

A NEW EQUATION

2004 SUPPLEMENT TO THE ANNUAL REPORT

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A NEW EQUATION

IN 2004, IT BECAME CLEAR THAT THE WORLD WAS WITNESSING A NEW ENERGY EQUATION DRIVEN BY A NUMBER OF FACTORS – GROWING GLOBAL DEMAND, A MORE CHALLENGING FRONTIER OF ENERGY SUPPLIES IN AREAS SUCH AS THE DEEP WATER AND OIL SANDS, AND A COMPLEX GEOPOLITICAL ENVIRONMENT. ABUNDANT, RELIABLE ENERGY IS CRITICAL TO HEALTHY ECONOMIES AND HEALTHY COMMUNITIES. ADDRESSING THIS NEW EQUATION IS ONE OF THE GREATEST CHALLENGES FACING ENERGY PRODUCERS AND CONSUMERS.

CHEVRONTEXACO HAS A 125-YEAR HISTORY OF RISING TO CHALLENGES AND CREATING OPPORTUNITIES. TODAY, WE ARE RESPONDING TO THE NEW ENERGY EQUATION BY LEVERAGING OUR STRENGTHS: A HIGH-IMPACT EXPLORATION AND DEVELOPMENT PROGRAM; A COMMITMENT TO SAFE, EFFICIENT AND ENVIRONMENTALLY SOUND OPERATIONS; THE APPLICATION OF TECHNOLOGY TO MAXIMIZE THE VALUE OF OUR EXISTING ASSETS AND DEVELOP PROMISING NEW ENERGY SOURCES; AND THE CREATION OF PARTNERSHIPS THAT BENEFIT OUR COMPANY, OUR COMMUNITIES AND, OF COURSE, OUR MANY CUSTOMERS AROUND THE WORLD.

ABOUT THE COVER

Energy is essential to human and economic progress. At ChevronTexaco, we are investing billions of dollars in frontier areas such as the deep water to deliver new energy supplies to meet growing worldwide demand. At the same time, we are investing in local communities where we do business to enhance capacity for education, health care and economic growth.

INSIDE FRONT COVER

Downtown Shanghai at night reflects the growth in global demand for new energy supplies, particularly in China. ChevronTexaco's long-term strategies are focused on growing production to help meet new demand and fuel economic growth and human progress.



FINANCIAL HIGHLIGHTS

- › **Sales and other operating revenues** – \$150.9 billion
- › **Net income** – \$13.3 billion; \$6.28 per share – diluted
- › **Return on capital employed** – 25.8%
- › **Return on average stockholders' equity** – 32.7%
- › **Cash dividends** – \$1.53 per share
- › **Total stockholder return** – 25.5%

ACCOMPLISHMENTS

CORPORATE TOTALS

- › **Record earnings** – Achieved the highest annual earnings in the company's 125-year history, \$13.3 billion.
- › **Highest total stockholder return** – Tied for the highest total stockholder return (stock appreciation plus reinvested dividends) relative to a designated peer group of the three largest competitors for the five-year period 2000–2004, 7 percent annually.
- › **Debt reduction** – Reduced total debt from \$12.6 billion to \$11.3 billion and debt ratio from 26 percent to 20 percent.
- › **Common stock** – Increased the quarterly common stock dividend by 10 percent in September and immediately followed the dividend increase with a two-for-one stock split in the form of a stock dividend.
- › **Stock repurchase program** – Repurchased more than 42 million shares in the open market for \$2.1 billion as part of a three-year, \$5 billion program begun in April 2004.
- › **Asset dispositions** – Sold nonstrategic assets from both the upstream and downstream portfolios, resulting in \$3.7 billion of cash proceeds.

UPSTREAM – EXPLORATION AND PRODUCTION

- › **Exploration** – Achieved a drilling success rate of 57 percent, far above the 10-year industry average of 32 percent (according to a report by energy consulting firm Wood Mackenzie). Discoveries included Lianzi in the Angola/Republic of the Congo unitization zone, Wheatstone offshore Western Australia, Block A in Cambodia, Lanta in Thailand, Rosebank/Lochnagar in the United Kingdom, Tobago and Jack in the United States, and Loran offshore Venezuela.
- › **Production** – Produced more than 2.5 million barrels of oil-equivalent per day, with about two-thirds of the volume outside the United States in more than 20 different countries.
- › **Global natural gas projects** – Achieved milestones connected with constructing a proposed natural gas import terminal off the Mexico coast of Baja California; securing regasification capacity at the planned Sabine Pass liquefied natural gas (LNG) terminal in Louisiana; building a world-scale LNG plant at the Brass LNG project in Nigeria; and moving forward with the construction of a pipeline in West Africa to transport natural gas more than 400 miles from Nigeria to customers in Ghana, Benin and Togo.

DOWNSTREAM – REFINING, MARKETING AND TRANSPORTATION

- › **Transformation** – Realigned businesses from a regional orientation to a global functional basis, resulting in operating efficiencies and significant earnings improvements.
- › **Portfolio enhancement** – Strengthened market position in Asia by increasing ownership interest in Singapore Refining Company Pte. Ltd. from 33 percent to 50 percent; divested about 1,600 retail fuel sites worldwide since the program's inception in early 2003, while maintaining sales volumes through branded supply agreements; and increased motor gasoline sales volumes through the addition of more than 1,000 Texaco-branded sites located primarily in the southeastern United States.
- › **Brand recognition** – Received TOP TIER certification for Chevron fuel by four of the world's top automakers – the first gasoline in the United States and Canada to meet the certification criteria for detergency levels.

CHEMICALS

- › **New and expanded manufacturing facilities** – Secured approvals for the 50 percent-owned Chevron Phillips Chemical Company LLC and its Saudi partner to proceed with construction of an integrated, world-scale styrene facility and to expand an existing adjacent aromatics plant in Al Jubail, Saudi Arabia.

CORPORATE OBJECTIVES

- › **Financial returns** – Achieve sustained financial returns that will enable ChevronTexaco to outperform its competitors.
- › **Upstream** – Grow profitably in core areas, build new legacy positions, and commercialize the company's natural gas resource base by targeting North American, Asian and western European markets.
- › **Downstream** – Continue to improve returns by focusing on areas of market and supply strength.

OUR VISION: TO BE *THE* GLOBAL ENERGY COMPANY MOST ADMIRABLE FOR ITS PEOPLE, PARTNERSHIP AND PERFORMANCE.



2004 AT A GLANCE



REVIEW OF OPERATIONS 2000–2004¹

FINANCIAL SUMMARY

Millions of Dollars, except per-share amounts	2004	2003	2002	2001	2000
Net Income	\$ 13,328	\$ 7,230	\$ 1,132	\$ 3,288	\$ 7,727
Sales and Other Operating Revenues ²	\$ 150,865	\$119,575	\$ 98,340	\$103,951	\$116,619
Cash Dividends – Common Stock	3,236	3,033	2,965	2,733	2,664
Capital and Exploratory Expenditures	8,315	7,363	9,255	12,028	9,520
Cash Provided by Operating Activities	14,690	12,315	9,943	11,475	13,467
At December 31: Working Capital	9,708	3,315	(2,100)	(2,327)	1,252
Total Assets	93,208	81,470	77,359	77,572	77,621
Total Debt and Capital Lease Obligations	11,272	12,597	16,269	17,418	15,915
Stockholders' Equity	45,230	36,295	31,604	33,958	33,369
Common Shares Outstanding at December 31 (Millions) ^{3,4}	2,093.0	2,124.1	2,122.1	2,120.2	2,115.2
Per-Share Data ⁴					
Net Income – Basic	\$ 6.30	\$ 3.48	\$ 0.53	\$ 1.55	\$ 3.62
– Diluted	6.28	3.48	0.53	1.55	3.61
Cash Dividends ⁵	1.53	1.43	1.40	1.33	1.30
Stockholders' Equity at December 31 ³	21.61	17.09	14.89	16.02	15.78
Market Price at December 31 ⁵	52.51	43.19	33.24	44.81	42.22
– High ⁵	56.07	43.49	45.80	49.25	47.44
– Low ⁵	41.99	30.65	32.71	39.22	34.97
Financial Ratios ⁶					
Current Ratio	1.5	1.2	0.9	0.9	1.1
Interest Coverage	47.6	24.3	7.6	9.6	12.5
Total Debt to Total Debt-Plus-Equity	19.9%	25.8%	34.0 %	33.9%	32.3%
Return on Average Stockholders' Equity	32.7%	21.3%	3.5 %	9.8%	24.5%
Return on Capital Employed	25.8%	15.7%	3.2 %	7.8%	17.3%
Return on Average Total Assets	15.3%	9.1%	1.5 %	4.2%	10.1%
Cash Dividends/Net Income (Payout Ratio)	24.3%	42.0%	261.9 %	83.3%	34.7%
Cash Dividends/Cash from Operations	22.0%	24.6%	29.8 %	23.9%	19.9%
Total Stockholder Return ⁵	25.5%	35.2%	(23.1)%	9.2%	0.5%

¹ On October 9, 2001, Texaco Inc. (Texaco) became a wholly owned subsidiary of Chevron Corporation (Chevron) pursuant to a merger transaction, and Chevron changed its name to ChevronTexaco Corporation. In accordance with pooling-of-interests accounting, the combined financial information included in this document gives retroactive effect to the merger, with all periods presented as if Chevron and Texaco had always been combined.

² Excludes \$291, \$457, \$351, \$458 and \$476 for discontinued operations for 2004, 2003, 2002, 2001 and 2000, respectively.

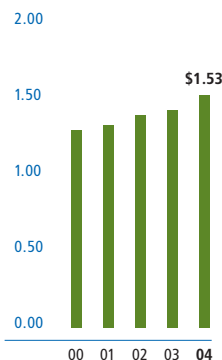
³ Excludes 14,168,000 shares held by the benefit trust not considered outstanding for earnings-per-share purposes.

⁴ All years adjusted to reflect a two-for-one stock split effected as a 100 percent stock dividend in September 2004.

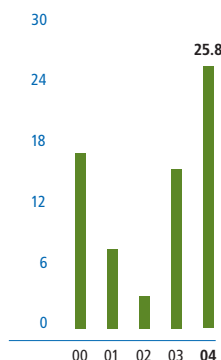
⁵ Dividend and share price for 2000 represent Chevron Corporation pre-merger.

⁶ Refer to page 59 for Financial Ratios definitions.

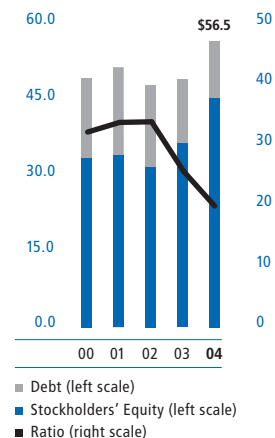
ANNUAL CASH DIVIDENDS
Dollars per share



RETURN ON CAPITAL EMPLOYED
Percentage



TOTAL DEBT TO TOTAL DEBT-PLUS-EQUITY RATIO
Billions of dollars/Percent



» Consolidated Statement of Income and Comprehensive Income

CONSOLIDATED STATEMENT OF INCOME

	Year Ended December 31				
Millions of Dollars	2004	2003	2002	2001	2000
REVENUES AND OTHER INCOME					
SALES AND OTHER OPERATING REVENUES					
Gasolines	\$ 27,717	\$ 22,545	\$ 18,363	\$ 19,788	\$ 20,164
Jet Fuel	9,735	6,916	6,242	7,110	7,762
Gas Oils and Kerosene	16,480	13,632	11,430	11,471	13,050
Residual Fuel Oils	5,500	5,144	4,135	5,393	5,732
Other Refined Products	4,282	3,703	2,911	3,836	700
TOTAL REFINED PRODUCTS	63,714	51,940	43,081	47,598	47,408
Crude Oil and Condensate	52,836	40,173	29,822	26,981	37,698
Natural Gas	9,841	8,426	5,959	10,534	9,545
Natural Gas Liquids	2,632	2,208	1,732	1,901	3,147
Other Petroleum Revenues	2,321	2,551	2,674	2,926	2,164
Excise Taxes, Other Taxes and Duties ¹	18,109	13,338	14,010	13,007	13,488
TOTAL PETROLEUM	149,453	118,636	97,278	102,947	113,450
CHEMICALS¹	1,106	1,009	971	1,017	2,713
ALL OTHER	597	387	442	445	932
LESS: REVENUES FROM DISCONTINUED OPERATIONS	291	457	351	458	476
TOTAL SALES AND OTHER OPERATING REVENUES²	150,865	119,575	98,340	103,951	116,619
INCOME (LOSS) FROM EQUITY AFFILIATES	2,582	1,029	(25)	1,144	1,077
OTHER INCOME	1,853	308	222	607	840
GAIN FROM EXCHANGE OF DYNEGY PREFERRED STOCK	—	365	—	—	—
TOTAL REVENUES AND OTHER INCOME	155,300	121,277	98,537	105,702	118,536
COSTS AND OTHER DEDUCTIONS					
Purchased Crude Oil and Products	94,419	71,310	57,051	60,255	69,498
Operating Expenses	9,832	8,500	7,795	7,597	8,281
Selling, General and Administrative Expenses	4,557	4,440	4,155	3,984	3,626
Exploration Expenses	697	570	591	1,030	948
Depreciation, Depletion and Amortization ³	4,935	5,326	5,169	6,986	5,269
Taxes Other Than on Income ¹	19,818	17,901	16,682	15,148	15,818
Interest and Debt Expense	406	474	565	833	1,110
Minority Interests	85	80	57	121	111
Write-Down of Investments in Dynegy Inc.	—	—	1,796	—	—
Merger-Related Expenses ⁴	—	—	576	1,563	—
TOTAL COSTS AND OTHER DEDUCTIONS	134,749	108,601	94,437	97,517	104,661
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAX EXPENSE	20,551	12,676	4,100	8,185	13,875
Income Tax Expense	7,517	5,294	2,998	4,310	6,237
INCOME FROM CONTINUING OPERATIONS	13,034	7,382	1,102	3,875	7,638
INCOME FROM DISCONTINUED OPERATIONS	294	44	30	56	89
Income Before Extraordinary Item and Cumulative Effect of Changes in Accounting Principles	\$ 13,328	\$ 7,426	\$ 1,132	\$ 3,931	\$ 7,727
Extraordinary Loss, Net of Income Tax ⁵	—	—	—	(643)	—
Cumulative Effect of Changes in Accounting Principles, Net of Income Tax ⁶	—	(196)	—	—	—
NET INCOME	\$ 13,328	\$ 7,230	\$ 1,132	\$ 3,288	\$ 7,727
NET INCOME	\$ 13,328	\$ 7,230	\$ 1,132	\$ 3,288	\$ 7,727
Net Unrealized Holding (Loss) Gain on Securities	(9)	80	44	3	(43)
Net Derivatives (Loss) Gain on Hedge Transactions	(9)	75	34	3	—
Minimum Pension Liability Adjustment	472	2	(785)	9	(19)
Currency Translation Adjustment	36	32	15	(11)	(14)
OTHER COMPREHENSIVE GAIN (LOSS), NET OF TAX	490	189	(692)	4	(76)
COMPREHENSIVE INCOME	\$ 13,818	\$ 7,419	\$ 440	\$ 3,292	\$ 7,651
RETAINED EARNINGS AT JANUARY 1	\$ 35,315	\$ 30,942	\$ 32,767	\$ 32,206	\$ 27,148
Net Income	13,328	7,230	1,132	3,288	7,727
Cash Dividends	(3,236)	(3,033)	(2,965)	(2,739)	(2,681)
Tax Benefit from Dividends Paid on Unallocated ESOP Shares	7	6	8	12	12
Exchange of Dynegy Securities ⁷	—	170	—	—	—
RETAINED EARNINGS AT DECEMBER 31	\$ 45,414	\$ 35,315	\$ 30,942	\$ 32,767	\$ 32,206

¹ Includes consumer excise taxes:

\$ 7,968	\$ 7,095	\$ 7,006	\$ 6,546	\$ 6,601
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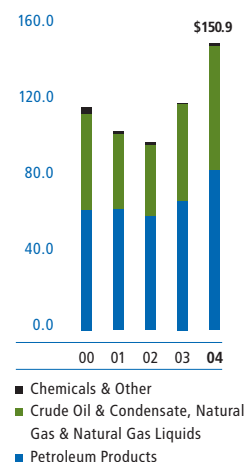
² Includes amounts for buy/sell contracts (2001 and 2000 not available):

\$ 18,650	\$ 14,246	\$ 7,963	\$ N/A	\$ N/A
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³ Includes \$90, \$254, \$331, \$2,296 and \$707 in 2004, 2003, 2002, 2001 and 2000, respectively, for asset impairment charges.⁴ Includes employee severance and other benefits associated with workforce reductions, professional service fees, employee and office relocations, facility-closure costs, and other incremental costs to effect the merger.⁵ Represents loss on asset sales mandated by the U.S. Federal Trade Commission and disposition of other assets made duplicative by the merger.⁶ Includes a net loss of \$200 for the adoption of FAS 143 and a gain of \$4 for the company's share of Dynegy's cumulative effect for the adoption of EITF No. 02-3.⁷ Represents the company's share of a capital stock transaction of Dynegy, which, under the applicable accounting rules, was recorded directly to retained earnings.

