, the term "Chevron" and such terms as "the company," "the corporation," "our," "we," and "us" may refer to Chevron Corporation, one or more of its consolidated subsidiaries, or to all of them taken as a whole, but unless the context clearly indicates otherwise, should not be read to include "affiliates" of Chevron (those companies owned approximately 50 percent or less). All of those terms are used for convenience only, and are not intended as a precise

description of any of the separate companies, each of which manages its own affairs.

Additional information relating to Chevron is contained in its Annual Report to stockholders and its Annual Report on Form 10-K filed with the Securities and Exchange Commission. For copies of these reports, stockholders and others may write to Comptroller's Department, Room 3519, 575 Market Street, San Francisco, California 94105-2856.

If you have any questions regarding the data included herein, please write to Mr. Meeks Vaughan, Manager – Investor Relations, Room 3444, 575 Market Street, San Francisco, California 94105-2856, or telephone (415) 894-5690, or e-mail: mbva @ Chevron.com.

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