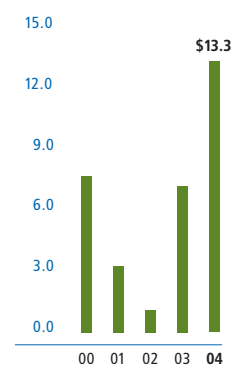
SALES & OTHER OPERATING REVENUES

Billions of dollars



NET INCOME

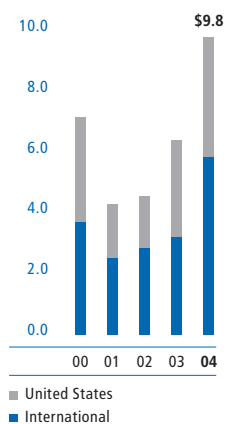
Billions of dollars



Income from Continuing Operations by Major Operating Area and Special Items

WORLDWIDE EXPLORATION & PRODUCTION EARNINGS*

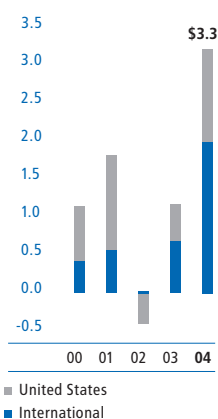
Billions of dollars



*Includes discontinued operations

WORLDWIDE REFINING, MARKETING & TRANSPORTATION EARNINGS

Billions of dollars



■ United States
■ International

INCOME FROM CONTINUING OPERATIONS BY MAJOR OPERATING AREA

Millions of Dollars

	Year Ended December 31				
	2004	2003	2002	2001	2000
Exploration and Production – United States	\$ 3,868	\$ 3,160	\$ 1,703	\$ 1,736	\$ 3,388
– International	5,622	3,199	2,823	2,520	3,678
– Total	9,490	6,359	4,526	4,256	7,066
Refining, Marketing and Transportation – United States ¹	1,261	482	(398)	1,254	721
– International	1,989	685	31	560	414
– Total	3,250	1,167	(367)	1,814	1,135
Chemicals	314	69	86	(128)	40
All Other ²	(20)	(213)	(3,143) ³	(2,067) ³	(603)
Income from Continuing Operations	\$ 13,034	\$ 7,382	\$ 1,102	\$ 3,875	\$ 7,638
Income from Discontinued Operations					
– Exploration and Production	294	44	30	56	89
Extraordinary Loss, Net of Tax	–	–	–	(643)	–
Cumulative Effect of Changes in Accounting Principles	–	(196)	–	–	–
NET INCOME	\$ 13,328	\$ 7,230	\$ 1,132	\$ 3,288	\$ 7,727

¹ Includes the company's share of Equilon and Motiva earnings until the sale of the assets in February 2002.² Consists of the company's interest in Dynegy, coal mining operations, power generation businesses, worldwide cash management and debt financing activities, corporate administrative functions, insurance operations, real estate activities, and technology companies.³ Includes special items in 2001 and 2002 for merger- and Dynegy-related amounts.

SPECIAL ITEMS

Millions of Dollars – Gains (Charges)

	Year Ended December 31				
	2004	2003	2002	2001	2000
Asset Dispositions					
Continuing Operations	\$ 960	\$ 122	\$ –	\$ 49	\$ 72
Discontinued Operations	257	–	–	–	–
Litigation Provisions	(55)	–	(57)	–	(62)
Asset Impairments/Write-offs and Revaluations	–	(340)	(485)	(1,709)	(378)
Dynegy-Related	–	325	(2,306)	–	77
Tax Adjustments	–	118	60	(5)	107
Restructurings and Reorganizations	–	(146)	–	–	–
Environmental Remediation Provisions	–	(132)	(160)	(78)	(264)
Merger-Related Expenses ¹	–	–	(386)	(1,136)	–
Extraordinary Loss on Merger-Related Asset Sales ²	–	–	–	(643)	–
Tax Benefits on Asset Sales	–	–	–	–	70
TOTAL SPECIAL ITEMS	\$ 1,162	\$ (53)	\$ (3,334)	\$ (3,522)	\$ (378)

¹ Includes employee severance and other benefits associated with workforce reductions, professional service fees, employee and office relocations, facility-closure costs, and other incremental costs to effect the merger.² Asset sales mandated by the U.S. Federal Trade Commission and disposition of other assets made duplicative by the merger.

» Consolidated Balance Sheet

CONSOLIDATED BALANCE SHEET

At December 31

Millions of Dollars

	2004	2003	2002	2001	2000
ASSETS					
Cash and Cash Equivalents	\$ 9,291	\$ 4,266	\$ 2,957	\$ 2,117	\$ 2,328
Marketable Securities	1,451	1,001	824	1,033	913
Accounts and Notes Receivable	12,429	9,722	9,385	8,279	10,763
Inventories					
Crude Oil and Petroleum Products	2,324	2,003	2,019	2,207	1,969
Chemicals	173	173	193	209	200
Materials, Supplies and Other	486	472	551	532	485
Total Inventories	2,983	2,648	2,763	2,948	2,654
Prepaid Expenses and Other Current Assets	2,349	1,789	1,847	1,769	1,255
Assets Held for Sale – Merger-Related	–	–	–	2,181	–
TOTAL CURRENT ASSETS	28,503	19,426	17,776	18,327	17,913
Long-Term Receivables, Net	1,419	1,493	1,338	1,225	1,218
Investments and Advances	14,389	12,319	11,097	12,252	11,764
Properties, Plant and Equipment, at Cost	103,954	100,556	105,231	99,860	95,217
Less: Accumulated Depreciation, Depletion and Amortization	59,496	56,018	61,076	56,978	51,249
Net Properties, Plant and Equipment	44,458	44,538	44,155	42,882	43,968
Deferred Charges and Other Assets	4,277	2,594	2,993	2,886	2,758
Assets Held for Sale	162	1,100	–	–	–
TOTAL ASSETS	\$ 93,208	\$ 81,470	\$ 77,359	\$ 77,572	\$ 77,621
LIABILITIES AND STOCKHOLDERS' EQUITY					
Short-Term Debt	\$ 816	\$ 1,703	\$ 5,358	\$ 8,429	\$ 3,094
Accounts Payable	10,747	8,675	8,455	6,427	7,563
Accrued Liabilities	3,410	3,172	3,364	3,399	3,014
Federal and Other Taxes on Income	2,502	1,392	1,626	1,398	1,864
Other Taxes Payable	1,320	1,169	1,073	1,001	1,126
TOTAL CURRENT LIABILITIES	18,795	16,111	19,876	20,654	16,661
Long-Term Debt and Capital Lease Obligations	10,456	10,894	10,911	8,989	12,821
Deferred Credits and Other Noncurrent Obligations	7,942	7,758	4,474	4,394	4,303
Noncurrent Deferred Income Taxes	7,268	6,417	5,619	6,132	6,687
Reserves for Employee Benefit Plans	3,345	3,727	4,572	3,162	3,034
Minority Interests	172	268	303	283	746
TOTAL LIABILITIES	47,978	45,175	45,755	43,614	44,252
STOCKHOLDERS' EQUITY	45,230	36,295	31,604	33,958	33,369
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 93,208	\$ 81,470	\$ 77,359	\$ 77,572	\$ 77,621

SEGMENT ASSETS

Millions of Dollars

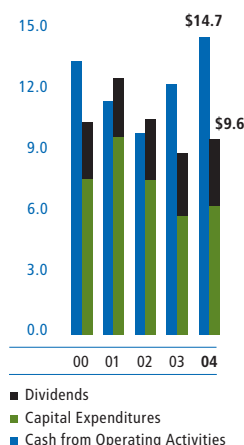
Exploration and Production	\$ 43,108	\$ 41,021	\$ 37,843	\$ 36,895	\$ 37,679
Refining, Marketing and Transportation	29,506	26,981	27,380	25,328	29,152
Chemicals	2,983	2,827	2,852	2,760	3,077
All Other*	17,611	10,641	9,284	12,589	7,713
TOTAL SEGMENT ASSETS	\$ 93,208	\$ 81,470	\$ 77,359	\$ 77,572	\$ 77,621

* Consists primarily of worldwide cash, cash equivalents and marketable securities, real estate, information systems, the company's investment in Dynegy, coal mining operations, power generation businesses, technology companies, and assets of the corporate administrative functions.

» Consolidated Statement of Cash Flows

CASH FROM OPERATING ACTIVITIES COMPARED WITH CAPITAL EXPENDITURES & DIVIDENDS

Billions of dollars



CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31

Millions of Dollars

	2004	2003	2002	2001	2000
OPERATING ACTIVITIES					
Net Income	\$ 13,328	\$ 7,230	\$ 1,132	\$ 3,288	\$ 7,727
Adjustments					
Depreciation, Depletion and Amortization	4,935	5,326	5,169	6,986	5,269
Dry Hole Expense	286	256	288	646	462
Distributions (Less) More Than Income from Equity Affiliates	(1,422)	(383)	510	(489)	(26)
Net Before-Tax Gains on Asset Retirements and Sales	(1,882)	(194)	(33)	(116)	(371)
Net Foreign Currency Effects	60	199	5	(122)	(130)
Deferred Income Tax Provision	(224)	164	(81)	(768)	521
Net Decrease in Operating Working Capital Composed of:					
(Increase) Decrease in Accounts and Notes Receivable	(2,515)	(265)	(1,135)	2,472	(2,162)
(Increase) Decrease in Inventories	(298)	115	185	(294)	120
(Increase) Decrease in Prepaid Expenses and Other Current Assets	(76)	261	92	(211)	73
Increase (Decrease) in Accounts Payable and Accrued Liabilities	2,175	242	1,845	(742)	1,327
Increase (Decrease) in Income and Other Taxes Payable	1,144	(191)	138	(582)	733
Net Decrease in Operating Working Capital	430	162	1,125	643	91
Minority Interest in Net Income	85	80	57	121	111
(Increase) Decrease in Long-Term Receivables	(60)	12	(39)	(9)	(12)
(Increase) Decrease in Other Deferred Charges	(69)	1,646	428	61	(129)
Cash Contributions to Employee Pension Plans	(1,643)	(1,417)	(246)	(107)	(100)
Cumulative Effect of Changes in Accounting Principles	—	196	—	—	—
Gain from Exchange of Dynegy Preferred Stock	—	(365)	—	—	—
Write-Down of Investments in Dynegy, Before Tax	—	—	1,796	—	—
Extraordinary Before-Tax Loss on Merger-Related Asset Dispositions	—	—	—	787	—
Other	866	(597)	(168)	554	54
NET CASH PROVIDED BY OPERATING ACTIVITIES	14,690	12,315	9,943	11,475	13,467
INVESTING ACTIVITIES					
Capital Expenditures	(6,310)	(5,625)	(7,597)	(9,713)	(7,629)
Advances to Equity Affiliate	(2,200)	—	—	—	—
Payments of Debt by Equity Affiliates	1,790	68	—	—	—
Proceeds from Asset Sales	3,671	1,107	2,341	298	1,229
Net (Purchases) Sales of Marketable Securities*	(450)	153	209	(183)	80
Proceeds from Redemption of Dynegy Securities	—	225	—	—	—
Net Sales (Purchases) of Other Short-Term Investments	—	—	—	56	(84)
Distribution from Chevron Phillips Chemical Company LLC	—	—	—	—	835
Other	—	—	—	—	(73)
NET CASH USED FOR INVESTING ACTIVITIES	(3,499)	(4,072)	(5,047)	(9,542)	(5,642)
FINANCING ACTIVITIES					
Net Borrowings (Payments) of Short-Term Obligations	114	(3,628)	(1,810)	3,830	(3,254)
Proceeds from Issuances of Long-Term Debt	—	1,034	2,045	412	1,293
Repayments of Long-Term Debt and Other Financing Obligations	(1,398)	(1,347)	(1,356)	(2,856)	(1,241)
Net (Purchases) Sales of Treasury Shares	(1,645)	57	41	110	(1,498)
Cash Dividends	(3,277)	(3,070)	(2,991)	(2,858)	(2,789)
Redemption of Market Auction Preferred Shares	—	—	—	(300)	—
Redemption of Preferred Stock by Subsidiaries	(18)	(75)	—	(463)	—
Issuance of Preferred Stock by Subsidiaries	—	—	—	12	—
NET CASH USED FOR FINANCING ACTIVITIES	(6,224)	(7,029)	(4,071)	(2,113)	(7,489)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	58	95	15	(31)	(5)
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,025	1,309	840	(211)	331
CASH AND CASH EQUIVALENTS AT JANUARY 1	4,266	2,957	2,117	2,328	1,997
CASH AND CASH EQUIVALENTS AT DECEMBER 31	\$ 9,291	\$ 4,266	\$ 2,957	\$ 2,117	\$ 2,328

* Net (Purchases) Sales of Marketable Securities consist of the following gross amounts:

Marketable Securities Purchased	\$ (1,951)	\$ (3,563)	\$ (5,789)	\$ (2,848)	\$ (6,671)
Marketable Securities Sold	1,501	3,716	5,998	2,665	6,751
Net (Purchases) Sales of Marketable Securities	\$ (450)	\$ 153	\$ 209	\$ (183)	\$ 80

» Capital and Exploratory Expenditures

CAPITAL AND EXPLORATORY EXPENDITURES

(Includes Equity Share of Affiliates)

	Year Ended December 31				
Millions of Dollars	2004	2003	2002	2001	2000
UNITED STATES					
Exploration	\$ 511	\$ 548	\$ 658	\$ 730	\$ 713
Production	1,309	1,093	1,230	1,690	1,641
Refining	255	236	407	355	305
Marketing	134	106	122	372	538
Transportation	70	56	136	146	76
Other Downstream	38	5	85	—	—
Chemicals	123	173	272	145	135
All Other	512	371	855	2,570 ¹	891
TOTAL UNITED STATES	2,952	2,588	3,765	6,008	4,299
INTERNATIONAL					
Exploration	681	538	550	917	975
Production	3,820	3,496	3,845	3,792	2,922
Refining	388	234	192	314	235
Marketing	281	243	256	464	474
Transportation	31	163	245	446	380
Other Downstream	132	57	189	47	32
Chemicals	27	24	37	34	51
All Other	3	20	176	6	152
TOTAL INTERNATIONAL	5,363	4,775	5,490	6,020	5,221
WORLDWIDE					
Exploration	1,192	1,086	1,208	1,647	1,688
Production	5,129	4,589	5,075	5,482	4,563
Refining	643	470	599	669	540
Marketing	415	349	378	836	1,012
Transportation	101	219	381	592	456
Other Downstream	170	62	274	47	32
Chemicals	150	197	309	179	186
All Other	515	391	1,031	2,576	1,043
TOTAL WORLDWIDE	\$ 8,315	\$ 7,363	\$ 9,255	\$ 12,028	\$ 9,520
Memo: Equity Share of Affiliates' Expenditures Included Above	\$ 1,562	\$ 1,137	\$ 1,353	\$ 1,712	\$ 1,229

EXPLORATION EXPENSES²

Millions of Dollars

Geological and Geophysical	\$ 221	\$ 162	\$ 230	\$ 188	\$ 267
Unproductive Wells Drilled	286	256	230	646	462
Other ³	190	152	131	196	219
TOTAL EXPLORATION EXPENSES	\$ 697	\$ 570	\$ 591	\$ 1,030	\$ 948
Memo: United States	\$ 232	\$ 193	\$ 216	\$ 395	\$ 378
International	465	377	375	635	570

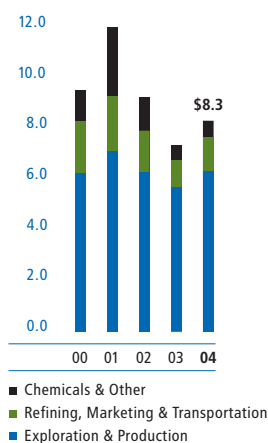
¹ Includes \$1.5 billion investment in Dynegy Inc. redeemable, convertible preferred stock.

² Continuing operations for consolidated companies only. Excludes amortization of undeveloped leaseholds.

³ Other exploration expenses include expensed well contributions, oil and gas lease rentals, and research and development costs.

CAPITAL & EXPLORATORY EXPENDITURES*

Billions of dollars

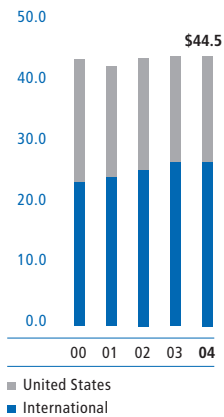


*Includes equity in affiliates

» Properties, Plant and Equipment

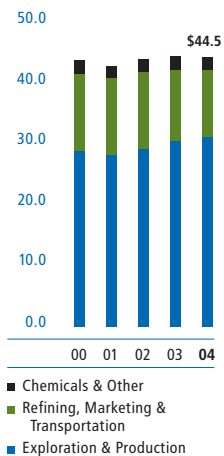
NET PROPERTIES, PLANT & EQUIPMENT BY GEOGRAPHIC AREA

Billions of dollars



NET PROPERTIES, PLANT & EQUIPMENT BY FUNCTION

Billions of dollars



PROPERTIES, PLANT AND EQUIPMENT – INCLUDING CAPITAL LEASES

Millions of Dollars	Year Ended December 31				
	2004	2003	2002	2001	2000
NET PROPERTIES, PLANT AND EQUIPMENT AT JANUARY 1	\$ 44,538	\$ 44,155	\$ 42,882	\$ 43,968	\$ 46,136
ADDITIONS AT COST					
Exploration and Production ¹	4,674	5,022	5,001	4,873	4,950
Refining, Marketing and Transportation	923	777	1,082	1,192	941
Chemicals	39	36	53	41	120
All Other ²	316	177	285	174	202
TOTAL ADDITIONS AT COST	5,952	6,012	6,421	6,280	6,213
DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSE^{3,4}					
Exploration and Production	(3,598)	(4,504)	(3,938)	(5,593)	(3,925)
Refining, Marketing and Transportation	(1,062)	(1,148)	(1,100)	(1,031)	(1,167)
Chemicals	(46)	(59)	(42)	(41)	(95)
All Other ²	(158)	(160)	(151)	(394)	(134)
TOTAL DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSE	(4,864)	(5,871)⁵	(5,231)	(7,059)	(5,321)
NET RETIREMENTS AND SALES					
Exploration and Production	(1,393)	(376)	52	26	(765)
Refining, Marketing and Transportation	(458)	(395)	(90)	(123)	(417)
Chemicals	(18)	(5)	(6)	(7)	(11)
All Other ²	(204)	(20)	(20)	(70)	(79)
TOTAL NET RETIREMENTS AND SALES	(2,073)	(796)	(64)	(174)	(1,272)
NET INTERSEGMENT TRANSFERS AND OTHER CHANGES⁶					
Exploration and Production ⁷	1,031	1,018	(53)	(34)	273
Refining, Marketing and Transportation ⁷	(174)	(15)	128	5	(152)
Chemicals ⁸	2	(2)	6	(4)	(2,084)
All Other ²	46	37	66	(100)	175
TOTAL NET INTERSEGMENT TRANSFERS AND OTHER CHANGES	905	1,038	147	(133)	(1,788)
NET PROPERTIES, PLANT AND EQUIPMENT AT DECEMBER 31					
Exploration and Production ⁹	31,239	30,525	29,365	28,303	29,031
Refining, Marketing and Transportation	11,054	11,825	12,606	12,586	12,543
Chemicals	684	707	737	726	737
All Other ²	1,481	1,481	1,447	1,267	1,657
TOTAL NET PROPERTIES, PLANT AND EQUIPMENT AT DECEMBER 31	\$ 44,458	\$ 44,538	\$ 44,155	\$ 42,882	\$ 43,968
Memo: Gross Properties, Plant and Equipment	\$103,954	\$100,556	\$105,231	\$ 99,860	\$ 95,217
Accumulated Depreciation, Depletion and Amortization	(59,496)	(56,018)	(61,076)	(56,978)	(51,249)
Net Properties, Plant and Equipment	\$ 44,458	\$ 44,538	\$ 44,155	\$ 42,882	\$ 43,968

¹ Net of exploratory well write-offs.

² Primarily coal, real estate assets and management information systems.

³ Depreciation expense includes discontinued operations of \$22, \$58, \$62, \$73 and \$52 in 2004, 2003, 2002, 2001 and 2000, respectively.

⁴ Depreciation expense includes accretion expense of \$93 and \$132 in 2004 and 2003, respectively.

⁵ Difference between the total 2003 DD&A of \$(5,871) and the total DD&A expense of \$(5,384) as shown on the income statement results from \$619 cumulative effect for the implementation of FAS 143 and \$(132) in accretion expense.

⁶ Includes reclassifications to/from other asset accounts.

⁷ In 2004 and 2003, includes reclassification adjustments for Assets Held for Sale.

⁸ In 2000, includes net Property, Plant and Equipment contributed to Chevron Phillips Chemical Company LLC.

⁹ Includes net investment in unproved oil and gas properties of \$1,410, \$1,485, \$1,677, \$2,027 and \$2,546 in 2004, 2003, 2002, 2001 and 2000, respectively.

» Miscellaneous Data

MISCELLANEOUS DATA

	2004	2003	2002	2001	2000
COMMON STOCK					
Number of Shares Outstanding at December 31 (Millions) ^{1,2}	2,093.0	2,124.1	2,122.1	2,120.2	2,115.2
Weighted Average Shares Outstanding for the Year (Millions) ^{1,2}	2,114.4	2,123.2	2,121.4	2,118.6	2,133.2
Number of Stockholders of Record at December 31 (Thousands)	228	241	248	248	294
Cash Dividends on Common Stock					
Millions of Dollars	\$ 3,236	\$ 3,033	\$ 2,965	\$ 2,733	\$ 2,664
Per Common Share ^{2,3}	\$ 1.53	\$ 1.43	\$ 1.40	\$ 1.33	\$ 1.30
Net Income (Loss) per Common Share – Diluted ^{2,4}					
First Quarter	\$ 1.20	\$ 0.90	\$ 0.34	\$ 1.15	\$ 0.75
Second Quarter	1.94	0.75	0.19	0.99	0.81
Third Quarter	1.51	1.01 ⁵	(0.42)	0.60	1.09
Fourth Quarter	1.63	0.82	0.42	(1.19)	0.96
Year	\$ 6.28	\$ 3.48	\$ 0.53	\$ 1.55	\$ 3.61
Stockholders' Equity per Common Share at December 31 ^{1,2}	\$ 21.61	\$ 17.09	\$ 14.89	\$ 16.02	\$ 15.78
PERSONNEL, PAYROLL AND BENEFITS⁶					
Number of Employees at December 31					
Excluding Service Station Employees	47,265	50,582	53,014	55,698	57,327
Service Station Employees	9,269	10,951	13,024	13,718	13,323
Total	56,534	61,533	66,038	69,416	70,650
Payroll Costs (Millions of Dollars) ⁷	\$ 2,858	\$ 2,816	\$ 2,958	\$ 3,071	\$ 2,934
Employee Benefit Costs (Millions of Dollars) ⁸	\$ 1,386	\$ 1,957	\$ 1,192	\$ 920	\$ 798
Investment per Employee at December 31 (Thousands of Dollars) ⁹	\$ 1,002	\$ 799	\$ 730	\$ 744	\$ 708
Average Sales per Employee (Thousands of Dollars) ¹⁰	\$ 2,421	\$ 1,763	\$ 1,349	\$ 1,391	\$ 1,610
Average Monthly Wage per Employee	\$ 4,035	\$ 3,679	\$ 3,639	\$ 3,654	\$ 3,578
CAPITAL EMPLOYED (Millions of Dollars)					
Exploration and Production					
– United States	\$ 6,570	\$ 7,310	\$ 7,740	\$ 8,765	\$ 9,315
– International	20,225	18,580	18,345	16,855	14,895
– Total	26,795	25,890	26,085	25,620	24,210
Refining, Marketing and Transportation					
– United States	4,405	4,960	4,995	5,580	8,195
– International	13,015	12,145	12,570	11,990	12,250
– Total	17,420	17,105	17,565	17,570	20,445
Chemicals	2,055	2,125	2,160	1,990	2,215
All Other ¹¹	10,405	4,040	2,365	6,480	3,160
TOTAL CAPITAL EMPLOYED	\$ 56,675	\$ 49,160	\$ 48,175	\$ 51,660	\$ 50,030

¹ Excludes 14,168,000 shares held by the benefit trust not considered outstanding for earnings-per-share purposes.

² All years adjusted to reflect a two-for-one stock split effected as a 100 percent stock dividend in September 2004.

³ Chevron Corporation dividend for 2000 pre-merger.

⁴ Before the cumulative effect of changes in accounting principles in 2003 and extraordinary item in 2001.

⁵ Includes a benefit of \$0.08 for the company's share of a capital stock transaction of its Dynegy Inc. affiliate, which, under the applicable accounting rules, was recorded directly to the company's retained earnings and not included in net income for the period.

⁶ Consolidated companies only.

⁷ Excludes incentive bonuses.

⁸ Includes pension costs, employee severance, savings and profit-sharing plans, other postemployment benefits, social insurance plans, and other benefits.

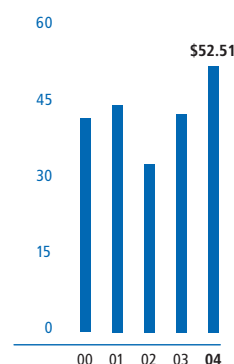
⁹ Investment = Total Year-End Capital Employed.

¹⁰ Average Sales per Employee = Sales and Other Operating Revenues (net of Excise Taxes and excludes discontinued operations) / Average Number of Employees (Beginning and End of Year).

¹¹ Includes \$2.2 billion in 2001 for Assets Held for Sale resulting from the merger, previously included in Refining, Marketing and Transportation – United States in 2000.

CHEVRONTEXACO YEAR-END COMMON STOCK PRICE*

Dollars per share



*Adjusted for stock split in 2004

» Upstream Highlights

ChevronTexaco conducts its exploration and production operations in the United States and approximately 25 other countries. Upstream headquarters are in San Ramon, California.

Worldwide net oil-equivalent production – including the company’s share of volumes produced by equity affiliates, from oil-sands operations and under an operating service agreement – averaged 2.5 million barrels per day in 2004. Approximately one-third of this production was in the United States. Outside the United States, the company’s producing operations are geographically dispersed, with production in no single country accounting for more than 10 percent of the company’s total worldwide output.

The company’s “focus areas” for exploration in 2004 were the deepwater regions of West Africa – off the coastlines of Nigeria and Angola – and the deepwater Gulf of Mexico. Drilling activities were also conducted or were in various stages of planning in seven “test areas” – offshore Norway, West of Shetlands in the U.K. North Sea, East Coast Canada, offshore Venezuela, deep water off the coast of Brazil, Mackenzie Delta in northern Canada and offshore North West Australia. The company is evaluating these test areas to determine their potential for more extensive exploration and possible future development.

Aligned with the activities in both exploration and production is the company’s global natural gas strategy to commercialize its significant international gas resource base through the coordination of business activities “from the wellhead to the burner tip,” including plans for producing, liquefying, shipping and regasifying natural gas aimed at target markets in North America, Asia and western Europe.

INDUSTRY CONDITIONS IN 2004

Industry price levels for crude oil reached record highs in 2004, primarily driven by increased demand from accelerated economic growth, particularly in Asia and the United States; the heightened level of geopolitical uncertainty in many areas of the world; crude oil supply concerns in the Middle East and other key producing regions; and production shut in for repairs following Hurricane Ivan in the Gulf of Mexico in September 2004.

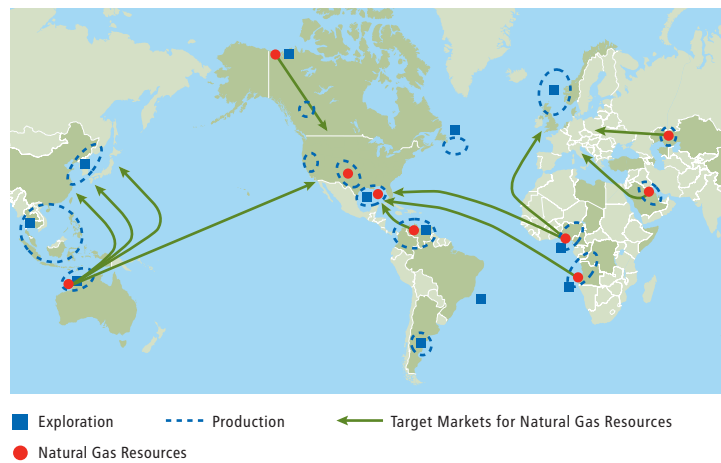
The price for West Texas Intermediate crude oil, one of the benchmark crudes, peaked at \$55 per barrel in October and averaged \$41 for the year – or \$10 higher than the average price in 2003. Natural gas prices, particularly in the United States, were also higher than in 2003. The U.S. Henry Hub benchmark price peaked in October above \$8.50 per thousand cubic feet. For the year, prices averaged about \$6.00, up about \$0.50 from 2003.

BUSINESS STRATEGIES

Grow profitability in core areas and build new legacy positions by:

- › Maximizing and growing the value of the base business.
- › Leading the industry in the selection and execution of major capital projects.
- › Achieving superior exploration success.
- › Building an integrated gas business.
- › Identifying and capturing new core upstream businesses.

Upstream Portfolio



2004 ACCOMPLISHMENTS

WORLDWIDE

- › Reported record net income of \$9.8 billion.
- › Achieved an exploration drilling success rate of 57 percent, far above the 10-year industry average of 32 percent (according to a report by energy consulting firm Wood Mackenzie). Discoveries included Lianzi in the Angola/Republic of the Congo unitization zone, Wheatstone offshore Western Australia, Block A in Cambodia, Lanta in Thailand, Rosebank/Lochnagar in the United Kingdom, Tobago and Jack in the United States, and Loran offshore Venezuela.
- › Sold nonstrategic assets in Canada, the Democratic Republic of the Congo, the United Kingdom and the United States for nearly \$3 billion, as part of a divestment program announced in 2003 to high-grade the upstream portfolio.

UNITED STATES

- › Drilled a successful appraisal well and increased ownership to 62.5 percent at the Blind Faith prospect in the Gulf of Mexico's Mississippi Canyon Block 696. Also participated in the drilling of two successful appraisal wells at Great White and Saint Malo prospects.
- › Conducted the deepest successful production well test in the history of the Gulf of Mexico – 25,812 feet (7,867 m) at the Tahiti project located in Green Canyon Block 640.
- › Managed the safe evacuations and remobilization of employees and contractors in the Gulf of Mexico during the active hurricane season, including more than 1,600 people in advance of Hurricane Ivan.
- › Added 27 new leases in the deepwater Gulf of Mexico.

INTERNATIONAL

- › Achieved first production in:
 - Angola – Bomboco Field.
 - China – HZ 19-3 Field and the Bozhong 25-1 unitized development.
 - Offshore Indonesia – Belanak Field.
 - Thailand – North Jarmjuree Field.
 - United Kingdom – Alba Extreme South Phase 2.
- › Completed construction projects in:
 - Angola – Facilities for the Sanha gas condensate project.
 - Western Australia – Train 4 liquefied natural gas (LNG) project at the North West Shelf, increasing LNG capacity by 50 percent.
 - Kazakhstan – Phase 2 development at the Karachaganak Field, allowing for shipment of Karachaganak crude oil through the Caspian Pipeline Consortium pipeline to world markets.
 - United Kingdom – Pipelines and platform installation for the Clair Field.
 - Venezuela – Crude oil upgrade facilities at Hamaca that have the capacity to process and upgrade 190,000 barrels per day of heavy crude oil into 180,000 barrels of lighter, higher-value crude oil (30 percent-owned by ChevronTexaco).
- › Acquired new exploration acreage in Norway (Production License [PL] 324 and PL 325), Nigeria (Oil Prospecting License [OPL]-247), Nigeria-São Tomé e Príncipe Joint Development Zone (Block 1), U.K. Atlantic Margin (29 new licenses) and Venezuela (Plataforma Deltana Block 3). Increased position in the Mackenzie Delta in northern Canada and extended exploration rights in Angola (Block 14).
- › Finalized the 20-year extension of the concession for Block 0 in Angola to 2030.
- › Appraised successfully deepwater discoveries in Nigeria (Usan, Nsiko) and the United Kingdom (Laggan, Cambo).
- › Signed a memorandum of understanding (MOU) with OAO Gazprom to undertake joint feasibility studies on possible crude oil and natural gas projects in Russia and the United States.

GLOBAL NATURAL GAS PROJECTS

- › Announced with other shareholders of the West African Gas Pipeline Company (approximately 38 percent-owned by ChevronTexaco) that agreement had been reached to construct a 420-mile (678-km) pipeline that will supply natural gas from Nigeria to Ghana, Benin and Togo.



Upstream Highlights

- › Reached milestones on projects connected with the company's global natural gas strategy:
 - A 20-year agreement for regasification capacity at the proposed Sabine Pass LNG terminal in Louisiana.
 - The final two key federal permits from the Mexican government that allow the company to move forward with development of the Baja California LNG import terminal.
 - An MOU between Sasol Chevron and Qatar Petroleum to evaluate an expansion of the Oryx gas-to-liquids (GTL) project in Qatar. The company also agreed to pursue a 130,000-barrel-per-day upstream/downstream integrated GTL project in Qatar.
 - Award of a contract for front-end engineering and design (FEED) for a world-scale LNG plant at the Brass LNG Project in Nigeria.
 - Approval for the development of the Escravos GTL facility that is scheduled to begin construction in 2005.

2005 OUTLOOK

- › Project execution – Advance the five major projects that are expected to add significant production beginning in 2006. These and other capital projects are expected to contribute approximately 850,000 net oil-equivalent barrels per day by 2009:
 - Nigeria – construction of a floating production, storage and offshore loading platform at the deepwater Agbami Field.
 - Angola – installation of subsea systems, pipelines and wells at the deepwater Benguela Belize–Lobito Tomboco fields.
 - Kazakhstan – Sour Gas Injection/Second Generation Project at Tengizchevroil.
 - Australia – offshore LNG infrastructure in the Greater Gorgon Area.
 - Gulf of Mexico – deepwater Tahiti Field subsea systems and floating production facility.
- › Exploration – Follow up on 2004 successes in focus and test areas.
- › Portfolio upgrade – Finalize disposition of remaining nonstrategic assets identified as part of the portfolio rationalization plan announced in 2003.
- › Base business – Continue major initiatives to improve operating efficiencies, reduce base production decline and lower costs.
- › Global gas projects – Begin construction on the Escravos GTL facility in Nigeria; advance FEED activities at the Brass LNG Project also in Nigeria; and continue progress toward the permitting and evaluation of other sites and facilities in the United States, Mexico and Qatar.

UPSTREAM FINANCIAL AND OPERATING HIGHLIGHTS¹

Dollars in Millions	United States		International	
	2004	2003	2004	2003
Segment Income	\$ 3,938	\$ 2,833	\$ 5,846	\$ 3,365
Gross Liquids Production (Thousands of Barrels per Day) ²	555	619	1,645	1,681
Net Liquids Production (Thousands of Barrels per Day) ²	505	562	1,205	1,246
Other Produced Volumes (Thousands of Barrels per Day)	–	–	140	114
Gross Natural Gas Production (Millions of Cubic Feet per Day) ²	2,191	2,619	2,203	2,203
Net Natural Gas Production (Millions of Cubic Feet per Day) ²	1,873	2,228	2,085	2,064
Gross Proved Liquids Reserves (Millions of Barrels) ²	1,868	2,237	7,968	8,311
Net Proved Liquids Reserves (Millions of Barrels) ²	1,737	2,058	6,236	6,541
Gross Proved Natural Gas Reserves (Billions of Cubic Feet) ²	4,306	6,260	16,950	15,919
Net Proved Natural Gas Reserves (Billions of Cubic Feet) ²	3,704	5,353	15,971	14,838
Natural Gas Sales (Millions of Cubic Feet per Day)	4,518	4,304	1,885	1,951
Natural Gas Liquids Sales (Thousands of Barrels per Day)	177	194	105	107
Net Exploratory Oil and Gas Wells Completed ^{3,4}	16	27	24	12
Net Development Oil and Gas Wells Completed ^{3,4}	900	697	367	736
Net Productive Wells at Year-end ^{3,4,5}	35,003	38,021	9,704	10,134
Net Proved and Unproved Acreage (Thousands of Acres) ³	9,196	9,950	43,280	48,237
Exploration Expenditures	\$ 511	\$ 548	\$ 681	\$ 538
Production Expenditures	\$ 1,309	\$ 1,093	\$ 3,820	\$ 3,496
Total Upstream Capital and Exploratory Expenditures	\$ 1,820	\$ 1,641	\$ 4,501	\$ 4,034

¹ Includes equity share of affiliates unless otherwise noted.

² Gross production or gross reserves are the company's share of total production or total reserves after deducting partners' equity share, but before deducting royalties. Net production or net reserves are after deducting royalties.

³ Consolidated companies only.

⁴ Net wells include all those wholly owned and the sum of the fractional interests in those that are joint ventures, unit operations or similar wells.

⁵ Includes wells producing or capable of producing and injection wells temporarily functioning as producing wells. Wells that produce crude oil and natural gas are classified as oil wells.

» Major Development Projects¹

Year of Startup/Project	Location	Ownership Percentage	Operatorship	Maximum Total Production	
				Liquids (MBPD) ²	Natural Gas (MMCFPD) ²
2004					
Hamaca Upgrader	Venezuela	30	Joint Operation	180 ³	10
Karachaganak Phase 2	Kazakhstan	20	Nonoperated	120	—
North West Shelf Train IV	Australia	16.7	Nonoperated	10	500
Sanha Bomboco ⁴	Angola	39.2	Operated	100	—
2005					
Clair Phase 1 ⁵	United Kingdom	19.4	Nonoperated	70	15
Dolphin/Dolphin Deep	Trinidad and Tobago	50	Nonoperated	—	205
South Offshore Water Injection	Nigeria	40	Operated	30	50
2006					
Benguela Belize—Lobito Tomboco	Angola	31	Operated	200	—
Britannia Satellites	United Kingdom	16.5 & 25	Nonoperated	50	260
Tengizchevroil Sour Gas Injection/ Second Generation Project	Kazakhstan	50	Joint Operation	130–200	—
2007					
Maliwan	Thailand	51.7	Operated	15	50
2008 - 2010					
Agbami	Nigeria	68	Operated	250	—
Angola LNG — Processing Plant	Angola	36.4	Joint Operation ⁶	—	670 ⁷
Brass LNG Project — Processing Plant	Nigeria	17	Joint Operation	—	1,700 ⁷
Blind Faith	United States	62.5	Operated	40	35
Chad Satellites	Chad	25	Nonoperated	25	2
Escravos Gas Project Phase 3/ Escravos GTL — Processing Plants	Nigeria	40 & 75	Operated	70 ⁷	550 ⁷
Frade	Brazil	42.5	Operated	90	—
Greater Gorgon	Australia	50–57	Operated	—	1,330
Negage	Angola	31	Operated	40	—
North West Shelf Train V	Australia	16.7	Nonoperated	10	500
Tahiti	United States	58	Operated	125	70
Tombua-Landana	Angola	31	Operated	100	—
Usan	Nigeria	30	Nonoperated	150	—

¹ The above projects are considered the most significant in the company's portfolio of development projects. These and other projects in the portfolio are discussed in detail beginning on page 14. The year of startup and production volumes for the projects noted above are projections based on the information available to the company at the date of this publication (April 2005). These projections are forward-looking statements and are subject to the risks and uncertainties described in the "Cautionary Statements" on page 59 of this document and the "Risk Factors" on pages 4 and 5 of the company's 2004 Annual Report on Form 10-K.

² MBPD = thousands of barrels per day; MMCFPD = millions of cubic feet per day.

³ For the Hamaca upgrader, production is shown on the basis of plant output.

⁴ In 2004, the Sanha condensate gas utilization and Bomboco oil project, located in Block 0, began operations with the installation of facilities and the start of production.

⁵ Commenced production in February 2005.

⁶ The company co-leads the project.

⁷ Represents total plant processing capacity.

» United States

ChevronTexaco was the third-largest hydrocarbon producer in the United States in 2004, with daily net production of more than 500,000 barrels of crude oil and natural gas liquids and nearly 1.9 billion cubic feet of natural gas. On an oil-equivalent basis, these volumes represented about one-third of the company's worldwide production for the year. The U.S. portfolio is anchored by mature assets concentrated in the Gulf of Mexico, California, Louisiana, Texas, New Mexico and the Rocky Mountains.

During 2004 the company sold approximately 300 properties which, along with assets sold in late 2003, accounted for about 30,000 barrels of oil-equivalent production per day, or less than 5 percent of the average daily production for the year in the United States. These properties were no longer considered strategic to the upstream asset portfolio. Certain other properties, representing less than one percent of daily U.S. production, are earmarked for sale in 2005.

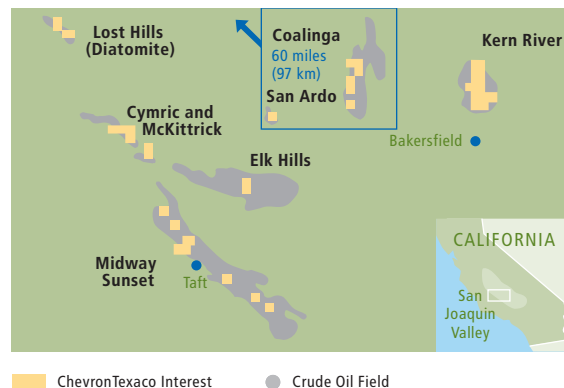
In September 2004, Hurricane Ivan hit the Gulf of Mexico region, causing significant damage to production facilities and pipelines. The damages lowered 2004 average daily net oil-equivalent production by 21,000 barrels. Before the hurricane struck, the company evacuated and later remobilized more than 1,600 workers in the Gulf of Mexico without a safety incident.

U.S. Upstream received a number of health, environment and safety awards during 2004, including the Bureau of Land Management *Oil and Gas Operator of the Year Award* in the San Joaquin Valley; the California Department of Oil and Gas *Clean Lease Award*; the New Mexico Energy, Minerals and Natural Resources Department Oil Conservation Division *Environmental Merit Award*; recertification for the *Wyoming Workers Safety Voluntary Protection Program OSHA Star Award* at the Whitney Canyon/Carter Creek facility; a Minerals Management Service (MMS) *Safety Award for Excellence (SAFE)* for Gulf of Mexico, New Orleans district and an MMS *SAFE* for the Gulf of Mexico, Houma district; several MMS corporate leadership awards; and a nomination for the MMS 2004 National *SAFE*.

CALIFORNIA

Operating primarily in the San Joaquin Valley, ChevronTexaco again ranked No. 1 in oil-equivalent production in California in 2004, with average net daily production of 217,000 barrels of crude oil, 108 million cubic feet of natural gas and 4,000 barrels of natural gas liquids. With 84 percent of the crude oil production considered heavy oil (API gravity of 22° or below), heat management continues to be a major operational focus in the recovery of these reserves.

The three major San Joaquin Valley crude oil fields – Kern River, Midway Sunset and Cymric – had combined net oil-equivalent production of 170,000 barrels per day in 2004. The Kern River Field is a mature steamflood operation with net oil-equivalent production exceeding 95,000 barrels per day during the year. Activity at Kern River focused primarily on an accelerated drilling program for 200 infill wells. An infill program with another 100 wells is planned for 2005.



Diatomite Reservoirs

ChevronTexaco has crude oil resources in diatomite reservoirs at Lost Hills, Cymric, McKittrick and Midway Sunset fields. Formed from the skeletons of countless prehistoric microorganisms called diatoms, diatomite is a reservoir rock with very high porosity and low permeability that can be difficult to produce.

In the central waterflood area of the Lost Hills Field (a light oil field), the company drilled 19 production wells and 69 injection wells during 2004 and increased water injection rates from 88,000 to 134,000 barrels a day. Combined with additional workover and stimulation jobs in the second half 2004, production at Lost Hills increased about 5 percent in 2004. At the north Lost Hills waterflood project, the company drilled 105 injection wells and 36 producing wells during 2004. Plans for 2005 include 90 injection wells and 78 producing wells. Waterflood technology is being employed in the region to improve recovery of the field's hydrocarbons. Net oil-equivalent production for 2004 in the Lost Hills area averaged 20,000 barrels per day, an increase of 9 percent from 2003 levels.

The company also has diatomite reservoirs containing heavy crude oil. Producing hydrocarbons from this type of formation presents unique technical challenges. At Cymric Field, a recovery technique utilizing a high-pressure cyclic steaming process has been employed with demonstrated significant results. The 1Y Antelope project

United States

increased net oil-equivalent production in 2004 approximately 5 percent, to 22,000 barrels per day. Seventy-one wells were drilled during 2004, and 25 additional wells were drilled in the first quarter 2005. Successful high-pressure cyclic steaming pilot testing programs in the Midway Sunset Field resulted in further diatomite development projects in 2004 that extend into 2005. ChevronTexaco's ownership in these diatomite areas is nearly 100 percent.

Elk Hills An active development program continued in the nonoperated Elk Hills Field, where the company has an average ownership interest of 23 percent in four producing zones. During the year, 252 development wells were drilled to mitigate the decline of crude oil and natural gas production to five percent annually from a base level of 15 percent. In 2004, ChevronTexaco's share of net daily production was 13,000 barrels of light crude oil, 65 million cubic feet of natural gas and 4,000 barrels of natural gas liquids. Pilot projects for carbon dioxide, ethane and water injection have also been initiated and additional enhanced crude oil recovery processes – including polymer injection, nitrogen injection and fireflood – continue to be evaluated for possible future use.

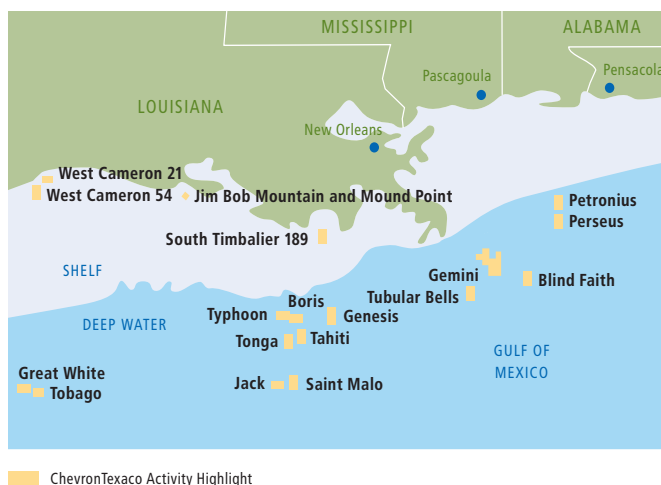
GULF OF MEXICO

Combining the company's interest in the shelf and deepwater areas and onshore Louisiana, average daily net production rates during 2004 were 138,000 barrels of crude oil, 815 million cubic feet of natural gas and 16,000 barrels of natural gas liquids. ChevronTexaco has an interest in 886 leases in the Gulf of Mexico, 539 of which are located in water depths greater than 1,000 feet (305 m). The company is currently the largest leaseholder overall in the Gulf of Mexico and second-largest in deepwater areas.

Shelf

ChevronTexaco is one of the largest producers of crude oil and natural gas on the Gulf of Mexico shelf. The company drilled 107 wells during 2004 and maintained daily average net production rates of 101,000 barrels of crude oil, 750 million cubic feet of natural gas and 14,000 barrels of natural gas liquids.

Deep Gas During 2004, ChevronTexaco participated in drilling 13 exploration wells with natural gas objectives below 15,000 feet (4,572 m), referred to as "deep gas." In an effort to mitigate risk and maximize value, 10 of the wells were drilled with leveraged partnerships, with partners providing a percentage of drilling funds to earn a lesser percentage of the wells. On these leveraged projects, ChevronTexaco retained working interests ranging from 27.5 percent to 55 percent. Two drilled wells were a



"full carry," with no financial exposure for the company, while retaining working interests of 40 and 45 percent. Additional wells are planned for 2005. Other deep gas initiatives include:

Jim Bob Mountain and Mound Point This deep gas project began in 2003 with the drilling of delineation wells and the installation of associated facilities. Located in the South Marsh Island Block 223, two Jim Bob Mountain wells completed in 2003 are currently producing. A State Lease 340 Mound Point project well, also located in the South Marsh Island area, was drilled and completed in 2003 and is also on production. Two unsuccessful wells were drilled in 2004, but additional opportunities in both areas are being evaluated for 2005.

Associated with this project are an estimated 125 billion cubic feet of natural gas and 11 million barrels of crude oil that are potentially recoverable. Additional reserves are expected to be added in subsequent delineation phases. Total daily production in 2004 averaged 3,000 barrels of crude oil and 45 million cubic feet of natural gas (approximately 4,000 net barrels of oil-equivalent).

Installation of an amine plant (a natural gas treatment facility that uses organic bases to remove acid gases [carbon dioxide- CO_2 and hydrogen sulfide- H_2S] from the natural gas) at the South Marsh Island 217 "A" Platform was completed in November 2004. This facility supports the project production and future deep gas development in the area. ChevronTexaco operates the production and has a 45 percent working interest in the amine plant and the South Marsh Island Block 223 wells and a 43 percent working interest in the Mound Point well.

United States

West Cameron Block 21 A 2004 exploratory well discovered two reservoir sands with combined net natural gas pay exceeding 300 feet (91 m). Estimates exceed 23 billion cubic feet of natural gas and 264,000 barrels of crude oil that are potentially recoverable. ChevronTexaco operates and has a 38.5 percent interest in the production from a well that came online in February 2005. The initial recognition of proved developed reserves occurred in 2004. Total 2005 daily production is expected to average 26 million cubic feet of natural gas and 500 barrels of crude oil (approximately 2,000 net barrels of oil-equivalent). Follow-up drilling opportunities are dependent on the performance of this first well.

West Cameron Block 54 The discovery well in this deep natural gas prospect began production in 2003. Three successful appraisal wells have been drilled since the initial discovery in 2003; the third well encountered 140 feet (43 m) of natural gas in three zones. The first zone was brought on production in April 2004, and the remaining zones are planned to be completed sequentially upon depletion of the initial zone. ChevronTexaco has a 100 percent-owned and operated interest in the property. Total 2004 production averaged 28 million cubic feet of natural gas and 1,000 barrels of liquids per day (approximately 5,000 net barrels of oil-equivalent). Total 2005 production is expected to average 11 million cubic feet of natural gas and 300 barrels of liquids per day (approximately 2,000 net barrels of oil-equivalent).

South Timbalier Following up on prior-year successes at the nearby CA-7 and CA-5 wells (ChevronTexaco 100 percent-operated interest), the company drilled the CA-6 well in 2004 and encountered 56 feet (17 m) of natural gas pay in an offsetting fault block. The well was brought online in October 2004 and averaged total daily production of 29 million cubic feet of natural gas and 4,000 barrels of crude oil (approximately 7,000 net barrels of oil-equivalent) through the end of the year.

Deep Water

ChevronTexaco is one of the top producers in deepwater Gulf of Mexico. During 2004, the company maintained average daily net production of 37,000 barrels of crude oil, 65 million cubic feet of natural gas and 2,000 barrels of natural gas liquids.

Production

Genesis Total daily production during 2004 averaged 26,000 barrels of crude oil and 36 million cubic feet of natural gas (approximately 16,000 barrels of net oil-equivalent). ChevronTexaco is the operator with a 56.7 percent interest. A new four-dimension (4-D) seismic survey was acquired in 2003 and processed in 2004. A satellite drilling program is scheduled to begin in 2005 and is expected to continue through 2007.

Petronius Total daily production in 2004 averaged 32,000 barrels of crude oil and 56 million cubic feet of natural gas (approximately 18,000 barrels of net oil-equivalent). The company is the operator with a 50 percent interest. Petronius was off production beginning in September 2004 in order to make repairs that were needed as a result of Hurricane Ivan. Production was restarted in March 2005.

Typhoon Total daily production from 50 percent-owned and operated Typhoon in 2004, along with volumes processed from the 25 percent-owned and partner-operated Boris Field, averaged 31,000 barrels of crude oil and natural gas liquids and 47 million cubic feet of natural gas (approximately 14,000 barrels of net oil-equivalent). Significant development drilling and exploratory programs are planned for Typhoon and the near vicinity in 2005 and 2006.

Development

Perseus A discovery was made in 2003 at Viosca Knoll Block 830 in 3,376 feet (1,029 m) of water, approximately 5 miles (8 km) from the existing Petronius platform. The company is the operator and holds a 50 percent working interest. Development using extended reach drilling was being employed when Hurricane Ivan damaged the platform rig in September 2004. The first well was rescheduled for completion in the second quarter 2005, to be followed by a second well in the first quarter 2006. Average net production in 2005 from the first Perseus well through the Petronius facilities is estimated at more than 4,000 net barrels of oil-equivalent per day after startup. The initial booking of proved undeveloped reserves occurred in 2003 and a reclassification of a portion of these reserves into the proved developed category is anticipated in 2005. The remaining reserves will move into the proved developed category over the life of the project. The Perseus project has an estimated production life of six to nine years, with maximum production anticipated in 2006.

Tahiti In 2002, the company made a discovery at the Tahiti project, which is located in Green Canyon 640, 641, 596 and 597. The prospect is approximately 190 miles (306 km) south of New Orleans at a water depth of 4,100 feet (1,250 m). ChevronTexaco is the operator with a 58 percent working interest. In 2002, the company formed a project team to begin evaluating development alternatives and to prepare an overall development plan. Two appraisal wells were drilled in 2003, and evaluation of reservoir data obtained from the discovery and appraisal wells verified prior estimates of 400 million to 500 million barrels of oil-equivalent that are potentially recoverable. In late 2003, the project

team completed its evaluation of development alternatives and selected a spar floating production facility having nominal production capacity of 125,000 barrels of crude oil per day. Two major engineering contracts covering front-end engineering and design (FEED) work for the floating production facility and subsea systems were awarded by the company in 2004. All wells will be subsea completions. Initial booking of proved undeveloped reserves occurred in 2003, and movement of certain reserves into the proved developed category is anticipated in 2008, when first production is scheduled to begin. Engineering work on the selected concept and procurement of long-lead equipment will continue through the third quarter 2005. The project schedule will be finalized in the second quarter 2005, and project approval is expected in the third quarter. Production life of the field is estimated to be 25 years.

The deepest successful production well test in the history of the Gulf of Mexico, at 25,812 feet (7,867 m), was completed in September 2004 at Tahiti. The well's maximum rate during the test was 15,000 barrels of crude oil per day, a level that had been set as a pretest maximum because of safety and equipment limitations. Early analysis indicates that the well's production capability exceeds the pretest expectation of 25,000 barrels of crude oil per day and could be as high as 30,000 barrels of crude oil per day.

Blind Faith After drilling an appraisal well in early 2004, ChevronTexaco earned the right to operate the Blind Faith discovery, located in Mississippi Canyon 696, and increased its ownership to 62.5 percent. The well reached its total depth in March 2004, encountering 227 feet (69 m) of net pay sands, confirming two major reservoirs. Upon success of the appraisal well, an integrated project team was formed with the joint-venture partner. Progress has been made in constructing reservoir models to assess the risks and uncertainties associated with the potentially recoverable volumes, and several development options are currently under consideration. Initial production is expected by early 2008. No proved reserves have yet been recognized for this project.

Exploration

As a result of a focused, high-impact exploration program, the company continued its string of deepwater discoveries in 2004, with a greater than 50 percent success rate in the 16 wildcat wells drilled since late 2001.

In 2004, the company participated in a total of 11 exploratory wells (eight wildcat and three appraisal wells) in the deepwater Gulf of Mexico. The 2004 program resulted in two announced discoveries and three successful appraisal wells. The announced discoveries

were the ChevronTexaco-operated Jack prospect (Walker Ridge 759, ChevronTexaco – 50 percent interest) and the nonoperated Tobago (Alaminos Canyon 859, ChevronTexaco – 16.7 percent interest).

A successful appraisal well, Alaminos Canyon 857 No. 4, was drilled to a depth of 10,863 feet (3,311 m) in 2004 at the Great White prospect in the western Gulf of Mexico. ChevronTexaco has a 33.3 percent working interest in this nonoperated exploratory opportunity in Alaminos Canyon Blocks 813, 857, 900 and 901. The partnership is continuing to evaluate the reserve potential and appropriate development option for this discovery.

Further evaluation of the commercial potential continued on the 2003 discoveries at the nonoperated Tubular Bells prospect (Mississippi Canyon Block 725, ChevronTexaco – 30 percent interest), with additional follow-up drilling planned for the 2005 to 2006 time frame, and the Saint Malo prospect (Walker Ridge Block 678, ChevronTexaco – 12.5 percent interest), where a successful follow-up appraisal well was drilled during 2004. Proved reserves have not been recognized for these projects. The Tonga prospect (Green Canyon 727, ChevronTexaco – 75 percent interest and operated) was drilled in 2003 and is being further evaluated.

ChevronTexaco added new leases to its deepwater portfolio in 2004. In the Spring Lease Sale 190, the company acquired 16 of the 22 leases on which it bid. The company also had the high bid on 11 of the 13 blocks on which it bid in the August 2004 Western Gulf of Mexico Lease Sale 192. All of the blocks in the latter sale are located in the Keathley Canyon Area. In Lease Sale 192, ChevronTexaco succeeded in acquiring one of the most competitive, sought-after blocks in the area, with a high bid of \$2.5 million on the deepwater prospect Great Falls. All 27 high bid leases from both sales were awarded to the company for lease bonus payments totaling approximately \$12 million.

OTHER U.S. AREAS

Outside California and the Gulf of Mexico, the company manages production operations in the midcontinental United States, extending from the Rockies to southern Texas (primarily in the states of Wyoming, Utah, Colorado, Oklahoma, Kansas, New Mexico and Texas), and oversees nonoperated production in these and several other states. ChevronTexaco's operations in West Texas and southeastern New Mexico make it the second-largest hydrocarbon producer in the Permian Basin.

United States



● Major Producing Fields in Other U.S. Areas

In 2004, net production of natural gas averaged 950 million cubic feet per day, and net production of crude oil and natural gas liquids averaged 130,000 barrels per day. Capital spending focused on crude oil and natural gas development, with major programs in the Permian Basin, the Rockies, East Texas and South Texas. In 2004, the company drilled 228 wells and participated in approximately 300 nonoperated wells.

The company is minimizing the base production decline in existing fields with workovers, artificial lift, facility optimization and development drilling activity. Some examples include Carthage Field in East Texas and Encinitas Field in South Texas. Carthage Field had 2004 net oil-equivalent production of 11,000 barrels a day. Ninety new wells have been drilled since 2002, which, combined with other well and facility optimization efforts, have flattened the field's decline from 27 percent to zero. In Encinitas Field, a development drilling program, resulting from 3-D seismic and reservoir simulation work, has increased year-end 2004 production to more than 3,000 barrels of net oil-equivalent production per day from 100 barrels per day in 2003.



Africa

ANGOLA

ChevronTexaco is the largest producer of crude oil and liquefied petroleum gas (LPG) in Angola and was also the first to produce in the deep water. The company has an interest in four concessions totaling approximately 3 million acres (12,173 sq. km). During 2004, average total crude oil production exceeded 478,000 barrels per day (140,000 net barrels). The company is embarking on a major development program in an effort to significantly increase production after 2005.

Cabinda Gulf Oil Company Limited (CABGOC), a wholly owned subsidiary of ChevronTexaco, is the operator of two concessions, Blocks 0 and 14, off the west coast of Angola, north of the Congo River. Block 0 is a 1.38-million-acre (5,581-sq.-km) concession adjacent to the coastline in which CABGOC has a 39.2 percent interest. Block 14, in which CABGOC has a 31 percent interest, is a 1.01 million-acre (4,092-sq.-km) deepwater concession located west of Block 0. Texaco Panama Limited (TEXPAN), a wholly owned subsidiary of ChevronTexaco, is the operator and has a 20 percent interest in Block 2, a 102,400-acre (414-sq.-km) concession adjacent to the northwestern part of Angola's coast, south of the Congo River. TEXPAN also has a 16.3 percent nonoperated interest in the 384,000-acre (1,554-sq.-km) onshore Fina Sonangol Texaco concession.

Production – Block 0 The block is divided into Areas A and B, which had total production in 2004 of 371,000 barrels of liquids per day (116,000 net barrels). In 2004, the company finalized a 20-year extension of its Block 0 concession, which will expire in 2030. Area A daily total production was 248,000 barrels of crude oil (78,000 net barrels) and 4,000 barrels of LPG (1,000 net barrels) from 13 fields. Area B, which is the combination of areas previously known as Area B and Area C, includes six fields that produced 119,000 total barrels of crude oil per day (37,000 net barrels).

Development – Block 0 In Area B, the \$1.9 billion Sanha condensate gas utilization and Bomboco oil project began operations with the installation of facilities and the start of production in December 2004. This project is expected to eliminate 50 percent of the associated gas flaring in Block 0 and to have maximum daily production exceeding 100,000 barrels of oil-equivalent per day (40,000 net barrels) by 2006. LPG will be exported via the world's largest LPG floating production, storage and offloading (FPSO) vessel. Initial recognition of proved reserves was done at the end of 2002. Initial reclassification of reserves from proved undeveloped to proved developed occurred in 2004 and will continue in 2005 and 2006.

In Area A, development of Banzala Field is continuing with the project approval of Banzala Lago and the installation of additional well and processing jackets. First production is anticipated in 2006, with a projected maximum production rate of approximately 30,000 barrels per day (10,000 net barrels). Proved undeveloped reserves for Banzala Lago were originally recorded as part of the initial development of Banzala A. Additional proved undeveloped reserves were recorded in 2004 following drilling of a successful appraisal well. Reclassification of proved undeveloped reserves to proved developed reserves for Banzala Lago Field will occur with first production in 2006.

The Greater Takula infrastructure project involves the renewal and debottlenecking of four offshore platforms and onshore treating facilities to increase production and water treatment capacity. This work is scheduled to be complete in 2006. The Area A gas management project, also scheduled for completion in 2006, is expected to eliminate the remaining associated gas flares by collecting and reinjecting excess natural gas.

Feasibility studies in Block 0 projects, including Mafumeira Norte, Nemba enhanced recovery and South N'Dola, are moving forward. Other small field discoveries are being evaluated for commerciality. Timing is uncertain on the booking of reserves on these projects.

Production – Block 2 This block includes 13 fields that produced an average of 38,000 barrels of crude oil per day (4,000 net barrels) in 2004.

Production – Block 14 Kuito Field, Angola's first deep-water development, produced 57,000 barrels of crude oil per day (18,000 net barrels) in 2004. Production at Kuito Field is by subsea well clusters that flow into an FPSO unit. During 2004, the field surpassed 100 million barrels of cumulative production in just over four years after startup.

Development – Block 14 Awarded in 1995, Block 14 has undergone an aggressive exploration program, resulting in nine commercial discoveries.

The development plans for the Benguela, Belize, Lobito and Tomboco fields were approved in 2003. Phase 1 of the \$2.2 billion project involves the installation of an integrated drilling and production platform and the development of the Benguela and Belize fields, projected to startup in early 2006. Proved undeveloped reserves for these fields were booked in 1998. Phase 2 of the project involves the installation of subsea systems, pipelines and wells for the Lobito and Tomboco field developments. Phase 2 is currently under construction



with first oil planned in 2006. Proved undeveloped reserves for these fields were booked in 2000. It is estimated that total maximum daily production for both phases will be more than 200,000 barrels of crude oil in 2008. Certain proved developed reserves will be recognized near the time of first oil. The concession for these fields will expire in 2027.

The Landana and Tombua fields were discovered in 1997 and 2001, respectively, and appraisal drilling was done from 1998 through 2002. Proved undeveloped reserves for Tombua and Landana were booked in 2001 and 2002, respectively. Feasibility studies were completed in 2004 for the Tombua-Landana development, targeted as the next major capital project for Block 14, currently in front-end engineering. Estimated capital expenditures for the development exceed \$2 billion and maximum daily production of more than 100,000 barrels of crude oil per day is targeted for late this decade. The company expects to recognize proved developed reserves near the time of first production.

Africa

Exploration – Block 14 During 2004, ChevronTexaco successfully negotiated an extension to the exploration period and is planning an extensive 3-D seismic program over the unexplored areas of the block to assess the remaining potential. Additional drilling is planned for the Negage and Gabela fields in 2005 and 2006, discovered in 2002, to further evaluate the resource base and establish commerciality for these developments.

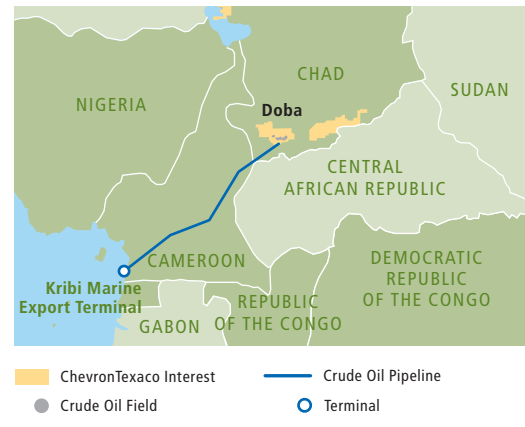
Angola LNG The Angola LNG project is an integrated gas utilization effort. In addition to commercializing Angola's gas resources, this project will continue to facilitate offshore crude oil development by reducing flaring of the natural gas associated with crude oil production and is expected to provide a long-term market for this associated gas. ChevronTexaco and the state oil company of Angola are co-leading the project, which provides the company with an opportunity to grow its international natural gas business and operate a world-class LNG project. ChevronTexaco's interest is 36.4 percent. Proved natural gas reserves associated with this project were not yet recognized at the end of 2004.

In March 2005, the company and its partners reached an agreement to establish the gas supply, corporate structure, and legal and regulatory framework for the project.

CHAD/CAMEROON

The Chad/Cameroon project is developing crude oil fields in southern Chad and transporting the crude oil more than 650 miles (1,050 km) by underground pipeline to the coast of Cameroon for export to world markets. ChevronTexaco has a 25 percent nonoperating interest in the field and approximately 21 percent interest in the pipeline. Over its 30-year life, the total project is expected to produce approximately 1 billion barrels of crude oil and cost approximately \$5 billion. Production from Miandoum Field, one of three fields in the crude oil development area, began in 2003. Production in 2004 was approximately 200,000 barrels of crude oil per day (37,000 net barrels). Proved undeveloped reserves were booked in 2000 and began to be reclassified to proved developed in 2002. At the end of 2004, the initial phase of the project was complete, with central treating facilities, pipelines and export facilities fully operational. Infill drilling will continue in the Miandoum, Kome and Bolobo fields in 2005.

The pre-FEED work for the first development project outside the original three fields was completed in 2004. The satellite project is expected to develop approximately 100 million barrels in the Nya and Moundouli fields. The company's share of total project cost is estimated at \$340 million. First crude oil from these fields



is projected for early 2006, at an initial production rate of 26,000 barrels per day (7,000 net barrels). If approved by the partners, the project will finalize the FEED work, start construction and begin drilling in the first half 2005.

Ratification of the exploration permit extension was approved by the government in January 2005, at which point the company started a five-year exploration program to evaluate the remaining Doba and Doseo areas.

DEMOCRATIC REPUBLIC OF THE CONGO

ChevronTexaco sold its 50 percent interest in the 390-square-mile (1,010-sq.-km) concession off the coast of the Democratic Republic of the Congo in mid-2004. Production through the date of sale was 19,000 barrels of crude oil per day (9,000 net barrels). The impact of the sales on 2004 net daily production averaged 4,000 barrels.

EQUATORIAL GUINEA

In 2000, Chevron Equatorial Guinea Ltd. entered into a production-sharing contract with the Republic of Equatorial Guinea for Block L, located off the coast of the island of Bioko. ChevronTexaco is the operator with a 45 percent contractor interest. The first exploration well, Ballena-1, was completed in 2003. ChevronTexaco is considering partial farm-out opportunities and, if completed, plans to drill two stratigraphic prospects in Block L.

LIBYA

In early 2005, the company was awarded an onshore block in Libya's first exploration license round, under the terms of the Exploration and Production Sharing Agreement IV. The company was also made operator of Block 177 with 100 percent equity. The events mark the company's return to Libya after a 28-year absence.

NIGERIA

ChevronTexaco's principal subsidiary in Nigeria, Chevron Nigeria Limited (CNL), operates and holds a 40 percent interest in 11 concessions that include approximately 2.2 million acres (8,903 sq. km), predominantly in the onshore and near-offshore regions of the Niger Delta. CNL operates under a joint-venture arrangement with the Nigerian National Petroleum Corporation (NNPC), which owns the remaining 60 percent interest.

ChevronTexaco subsidiaries Texaco Overseas (Nigeria) Petroleum Company Unlimited (TOPCON) and Chevron Oil Company Nigeria Limited (COCNL) each had a 20 percent interest in six concessions totaling 600,000 acres (2,428 sq. km). TOPCON operated the six concessions under a joint-venture agreement with the NNPC, which owns the remaining 60 percent interest. Effective November 2004, TOPCON and COCNL were merged into CNL.

In 2004, total daily production from the 33 CNL-operated fields averaged 341,000 barrels of crude oil (111,000 net barrels), 148 million cubic feet of natural gas (59 million net cubic feet) and 6,000 barrels of LPG (2,000 net barrels). During 2004, total daily production from the four TOPCON-operated fields averaged 18,000 barrels of crude oil (6,000 net barrels).

Onshore operations in the Niger Delta, including the Olero Creek development, were suspended in March 2003 as a result of civil unrest. Total onshore production of about 140,000 barrels of crude oil per day (45,000 net barrels) was shut in. The company has begun initial production-resumption efforts in certain areas. Abiteye Field, closest to the Escravos terminal, was returned to production in 2004. Restoration activities in the remaining fields will continue through 2006.

Exploration In May 2004, ChevronTexaco secured its position in Oil Prospecting License (OPL)-247 with a 100 percent contractor interest under a PSC. "Contractor interest" means ChevronTexaco funds 100 percent of the costs and in return recovers all costs and shares disproportionately in all profits after full cost recovery. This further increased the company's No. 1 acreage position in the Nigerian deepwater trend.

In August 2003, the Aparo discovery on OPL-213 was extended with a delineation well on OPL-249 and followed by the drilling of Nsiko-1, a rank wildcat well. A substantial amount of net hydrocarbon sand was encountered in multiple zones. One zone was tested in the well and flowed at 6,300 barrels of light high-quality crude oil per day under restricted flow conditions. ChevronTexaco drilled two additional appraisal wells on the Nsiko discovery during 2004. Both wells confirmed the presence of producible hydrocarbons

over the whole structure. Technical studies are under way to assess development concepts for the field, which lies approximately 16 miles (26 km) southwest of the Aparo/Bonga SW Field.

Deepwater Development – Aparo ChevronTexaco signed a joint study agreement with the operator of OPL-212 in 2004 to conduct technical studies in pursuit of a unitized joint development of the Aparo/Bonga SW discovery, which straddles OPL-212, OPL-213 and OPL-249. These studies are intended to lead to the selection of a development concept for the field in 2005. In early 2005, ChevronTexaco was participating in the joint study with a 30 percent interest. The timing of initial production and recognition of proved undeveloped reserves will depend on the completion of these studies and subsequent unitization.

Deepwater Development – Agbami This development lies in 4,800 feet (1,463 m) of water, 70 miles (113 km) off the coast in the Central Niger Delta. The geologic structure spans an area of 45,000 acres (182 sq. km) across OPL-216 and OPL-217. The appraisal program was completed in 2001. Four development wells were drilled in 2004, and the development drilling is scheduled to continue through 2009. The project is targeting an estimated 800 million oil-equivalent barrels that are potentially recoverable.



Africa

In 2004, approval was granted to move into the development phase of the project, which will require a more than \$2 billion capital investment by the company. Significant progress was made toward achieving final formal governmental approvals and executing key agreements. By February 2005, the Agbami development had achieved the following major milestones: conversion of OPL-216 and OPL-217 to Oil Mining Lease (OML)-127 and OML-128; approval of the field development plan; award of the contract for the FPSO; execution of the unit agreement and approval for project funding by the partners.

Proved undeveloped reserves were recognized for this project in 2002. Initial production for Agbami Field is estimated in 2008, before which time certain reserves would be reclassified to proved developed. The expected field life is approximately 20 years. A maximum daily production of 250,000 barrels of crude oil (155,000 net barrels) is expected to be reached within six to 12 months following startup. ChevronTexaco's share of interest under the PSC (rights to production and obligations for funding) in OML-127 is 80 percent and in OML-128, 46.2 percent.

Deepwater Development – Usan This development is located in OPL-222 and lies in 2,461 feet (750 m) of water, 62 miles (100 km) off the coast in the eastern Niger Delta. ChevronTexaco holds a 30 percent nonoperated interest in this PSC. The appraisal program for the greater Usan area continued in 2004, with successful drilling of the fifth and sixth wells and discovery of additional oil reservoirs. Usan development is planned to enter its basic engineering phase in 2005. Proved undeveloped reserves were initially booked in 2004. Production startup is estimated to occur in 2009, before which time certain reserves would start to be reclassified to proved developed.

Deepwater Development – Nnwa A joint development study between participants in OPL-218, in which the company holds a 46.2 percent nonoperated interest under a PSC, and OPL-219, in which the company is not a partner, was completed in 2003. The PSC left commercial terms for natural gas development for future negotiation. Further study and appraisal activities await the resolution of deepwater gas commercial terms. The Nigerian government distributed a first draft of a gas development agreement to operators in September 2004 to initiate negotiation of such terms. The company is working with industry organizations to respond to the government proposals.

Brass LNG Project In November 2004, ChevronTexaco and its partners in the Brass LNG Project awarded the FEED contract for a world-scale LNG development project located in Nigeria. The LNG plant will have two processing trains, with a combined expected initial processing capacity of 1.7 billion cubic feet per day. The project is expected to startup in 2010. ChevronTexaco holds a 17 percent interest in the project. CNL, through development of its natural gas resources, is expected to supply a major amount of feed gas to the LNG project. In 2004, CNL completed the certification of the reserves required to satisfy the natural gas supply requirements. No proved reserves have been recognized for this project.

Escravos Gas Project (EGP) Phase 3 The onshore and offshore engineering, procurement and construction bids were received for this project in 2003. A re-engineering effort was completed to more narrowly focus the project scope in order to reduce costs. Bids were reissued in 2004 for engineering, procurement and construction. Startup is expected in 2008 and includes adding a second plant with 395 million cubic feet of daily processing capacity, expanding total capacity at Escravos to 680 million cubic feet and potentially increasing LPG and condensate exports by 43,000 barrels per day. Proved undeveloped reserves associated with EGP were recognized in 2002. These reserves will be reclassified to proved developed as various stages of EGP and related projects are completed. ChevronTexaco holds a 40 percent interest in EGP.

Gas-to-Liquids (GTL) The lump-sum engineering, procurement and construction bids were opened in May 2004. A detailed analysis and project profitability review has been completed, and the final investment decision and contract award issues are being discussed with NNPC, with a view to commencing construction in 2005. The project is the first to use the technology and operational expertise of the Sasol Chevron Global Joint Venture, which was established in 2000 to develop a worldwide GTL business. Sasol also is providing risk-based financing to the project in support of the use of the joint venture's technologies. Project startup is expected in 2008. CNL holds a 75 percent interest in the project.

West African Gas Pipeline The regional project is planned to supply Nigerian natural gas to customers in Ghana, Benin and Togo for industrial applications and power generation. ChevronTexaco holds approximately a 38 percent interest in the project. In 2004, the consortium agreed to move forward with the construction and implementation of the project. Startup is expected in 2006. The project will transport natural gas 420 miles (678 km) to customers. ChevronTexaco is the managing sponsor in West African Pipeline Company Limited, which will construct, own and operate the pipeline.

NIGERIA – SÃO TOMÉ E PRÍNCIPE JOINT DEVELOPMENT ZONE

In October 2003, ChevronTexaco submitted the winning bid for Block 1 in the newly opened deepwater Nigeria – São Tomé e Príncipe Joint Development Zone (JDZ). The Nigeria – São Tomé e Príncipe Joint Development Authority subsequently awarded JDZ Block 1 in 2004 and appointed ChevronTexaco as operator with a 51 percent contractor interest in the PSC. The PSC was signed in February 2005.

REPUBLIC OF THE CONGO

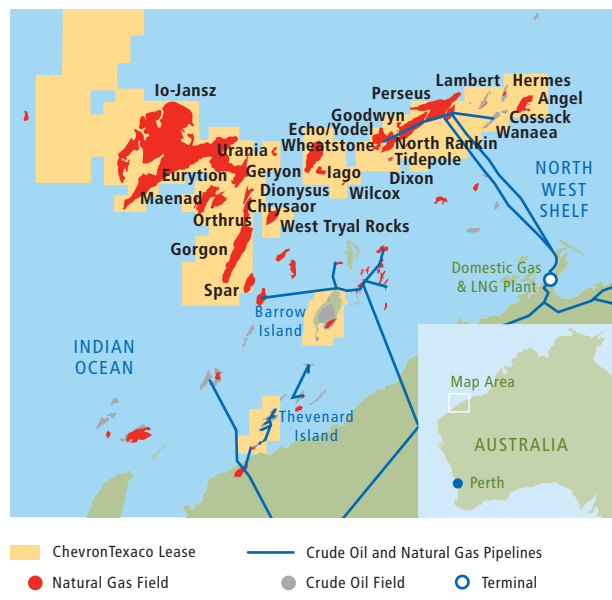
ChevronTexaco has a 30 percent interest in the Nkossa, Nsoko and Moho-Bilondo exploitation permits and a 29 percent interest in the Marine VII Kitina and Sounda exploitation permits. In addition, the company holds a 31 percent interest in and operates the 14K/A-IMI Unit, a new concession straddling the border and shared equally between Angola and the Republic of the Congo.

Production Average total production from the Republic of the Congo was 45,000 barrels of crude oil per day (12,000 net barrels) in 2004.

Exploration Assessment of the Moho and Bilondo satellite fields progressed with the drilling of the MOBIM 1 well during 2004. Work was in progress in early 2005 to determine the development plan for the field.

The Lianzi-1 well drilled in the 14K/A-IMI Unit discovered significant quantities of crude oil and flowed at a rate more than 5,000 barrels per day during testing. Appraisal drilling is planned in 2005 to assess size and commerciality of the discovery. Timing is uncertain with respect to the recognition of proved reserves.

production from the project during 2004 averaged 17,000 barrels of condensate, 305 million cubic feet of natural gas, 15,000 barrels of crude oil and 4,000 barrels of LPG.



During 2004, the Train 4 LNG expansion project was completed. This project increased LNG capacity by approximately 50 percent and encompassed the installation of a second 80-mile (129-km) pipeline from the offshore natural gas fields to the onshore processing plant. A ninth LNG carrier, operated by Chevron Transport Corporation Ltd., was added to the NWS-controlled fleet. The first LNG from Train 4 was produced in September 2004.

Approximately 70 percent of the natural gas was sold, primarily under long-term contracts, in the form of LNG to major utilities in Japan and South Korea. Strong market demand, combined with the additional capacity from Train 4, contributed to yet another record year of LNG sales, with a total of 158 LNG cargoes sold. The remaining NWS natural gas production, which averaged 486 million cubic feet of natural gas per day (81 million net cubic feet), was sold into the Western Australia domestic gas market.

During 2004, two sales and purchase agreements were executed for the supply of LNG to Japan beginning in 2009 for a term of 15 years. One agreement was executed with the Chubu Electric Power Company and another with the Kansai Electric Power Company.

» Asia-Pacific

AUSTRALIA

During 2004, the net daily production from the company's producing interests in Australia was 39,000 barrels of crude oil and condensate, 4,000 barrels of LPG, and 305 million cubic feet of natural gas. The company has built a significant gas resource position off the northwest coast of Australia in line with ChevronTexaco's strategy to develop a high-impact natural gas business in the Asia-Pacific region.

North West Shelf (NWS) ChevronTexaco has a 16.7 percent nonoperated equity interest in the NWS venture in Western Australia. The NWS comprises the North Rankin, Goodwyn, Perseus and Echo/Yodel producing natural gas fields and the Wanaea, Cossack, Lambert and Hermes producing crude oil fields. Daily net

The China Guangdong LNG Sales Purchase Agreement, a 25-year sale and purchase agreement for more than 3.9 trillion cubic feet of natural gas, became fully unconditional in late 2004. The remaining ship-ping charter agreements were also executed.

Barrow Island and Thevenard Island ChevronTexaco operates the crude oil producing facilities on Barrow and Thevenard islands, with a combined crude oil production of 12,000 barrels per day (7,000 net barrels) in 2004. The company holds a 51.7 percent equity interest in the operations for Barrow Island and 51.4 percent for Thevenard Island.

Greater Gorgon Area Development ChevronTexaco holds significant equity interests in the large natural gas resource of the Greater Gorgon Area off the north-west coast of Western Australia. The 12 discovered gas fields straddle 17 lease blocks in the Greater Gorgon Area. ChevronTexaco is the operator of the Gorgon development, with a 57.1 percent interest and from 50 percent to 100 percent interest in other Greater Gorgon fields. The Gorgon project is moving forward on pre-FEED feasibility work, targeting initial production in 2009-2010. Preliminary gas sales agreements have been signed with the China National Offshore Oil Corporation and with a planned North American West Coast terminal. Proved reserves have not been recognized and are contingent upon securing LNG sale and purchase agreements and other key project milestones.

Exploration In 2004, ChevronTexaco drilled the successful Wheatstone-1 rank exploration well in offshore Western Australia. The well is located in permit area WA-17-R, where the company holds a 100 percent interest. The well tested at a rate of 54 million cubic feet of gas per day. Production tests were completed in 2004, and in early 2005, the company began conducting a 3-D seismic program to further evaluate the project's commerciality.

Elsewhere, the company conducted 3-D seismic surveys over 691,895 acres (2,800 sq. km) in the Io and Jansz fields, in which the company holds a 50 percent equity share in each of the three permit areas, and over 212,510 acres (860 sq. km) in the exploration permit area WA-268-P, in which the company holds a 100 percent equity position.

BAHRAIN

In 2001, ChevronTexaco signed a three-year exploration and production sharing agreement (EPSA) with the Kingdom of Bahrain to explore for oil in offshore Block 5. In 2004, the Tighaylib-2 exploration well was drilled, which completed the contractual commitment on the block. The first exploration phase of Block 5 expired, and the EPSA terminated February 2005.

CAMBODIA

ChevronTexaco operates and holds a 55 percent interest in Block A, located offshore Cambodia in the Gulf of Thailand, after a 15 percent farm-out during 2004. The concession covers approximately 1.6 million acres (6,475 sq. km). ChevronTexaco processed more than 600,000 acres (2,428 sq. km) of 3-D seismic data and drilled four exploration wells in 2004 on the second exploration campaign, resulting in four discoveries. The company is evaluating appraisal and additional exploration opportunities for 2005. Proved reserves have not yet been recognized for this project, and timing of reserves recognition has not been determined.

CHINA

ChevronTexaco has interests in three areas of China. In the South China Sea, the company has production and exploration activity in two offshore blocks, 16/08 and 16/19. In the North China Basin, the company has exploration and production activities in Bohai Bay offshore Block 11/19 and production in Block QHD 32-6. Net production from the company's interests in China was 18,000 barrels of crude oil per day in 2004. In the Ordos Basin, the company has 100 percent interest in two prospective natural gas blocks totaling about 1.25 million acres (5,059 sq. km). The company has 64.3 percent interest in three additional prospective natural gas blocks totaling about 1.43 million acres (5,787 sq. km).



Production ChevronTexaco has a 32.7 percent working interest in Blocks 16/08 and 16/19, located in the Pearl River Delta Mouth Basin. Average total production from the eight fields totaled 36,000 barrels of crude oil per day (10,000 net barrels) in 2004. Initial production was achieved from Huizhou (HZ) 19-3 Field in late 2004.

The company has a 24.5 percent working interest in Block QHD 32-6, located in Bohai Bay. Average total production from the field was 32,000 barrels of crude oil per day (7,000 net barrels) in 2004. The company also has a 16.2 percent working interest in Bozhong 25-1 unitized development project in Block 11/19 located in Bohai Bay. Initial production was achieved from this project in August 2004. Average total production from the field was 5,000 barrels of crude oil per day (1,000 net barrels) in 2004.

Development HZ 19-3/2/1 oil development project, located in Block 16/19, is a three-field project that leverages the existing infrastructure and operational organization of the Block 16/08 consortium-operated fields. The company has a 32.7 percent working interest in this development, which is expected to add an estimated 31,000 barrels of crude oil per day (9,000 net barrels). Proved reserves associated with the HZ 19-3/2/1 oil development project were added in 2002. The contractual production period for this asset is 20 years.

The HZ 21-1 natural gas development project, located in Block 16/08, is a single-field project that also leverages existing infrastructure and operational organization of the consortium-operated fields in the block. The company has a 32.7 percent working interest in this development, which is estimated to increase total daily production by 58 million cubic feet of natural gas (18 million net cubic feet) and 4,000 barrels of condensate (1,000 net barrels). First production is targeted for the second quarter 2006.

The Bozhong 25-1 unitized development project, located in Block 11/19, is a single-field project. The project is estimated to increase total daily production by 63,000 barrels of crude oil (14,000 net barrels). Proved reserves associated with the Bozhong 25-1 project were added in 2002. First crude oil production occurred in October 2004. Some proved undeveloped reserves were reclassified to developed at that time. The contractual production period for this asset is 15 years.

Exploration Geological, geophysical and engineering studies were conducted on the company's Ordos Basin blocks in an effort to high-grade prospects for potential exploration drilling in the future.

KAZAKHSTAN

ChevronTexaco is the largest private producer in Kazakhstan, where net daily production in 2004 from the Tengizchevroil (TCO) and Karachaganak projects totaled 174,000 barrels of crude oil and natural gas liquids and 333 million cubic feet of natural gas. ChevronTexaco also has a 15 percent interest in the Caspian Pipeline Consortium (CPC), which provides the critical export route for crude oil from both TCO and Karachaganak.



Caspian Pipeline Consortium

CPC operates a 935-mile (1,505-km) crude oil export pipeline from the Tengiz Field in Kazakhstan to the Black Sea port of Novorossiysk in Russia. CPC has 10 transportation agreements in place and was transporting 550,000 barrels of crude oil per day from the Caspian region in early 2005. Russian crude oil entered the CPC pipeline in late 2004 and is forecasted to rise to approximately 120,000 barrels per day, bringing the pipeline capacity to 670,000 barrels per day. The pipeline system is expandable to 1.4 million barrels per day with additional pump stations and tanks. In early 2005, CPC was in the initial planning stages of expanding the system. Expansion is expected to be completed in phases, with the total cost estimated at approximately \$2 billion. Full buildout of the CPC pipeline to a capacity of 1.4 million barrels per day is scheduled to be complete by the end of 2008, with additional planned capacity to begin operating in 2006 and 2007.

Karachaganak Project

Karachaganak is a world-class natural gas and crude oil/condensate field that is located in northwest Kazakhstan. ChevronTexaco holds a 20 percent interest in the project.

Production During 2004, total daily production averaged approximately 165,000 barrels of liquids (31,000 net barrels) and approximately 671 million cubic feet of natural gas (125 million net cubic feet).

Development The Karachaganak Field is being developed in phases. Phase 2, which included construction of natural gas injection and liquids-processing facilities and an increase in liquids export capability via the CPC pipeline, was completed in the third quarter 2004. Before the Phase 2 development, production from Karachaganak was processed in Orenburg, Russia. In the fourth quarter 2004, the Phase 2 liquids processing capabilities and CPC pipeline access allowed daily production of approximately 219,000 barrels of liquids (41,000 net barrels) and 750 million cubic feet of natural gas (140 million net cubic feet). In addition, the project achieved a daily natural gas injection rate of 442 million cubic feet. Access to the CPC pipeline accommodates sales of approximately 150,000 barrels per day of processed liquids (28,000 net barrels) to world markets. The remaining liquids are still sold into the Russian market. The first CPC pipeline loading of Karachaganak liquids out of Novorossiysk took place in June 2004. Proved developed reserves associated with Phase 2 have been added over the 2002 to 2004 time period. The Karachaganak operations are conducted under a 40-year concession agreement that expires in 2038.

The next phase of development, Phase 3, was under evaluation in early 2005. This project presents an opportunity to produce larger volumes of raw natural gas and further extend the duration of the liquids plateau rate. The third development phase would be linked to the construction of a natural gas processing facility by a third party to enable export of processed gas. Construction of this facility is outside the terms of the Karachaganak production-sharing agreement and is dependent upon achieving an acceptable gas sales price to support the expansion. Timing for the recognition of Phase 3 reserves and an increase in production are uncertain and depend on achieving a gas sales agreement.

Tengizchevroil

ChevronTexaco holds a 50 percent interest in TCO, which is developing the giant Tengiz and Korolev crude oil fields, located in western Kazakhstan, under a 40-year concession that expires in 2033.

Production Average 2004 total daily production was 298,000 barrels of crude oil (131,000 net barrels), 453 million cubic feet of natural gas (208 million net cubic feet) and 27,000 barrels of natural gas liquids (12,000 net barrels). The 2004 production levels represent a 7 percent increase over 2003 production levels on a total oil-equivalent basis.

Development TCO is undertaking a significant expansion composed of two integrated projects referred to as Second Generation Project (SGP) and Sour Gas Injection (SGI). At a total estimated cost in excess of

\$4 billion, these projects are designed to increase TCO's total daily crude oil production capacity from 298,000 barrels to between 430,000 and 500,000 barrels by late 2006, depending on the final effects of SGI.

SGP involves the construction of a large processing train for treating crude oil and the associated sour gas. The SGP design is based on the same conventional technology employed in the existing processing trains. In addition to new processing capacity, SGP involves drilling and/or completion of 55 production wells in the Tengiz and Korolev reservoirs to generate the volumes for the new processing train. Proved undeveloped reserves associated with SGP were recognized in 2001. Some of these reserves were reclassified to proved developed in 2004 based upon completion of certain project milestones. Over the next decade, ongoing field development is expected to result in the maturation of the current proved undeveloped reserves to proved developed.

SGI involves taking a portion of the rich, sour gas separated from the crude oil production at the SGP processing train and reinjecting it into the Tengiz and Korolev reservoirs. ChevronTexaco expects that SGI will have two key effects. First, SGI is expected to reduce the requirement for sour gas processing capacity at SGP, thereby increasing liquid production capacity and lowering the quantities of sulfur and gas that would otherwise be generated. Second, over time it is expected that SGI will increase production efficiency and increase recoverable volumes because of the maintaining of higher reservoir pressure from the gas reinjection. Between 2006 and 2008, the company anticipates recognizing additional proved reserves associated with the SGI expansion. The primary SGI risks include uncertainties about compressor performance associated with injecting high-pressure sour gas and subsurface response to injection.

Essentially all of TCO's production is exported through the CPC pipeline that runs from Tengiz in Kazakhstan to tanker-loading facilities at Novorossiysk on the Russian coast of the Black Sea. The CPC pipeline, which is expected to be expanded in stages through the end of 2008, is anticipated to fully accommodate TCO expansion volumes by the end of 2007. In early 2005, TCO was pursuing alternate transportation routes to accommodate expansion volumes prior to the end of 2007 as necessary.

KUWAIT

ChevronTexaco has a Technical Service Agreement (TSA) with Kuwait Oil Company (KOC). This agreement, first established in 1994, was renewed again in early 2005. ChevronTexaco seconded technical and

professional employees to KOC for the transfer of technology, the development of Kuwaiti employees and the modernization of Kuwait's oil industry. The TSA provides ChevronTexaco with a presence in Kuwait to demonstrate the company's technology, employee abilities and overall commitment to the region.

ChevronTexaco, as the operator of one of three competing consortia, submitted proposed development plans for "Project Kuwait" to the Kuwaiti government relating to future development options for Kuwait's northern fields. Discussions on the proposal are expected to occur during 2005.

PARTITIONED NEUTRAL ZONE (PNZ)

Saudi Arabian Texaco Inc., a ChevronTexaco affiliate, holds a 60-year concession with the Kingdom of Saudi Arabia, originally signed in 1949, to produce crude oil from the onshore PNZ. The governments of the Kingdom of Saudi Arabia and the State of Kuwait share equally in the PNZ mineral rights.



Production During 2004, total daily production from four producing fields averaged 293,000 barrels of crude oil (117,000 net barrels) and 41 million cubic feet of natural gas (20 million net cubic feet). Sixty-five wells were drilled during 2004, and the active well count at year-end increased to 754. Development drilling, well workovers and numerous facility-enhancement programs planned for the near future are expected to maintain production at similar levels.

Development A small-scale steamflood pilot was approved in 2004. New wells were drilled, the construction contract tender has been awarded and major equipment is en route to Kuwait. The project is on track to begin steam injection in September 2005. This testing will serve as a precursor for a large-scale steamflood pilot project to determine the economic viability of thermal recovery projects. This is the first project of its type in the Middle East.

PHILIPPINES

ChevronTexaco holds a 45 percent interest in the Malampaya natural gas field, located about 50 miles (80 km) offshore Palawan Island in water depths of approximately 2,800 feet (853 m). The natural gas development represents the largest single foreign investment in the Philippines and is viewed as a national flagship project by the Philippine government's Department of Energy. Total potentially recoverable natural gas is estimated at 2.6 trillion cubic feet. The Malampaya development includes an offshore platform and a 314-mile (505-km) pipeline from the platform to the Batangas onshore natural gas plant.

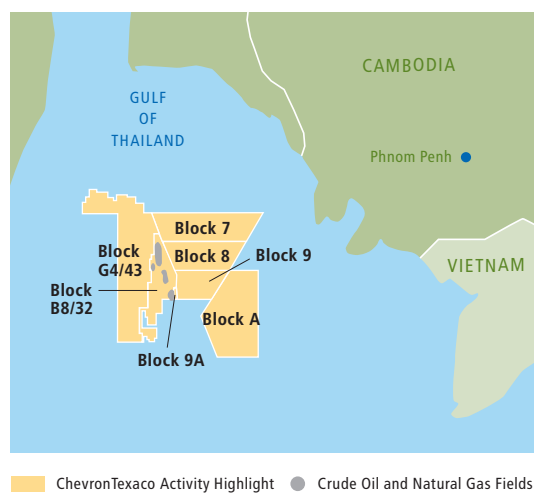


The company's net daily production from the Malampaya fields during 2004 averaged 131 million cubic feet of natural gas and 7,000 barrels of condensate.

THAILAND

ChevronTexaco operates Thailand Blocks B8/32, 9A and G4/43 in the Gulf of Thailand. The company holds a 51.7 percent interest in Blocks B8/32 and 9A and a 60 percent interest in Block G4/43. Total average daily production during 2004 from Block B8/32 was 44,000 barrels of crude oil (20,000 net barrels) and 208 million cubic feet of natural gas (93 million net cubic feet). First production from Block 9A is expected during 2005. Block G4/43 is in the exploration phase.

Asia-Pacific



Production In 2004, Block B8/32 produced crude oil and natural gas from four fields: Benchamas, Maliwan, North Jarmjuree and Tantawan. The total average daily production from Tantawan Field was 5,000 barrels of crude oil (2,000 net barrels) and 60 million cubic feet of natural gas (27 million net cubic feet). Total average daily production from the Benchamas, Maliwan and North Jarmjuree fields was 39,000 barrels of crude oil (18,000 net barrels) and 147 million cubic feet of natural gas (66 million net cubic feet). Natural gas produced from the concession is sold to the Petroleum Authority of Thailand under a long-term sales contract.

Development Five wellhead platforms were installed and 72 development wells were drilled in Block B8/32 in 2004. During the first quarter 2004, the company also completed an upgrade at the Benchamas processing facility to increase total production capacity to approximately 65,000 barrels of crude oil per day (34,000 net barrels). Further development of the concession focused on the North and Central Benchamas Area, where four wellhead platforms were installed in 2004. These activities also include development of North Jarmjuree Field, located between Benchamas and Tantawan. First production from the first wellhead platform installed in North Jarmjuree started in the third quarter 2004. In addition, the company started the conceptual development study for the Block B8/32 Central Belt Development Area to find the most economical solution to develop several crude oil and natural gas prospects in the central section of the Maliwan and North Jarmjuree fields. The recommendation on the development option from this study is expected to be available during the second quarter 2005. At the end of 2004, approximately 70 million barrels of oil-equivalent were deemed potentially recoverable from the Central Belt Development Area.

Exploration In 2004, ChevronTexaco successfully farmed out a 25 percent interest in Block G4/43, reducing ChevronTexaco's interest to 60 percent. One exploration well and one appraisal well were drilled in the block with success. Environmental surveys and impact assessments for drilling and a 3-D seismic survey acquisition for the first 600,000 acres (2,428 sq. km) were completed in the fourth quarter 2004.

ChevronTexaco also holds a 33.3 percent, non-operated interest in the Thailand-Cambodia overlapping claims area – Blocks 7, 8 and 9 – that is adjacent to Block B8/32. This area was inactive as of early 2005, pending resolution of border issues between Thailand and Cambodia.

» Indonesia

ChevronTexaco's operated interests in Indonesia are managed by two wholly owned subsidiaries, P.T. Caltex Pacific Indonesia (CPI) and ChevronTexaco Energy Indonesia Limited (CTEI). In addition, ChevronTexaco has a 25 percent interest in a nonoperated joint venture in South Natuna Sea Block B.

Production CPI accounts for approximately 47 percent of Indonesia's total crude oil output and holds an interest in four production-sharing contracts. Total 2004 daily oil-equivalent production for the fields in which the company has interests averaged 521,000 barrels (222,000 net barrels).

CPI continues to execute projects designed to optimize production from its existing reservoirs. During 2004, the majority of CPI's production came from fields under primary or secondary recovery within the CPI-operated Rokan Block PSC. The 20,000-acre (81-sq.-km) Duri Field, under steamflood since 1985, is the largest steamflood in the world. In 2004, 75 percent of the field was under steam injection, with total production averaging 212,000 barrels of crude oil per day (87,000 net barrels). Development is progressing on the Duri North region, which has an estimated 1 billion barrels of crude oil in place. The potentially recoverable volumes are about 200 million barrels.

Production from the Sumatra light-oil area, consisting of more than 80 active fields, averaged 309,000 barrels of oil-equivalent per day (135,000 net barrels) in 2004. During 2004, there were 124 new wells drilled in this area, including 90 infill wells.



Production – South Natuna Sea Block B The block encompasses the Belida and Sembilang crude oil fields. During 2004, net production from both fields averaged 7,000 barrels of crude oil per day. The block also includes the Tembang, Belida, Keong and Kijing natural gas fields, which began producing in 2002 to support sales agreements in place until 2028 and totaling 2.5 trillion cubic feet, with Singapore and Malaysia for government-run utilities. In 2004, the Malong and Buntal gas fields were put on production. Total average daily production during 2004 from these six natural gas fields was 273 million cubic feet (64 million net cubic feet).

Development CPI is expanding its waterflood recovery programs to sustain production of Sumatra light-oil fields. Tilan and Kelok fields, located in the northern part of the Rokan Block, continue to show positive results from deeper discoveries in the Pematang reservoir. Efforts are ongoing to further evaluate the Pematang potential across the basin, as well as to develop new opportunities in the more mature fields.

The \$1.6 billion Belanak project, which is also expected to support the Singapore and Malaysia natural gas sales agreements, is in progress. Development drilling will continue until late 2006, and the project is expected to reach completion by mid-2008. The Belanak FPSO facility was put into service in December 2004. First production was in late 2004 and the first oil lifting occurred in early 2005. The FPSO facility is capable of processing up to 100,000 barrels of crude oil, 25,000 barrels of LPG and 430 million cubic feet of natural gas per day. The Belanak facilities are also planned to serve as a hub for developing other crude oil and wet-gas fields in the eastern region of Block B.

Exploration CPI holds a 100 percent interest in the Kisanan Block PSC. The block is located in a natural gas and crude oil prospective basin just north of the Rokan Block. Detailed interpretation and enhanced processing of the 3-D seismic data was completed in 2004. The first exploratory well is expected to be drilled by mid-2006.

Power Plant/Cogeneration CTEI is a power generation company that operates the Darajat geothermal contract area in West Java and a cogeneration facility in support of CPI's operation in North Duri. CTEI operates 150 megawatts (MW) of geothermal energy in the Garut Area of West Java. Darajat I, a 55-MW power plant built and operated by the state electricity company, is entirely fueled by steam from the CTEI-operated geothermal field. The Darajat II power plant, built and operated by CTEI, is producing 95 MW. Expansion of the Darajat power complex (Darajat III) by an additional 110 MW was approved in the fourth quarter 2004, and the engineering, procurement and construction contracts were awarded in 2004. The expansion is planned for commercial operation startup in 2006.

CTEI also operates the North Duri Cogeneration Plant (Cogen), which supplied 270 MW to CPI's power grids and an average of 173,000 water-equivalent barrels per day of steam in support of the Duri steamflood projects during 2004. Both the North Duri Cogen and the Darajat Unit II/III projects are 95 percent owned by ChevronTexaco. The Darajat steam field is 100 percent owned by the company.



Other International

ARGENTINA

ChevronTexaco operates in Argentina through its subsidiary Chevron San Jorge S.R.L. (CSJ). The company and its partners hold more than 3.4 million acres (13,952 sq. km) in 19 production concessions (18 operated and one nonoperated) and seven exploration blocks (five operated and two nonoperated) in the Neuquén and Austral basins. Working interests range from 18.8 percent to 100 percent. Farm-out agreements are under negotiation in five blocks.

In addition, CSJ holds a 14 percent interest in Oleoductos del Valle S.A., a major crude oil pipeline from the Neuquén producing area to the coast.

Production The company's producing properties are located in the Neuquén and Austral basins, which are the two most prolific hydrocarbon basins in Argentina. During 2004, total production averaged 64,000 barrels of crude oil per day (45,000 net barrels) and 81 million cubic feet of natural gas (64 million net cubic feet).

Other International



Exploration Exploration drilling in 2004 resulted in a new crude oil and natural gas discovery in the Austral Basin at Cerro Convento Sur x-1. In addition, two appraisal wells were drilled at year-end 2004 to evaluate prior-year exploration discoveries at La Yesera and El Gancho. Several seismic surveys were acquired in the Neuquén Basin and are under evaluation in preparation for future exploration drilling in the area.

BRAZIL

Exploration ChevronTexaco holds working interests ranging from 20 percent to 68 percent in five deepwater blocks. These blocks spanned a total of 1.5 million acres (6,150 sq. km) at year-end 2004. Exploration is concentrated in the Campos and Santos basins. In 2004, the National Petroleum Agency approved plans to evaluate discoveries made on Block BS-4 and Block BC-20. The plans are expected to be complete by late 2006. The company reprocessed 3-D seismic data on multiple blocks and participated in three exploration wells during 2004. One of the three exploration wells, which is the first prospect drilled on Block BM-S-7, was unsuccessful, and results from the other two wells have not been announced.

Development Frade Field, 42.5 percent-owned and company-operated, lies in approximately 3,700 feet (1,128 m) of water, 230 miles (370 km) northeast of Rio de Janeiro in the Campos Basin. The project entered FEED in 2003, and the FEED contract for the FPSO

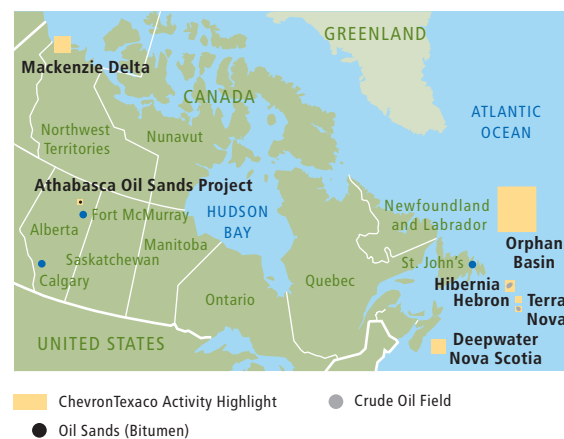
and subsea systems was awarded in August 2004. No proved reserves have been recognized for this project. Timing of booking of reserves and initial production are dependent upon FEED results, which are expected in late 2005.

CANADA

In 2004, Chevron Canada Resources (CCR) directly, and indirectly through the sale of the partnership interests of Chevron Canada Resources (Western), divested producing assets in western Canada and sold its wholly owned mid-stream natural gas processing business. The effect of these sales on 2004 net oil-equivalent production was about 16,000 barrels per day.

During 2004, CCR was also continuing to ramp up production from the bitumen mine and upgrader at the Athabasca Oil Sands Project in Alberta, evaluating its existing position in Canada's East Coast offshore region and pursuing opportunities in the Mackenzie Delta region in northern Canada.

Including volumes from oil sands, 2004 net daily hydrocarbon production from the Canadian operations was 89,000 barrels of liquids and 51 million cubic feet of natural gas.



Athabasca Oil Sands Project The Athabasca Oil Sands Project (AOSP) began operations in 2003 with ramp-up of production continuing in 2004. Total 2004 bitumen production averaged 134,000 barrels per day (27,000 net barrels). At full capacity in 2005, AOSP is expected to reach total production of 155,000 barrels per day. ChevronTexaco has a 20 percent nonoperating working interest in the project, in which oil sands are mined and bitumen is extracted from the oil sands and upgraded into synthetic crude oil using hydroprocessing technology. This project also provides ChevronTexaco with the opportunity to participate on a 20 percent working

interest basis in future development of oil-sand leases near Fort McMurray, Alberta. These leases have resources in place to support total bitumen production of approximately 500,000 barrels per day.

Eastern Canada Eight additional development wells were completed in the 27 percent-owned and nonoperated Hibernia Field. The new development wells and continued high operating efficiency increased total daily average production to 196,000 barrels of crude oil (53,000 net barrels) in 2004. Planning efforts continued on the development of the Ben-Nevis Avalon reservoir in Hibernia Field. Additionally, a technical team continues to work on feasibility studies at the 28 percent-owned and operated Hebron project.

In 2004, CCR recorded approximately 470,000 acres (1,902 sq. km) of 3-D seismic over portions of the Orphan Basin exploration licenses. CCR holds a 50 percent working interest in eight Orphan Basin exploration licenses totaling 5.2 million acres (21,044 sq. km). Planning has begun for additional 3-D surveys in 2005 to evaluate numerous prospects for possible drilling, starting in the 2006 to 2007 time period.

Mackenzie Delta A promising exploration opportunity is in the Mackenzie Delta region in northern Canada. ChevronTexaco and its partners have the largest onshore exploration lease holdings in the region, totaling more than 1 million acres (4,047 sq. km). During 2004, the company drilled one exploration well and conducted a 3-D seismic program.

COLOMBIA

Production ChevronTexaco's activities in Colombia are focused on the production and commercialization of natural gas from the offshore Caribbean and adjacent coastal areas of the Guajira Peninsula. The company operates three natural gas fields in this area – the giant offshore Chuchupa and the onshore Ballena and Riohacha. The fields are operated under two related contracts – the Guajira Association contract and the Build-Operate-Maintain-Transfer (BOMT) contract. The Guajira Association contract, a 50-50 joint venture production-sharing agreement, expired in December 2004. The contract was extended and in 2005 the company continues to operate the fields and receives 43 percent of the production for the remaining life of the fields, as well as continues to operate the BOMT contract until it expires in 2016. New production capacity planned for commissioning in 2006 is required to meet the growing Colombian gas market. During 2004, total daily production averaged 490 million cubic feet of natural gas (210 million net cubic feet).

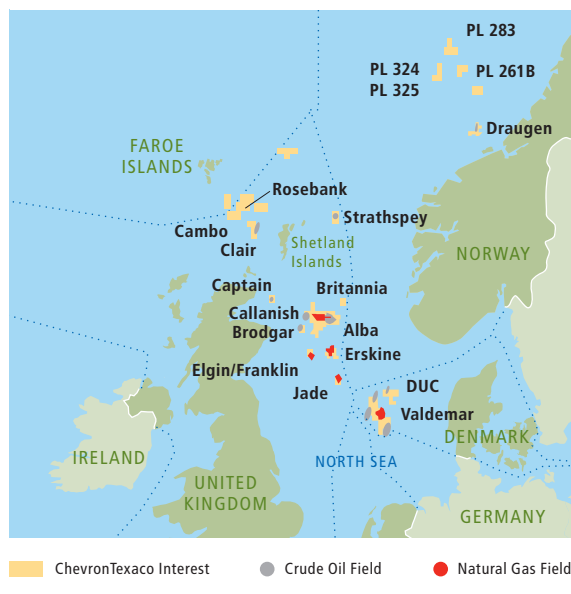
DENMARK

ChevronTexaco holds a 15 percent interest in the Danish Underground Consortium (DUC), producing crude oil and natural gas from 15 fields in the Danish North Sea and involving 12 percent to 26.7 percent interests in five exploration licenses.

Production During 2004, average daily total production from the DUC was 307,000 barrels of crude oil (46,000 net barrels) and 866 million cubic feet of natural gas (130 million net cubic feet).

Development Development wells were drilled in Dan, Halfdan, Gorm and Tyra fields. Development of Halfdan NE Field, as part of Danish Additional Gas Sales Project, continued with three development wells. The new gas export system for additional natural gas sales was commissioned in July 2004. The Valdemar Additional Development Project was approved in the second quarter 2004. The investment of \$33 million net company share is targeted to achieve maximum average daily production of 32,000 barrels oil-equivalent (4,800 net barrels) in 2006.

Exploration The appraisal well Bo-2X confirmed the presence of hydrocarbons in the southern part of the larger Valdemar Field area. The operator has submitted a development plan for partner approval.



FAROE ISLANDS

Exploration In January 2005, the company was awarded five offshore exploration blocks in the second offshore licensing round. The blocks cover approximately 170,000 acres (688 sq. km) and are near the recent Rosebank/Lochnagar discovery in the United Kingdom. The company has a 40 percent interest and will be operator.

Other International

NETHERLANDS

ChevronTexaco is decommissioning the 30-year-old onshore Akkrum natural gas field in the province of Friesland in the northern Netherlands. All buildings, equipment and gas transport pipelines were removed, including all eight former production sites, and the land is being reinstated for agricultural use. Groundwater monitoring and sanitation works were completed by year-end 2004, with cultivation planned to be completed in the spring of 2005. The Friesland provincial government is expected to issue Statements of Satisfaction for the environmental restoration standards at the final site in the first half 2005.

NORWAY

Production In 2004, average daily production from Draugen Field totaled 144,000 barrels of crude oil (11,000 net barrels). ChevronTexaco holds a 7.6 percent equity interest in the field.

Exploration During 2004, ChevronTexaco, as operator, drilled a well on PL 261BS, acquired through a farm-in during 2003. The well was drilled to a depth of 12,287 feet (3,745 m) and plugged and abandoned without discovering commercial hydrocarbons. A well in PL 283 is scheduled to be drilled in the second quarter 2005. Two new licenses were acquired in the Norwegian 18th licensing round – PL 324 and PL 325. In PL 325, ChevronTexaco is the operator and holds a 40 percent working interest. ChevronTexaco holds a 30 percent nonoperated interest in PL 324.

RUSSIA

In September 2004, the company and OAO Gazprom signed a six-month memorandum of understanding (MOU) to jointly undertake feasibility studies for the possible implementation of crude oil and natural gas projects in Russia and the United States. Specifically, this includes assessing the feasibility of an integrated LNG project in Russia, Gazprom's potential participation in a ChevronTexaco-led natural gas import terminal project in North America, ChevronTexaco's potential participation in existing Gazprom projects in northwest Siberia, and possible joint participation in other crude oil and natural gas opportunities. At the date of this publication (April 2005), the company was working with Gazprom to extend the six-month term of the initial MOU, while the feasibility studies continued to advance.

TRINIDAD AND TOBAGO

The company has a 50 percent nonoperated interest in four blocks in the offshore East Coast Marine Area of Trinidad, which include the producing Dolphin natural gas field and two discoveries, Dolphin Deep and Starfish. The licensed areas are governed by production-sharing contracts.

Production During 2004, total daily production from Dolphin Field was 266 million cubic feet of natural gas (135 million net cubic feet). The natural gas is supplied to the local market through a take-or-pay gas sales contract that terminates in 2015.

Development The Dolphin Deep and Starfish fields are located in blocks adjacent to Dolphin Field. The fields will be developed by a subsea tie-back to the Dolphin platform. Development of the fields is expected to provide 80 million cubic feet of natural gas per day (39 million net cubic feet) in late 2005 for the Atlantic LNG Train 3 and transport to the United States under long-term contract. In early 2005, the project was in the detailed design and construction phase. Drilling is scheduled to commence in second quarter 2005 in Dolphin Deep Field. Initial recognition of proved reserves associated with the gas sales agreement for Train 3 was made in 2003. First production is anticipated at the end of 2005, at which time proved undeveloped reserves will be reclassified to proved developed. Proved reserves associated with the Train 4 gas sales agreement were recognized in 2004. Initial production and the reclassification of proved undeveloped reserves to proved developed is scheduled for the second half 2006. These gas sales agreements are for a production period of 20 years.

Exploration In early 2005, the company announced that one well in the Manatee area of Block 6d had been drilled with successful results. This well appeared to extend the six shallow gas sands discovered in Venezuela's Loran Field into Trinidad and Tobago.

UNITED KINGDOM

ChevronTexaco has interests in nine producing fields in the United Kingdom, which had net daily production in 2004 of 106,000 barrels of crude oil and 340 million cubic feet of natural gas. Three U.K. producing assets were sold in 2004. The sale of Galley and Staffjord fields was completed in the first quarter and the sale of the Orwell Field was completed in the second quarter. The impact of these sales on 2004 U.K. net daily production averaged 12,000 barrels of crude oil and 19 million cubic feet of natural gas.

Production

Alba ChevronTexaco is operator and holds a 21.2 percent interest in Alba, which had total daily production in 2004 of 67,000 barrels of crude oil (14,000 net barrels) and 15 million cubic feet of natural gas (3 million net cubic feet). Three new wells were drilled as part of the Alba Extreme South Phase 2 project, which started

production in October 2004. Total average daily production of 14,000 barrels of crude oil (3,000 net barrels) is estimated for 2005. In addition, one injection and two producing wells were drilled from the platform during 2004. Drilling of new infill well opportunities from the main platform is also planned for 2005.

Britannia ChevronTexaco holds a 32.4 percent interest in this field and shares operatorship. Total daily production averaged 27,000 barrels of crude oil (9,000 net barrels) and 602 million cubic feet of natural gas (195 million net cubic feet). Britannia has an estimated life of approximately 30 years from its initial production in 1998, with approximately 3.3 trillion cubic feet of natural gas and 120 million barrels of condensate that are potentially recoverable. Development of the field is expected to continue for several more years, with continued platform and subsea drilling.

Captain Total production averaged 66,000 barrels of crude oil per day (56,000 net barrels) during 2004. ChevronTexaco is operator and holds an 85 percent interest. Record production in 2004 reflected improvements in production efficiency and reliability. Production was further enhanced by two additional Area A development wells, one that set a world record for wellpath tortuosity (crookedness) and another that was a subsea workover in Area B. Design work on projects in Area B and Area C, located primarily in the eastern portion of the block, progressed, with incremental production planned for 2006 or 2007. It is estimated that new proved undeveloped reserves will be booked in 2005, with reclassification to proved developed reserves in 2006. Additional production drilling is planned for Area A in 2005.

Clair ChevronTexaco holds a 19.4 percent interest in this development, which contains nearly 250 million barrels of potentially recoverable crude oil. Pipelines and platform installation is complete. One well has been predrilled, and more than 20 production and water injection wells are scheduled to be drilled and completed between late 2004 and early 2008. Initial production began February 2005 and is expected to reach an average total daily production of 60,000 barrels of crude oil (12,000 net barrels) and 15 million cubic feet of natural gas (3 million net cubic feet) by 2006. Total costs for Phase 1 of the Clair Field development are in excess of \$1 billion. Initial recognition of proved reserves was in 2001. Some reserves were reclassified from the proved undeveloped to the proved developed category in late 2004. Further reclassifications are planned to occur through 2008 related to planned development drilling. Clair has an expected field life in excess of 20 years.

Elgin/Franklin ChevronTexaco holds a 3.9 percent interest in this nonoperated field, which is one of the largest high-pressure, high-temperature developments ever undertaken. In 2004, total daily production averaged 120,000 barrels of crude oil (5,000 net barrels) and 487 million cubic feet of natural gas (19 million net cubic feet).

Erskine During 2004, total daily production averaged 16,000 barrels of crude oil (8,000 net barrels) and 82 million cubic feet of natural gas (41 million net cubic feet). ChevronTexaco is operator and holds a 50 percent interest.

Jade Total daily production from the Jade development, in which ChevronTexaco holds a 19.9 percent interest, averaged 20,000 barrels of crude oil (4,000 net barrels) and 193 million cubic feet of natural gas (38 million net cubic feet) in 2004. An infill production well was drilled in 2004.

Strathspey Most of the production in the field was from two wells drilled during the year – one horizontal and one dual-lateral horizontal. The average daily production from these wells in 2004 was 12,000 barrels of oil-equivalent (10,000 net barrels). Daily production for the field in total in 2004 averaged 10,000 barrels of crude oil (8,000 net barrels) and 28 million cubic feet of natural gas (22 million net cubic feet).

Development

Callanish-Brodgar Approved in December 2003, project execution work continues on the joint development of the Callanish and Brodgar fields. In August 2004, drilling commenced on Callanish Field (ChevronTexaco interest, 16.5 percent), with the four development wells due for completion in the second quarter 2005. Drilling of two development wells in Brodgar Field (ChevronTexaco interest, 25 percent) are scheduled to follow, with expected completion in the third quarter 2005. First contracts for the facilities were awarded in third quarter 2004, with offshore installation of the new bridge-linked platform to Britannia. Subsea equipment and pipelines are planned for summer 2006. Total approved cost is \$810 million. First production is expected in early 2007, building to planned total daily rates of 50,000 barrels of crude oil (10,000 net barrels) and 250 million cubic feet of natural gas (50 million net cubic feet) shortly thereafter. Initial recognition of proved reserves was made in 2000. Reserves will be reclassified from proved undeveloped to proved developed in 2006, ahead of planned commencement of production in early 2007. The fields are expected to produce for 15 years.

Other International

Exploration

In 2004, ChevronTexaco participated in three key wells in the Atlantic Margin. Rosebank/Lochnagar (ChevronTexaco-operated, 40 percent-owned) in the Faroe-Shetland Channel was a significant crude oil and natural gas discovery. The 213/27-1Z well, which was the discovery well at Rosebank/Lochnagar, encountered two crude oil and natural gas accumulations for a total net pay of 169 feet (52 m). Further appraisal drilling is planned for 2005. An appraisal well and a further side-track well at Laggan (ChevronTexaco-nonoperated, 10 percent-owned) resulted in successful tests of this natural gas discovery, and appraisal studies are also under way. In addition, a second well at the Cambo prospect was drilled. Rationalization of the exploration portfolio continued in 2004, with the successful sale of some nonstrategic acreage and acquisition of 29 new blocks in the Atlantic Margin in the 22nd U.K. Licensing Round. Eighteen of these are operated with a range of equity interests from 40 percent to 75 percent.

VENEZUELA**Production**

Boscan Boscan Field is located in western Venezuela. ChevronTexaco operates the field under an Operating Service Agreement with Petróleos de Venezuela, S.A. (PDVSA). Total Boscan production averaged 113,000 barrels of crude oil per day for the year. In 2004, the project continued to convert existing standard vertical displacement pumping units to rotary drive progressive cavity pumps that cost 80 percent less to install, are safer to operate, are more reliable and typically result in increased production. The horizontal well program also continued in 2004, resulting in five successful wells. A water-injection-pressure-maintenance program is being developed to arrest decline and provide pressure support in the more depleted areas. Automation of the field with SCADA (a computerized monitoring system) for remote monitoring of wells, reducing downtime and improving efficiency is also under way. Significant seismic survey work is planned through 2006.

LL-652 Located in Lake Maracaibo, LL-652's total production averaged 18,000 barrels of oil-equivalent per day (10,000 net barrels) during 2004. In order to arrest the continuing field decline, a stimulation program using acid and solvent treatments was initiated in 2004. Additional recompletions were performed to maximize gas production. The company operates the LL-652 Field under a risked service agreement and maintains a 63 percent working interest. ChevronTexaco supplies PDVSA with natural gas from this field through an incremental natural gas sales contract.

Hamaca Petrolera Ameriven, a joint-venture operating agent, serves as operator for the Hamaca project, which is located in Venezuela's Orinoco Belt. The \$3.6 billion Hamaca project includes vertically integrated heavy oil production, transportation and upgrading facilities. The crude oil upgrading facilities were completed in the third quarter 2004. Since upgrading started in October 2004, the facility reached its design capacity of converting 190,000 barrels per day of heavy crude oil (8.5° API) into 180,000 barrels of lighter, higher-value crude oil (26° API) in the first quarter 2005. During the project's estimated 34-year production life, more than 2 billion barrels of crude oil are estimated to be potentially recoverable. In 2004, total production averaged 103,000 barrels of crude oil per day (24,000 net barrels). The company holds a 30 percent interest.

Exploration

ChevronTexaco has the license for Venezuela offshore Block 2, one of five offshore blocks in the northeastern Plataforma Deltana. Block 2 contains the significant undeveloped natural gas discovery known as Loran Field. The company is the operator and holds a 60 percent interest. An exploration and appraisal program for Plataforma Deltana began in August 2004. Three successful wells were drilled in Block 2 in 2004 and early 2005. Evaluation work continues on Plataforma Deltana's Loran Field; proved reserves have not been recognized for this project. In August 2004, ChevronTexaco was awarded the license for Plataforma Deltana Block 3. The company, as the operator of Block 3, plans to proceed with an exploration program in 2005. ChevronTexaco holds a 100 percent interest in Block 3.

» | Global Gas

ChevronTexaco Global Gas (CTGG) plays a key role in the company's strategic plans to commercialize its existing natural gas resource base and enable the creation and development of new natural gas growth opportunities worldwide. CTGG commercializes the company's equity natural gas by bringing together suppliers and customers and making investments across the natural gas value chain – from wellhead to burner tip.

CTGG's strategic platform includes both global LNG and GTL efforts and is complemented by regional natural gas pipeline development and gas marketing. LNG activities span the world, including projects in Angola, Australia, Mexico, Nigeria, United States and Venezuela.

BUSINESS STRATEGIES

- › Pursue GTL opportunities in Nigeria, Qatar and Australia through the Sasol Chevron Global Joint Venture.
- › Capitalize on ChevronTexaco's strong position in the North American natural gas market.
- › Leverage CTGG's operation of the ninth LNG carrier for the North West Shelf Venture and its shipping company's world-class maritime safety record to be a partner of choice in transportation endeavors.

2004 ACCOMPLISHMENTS

Baja California, Mexico In September 2004, the company was awarded authorization from the Mexican Environment and Natural Resources Secretariat for its Environmental Impact Assessment and Risk Assessment for a proposed LNG receiving and regasification terminal offshore Baja California, Mexico. In December 2004, the company was awarded a natural gas storage permit from the Mexican Regulatory Energy Commission that grants permission to operate the offshore terminal and pipeline connecting it to shore. In addition, the Communication and Transport Secretariat notified ChevronTexaco that the company had won the public licensing round for an offshore concession to construct and operate the terminal.

The Baja LNG terminal will be constructed using a gravity-based structure design and will be designed to handle 1.4 billion cubic feet of natural gas per day, with an initial processing capacity of approximately 700 million cubic feet.

Sabine Pass LNG Terminal In December 2004, ChevronTexaco finalized a 20-year agreement for a proposed 700 million cubic feet per day of reserved regasification capacity at the proposed Sabine Pass LNG terminal in Louisiana. The agreement also includes options to reduce or expand the company's capacity at the terminal. This agreement provides ChevronTexaco with access to the key Gulf Coast market for the company's natural gas resources.

Natural Gas Marketing and Trading ChevronTexaco's natural gas marketing and trading organization has grown rapidly since early 2003 and was ranked among the top 10 marketers of natural gas in the U.S. and Canadian markets in 2004.

Qatar GTL Through its Sasol Chevron joint venture the company signed an MOU in March 2004 with Qatar Petroleum (QP) to evaluate the expansion of the Oryx GTL foundation plant from 34,000 to 100,000 barrels per day. This will involve defining the feasibility of a three-train, 65,000-barrel-per-day facility with an expected startup by 2009. QP and Sasol Chevron also signed an MOU to examine GTL base-oils opportunities in Qatar. This MOU builds on the letter of intent previously signed.

In addition, QP and Sasol Chevron have agreed to pursue the development of a 130,000-barrel-per-day upstream/downstream integrated GTL project based on the Sasol Slurry Phase Distillate Process (SPDP) and utilizing resources from the North Field in Qatar. This will involve defining the feasibility of a six-train facility with an expected startup by 2010 and is expected to lead to the establishment of a Heads of Agreement describing the main issues relevant to the project.

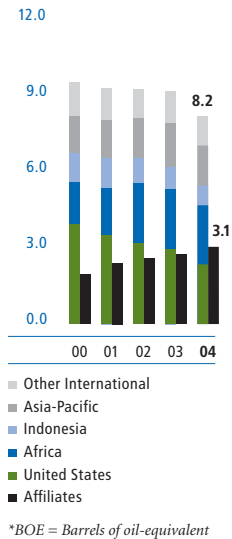
The combined plan will represent an investment of more than \$6 billion, making it one of the most significant developments in the global GTL industry to date.

Nigeria GTL A detailed analysis and project profitability review has been completed, and the final investment decision and contract award issues are being discussed with NNPC with a view of commencing construction in 2005. The facility is planned to produce about 34,000 barrels per day of high-quality diesel and naphtha for export, which will be marketed primarily in Europe. Sasol Chevron is the technology provider and licensor of the SPDP and will be marketer of the GTL products. ChevronTexaco will be the operator. (See page 22 for additional details.)

» Proved Reserves

NET PROVED RESERVES

Billions of BOE*



PROVED RESERVES – CRUDE OIL AND NATURAL GAS LIQUIDS¹

Millions of Barrels	At December 31				
	2004	2003	2002	2001	2000
GROSS CRUDE OIL AND NATURAL GAS LIQUIDS					
California ²	1,034	1,077	1,129	} 2,486	} 2,828
Gulf of Mexico ²	341	507	462		
Other U.S. ²	493	653	714		
Africa	2,196	2,258	2,320	1,808	1,779
Asia-Pacific	777	902	921	916	946
Indonesia	1,548	1,744	1,868	2,023	2,430
Other International ^{3,4}	591	729	746	797	882
TOTAL CONSOLIDATED COMPANIES	6,980	7,870	8,160	8,030	8,865
EQUITY SHARE IN AFFILIATES					
TCO	2,317	2,127	2,026	1,848	1,571
Hamaca	539	551	558	561	431
TOTAL GROSS RESERVES	9,836	10,548	10,744	10,439	10,867
NET CRUDE OIL AND NATURAL GAS LIQUIDS					
California ²	1,011	1,051	1,102	} 2,301	} 2,614
Gulf of Mexico ²	294	435	389		
Other U.S. ²	432	572	626		
Africa	1,833	1,923	1,976	1,544	1,505
Asia-Pacific	676	796	815	791	801
Indonesia	698	807	889	1,115	1,093
Other International ^{3,4}	567	696	697	745	822
TOTAL CONSOLIDATED COMPANIES	5,511	6,280	6,494	6,496	6,835
EQUITY SHARE IN AFFILIATES					
TCO	1,994	1,840	1,689	1,541	1,310
Hamaca	468	479	485	487	374
TOTAL NET RESERVES	7,973	8,599	8,668	8,524	8,519

PROVED RESERVES – NATURAL GAS¹

Billions of Cubic Feet

GROSS NATURAL GAS					
California ²	320	327	330	} 8,614	} 9,312
Gulf of Mexico ²	1,267	2,201	2,457		
Other U.S. ²	2,719	3,732	4,756		
Africa	2,989	2,658	2,330	1,881	780
Asia-Pacific	5,922	5,645	4,901	4,504	4,577
Indonesia	555	572	578	550	423
Other International ³	3,902	3,995	3,121	3,279	3,282
TOTAL CONSOLIDATED COMPANIES	17,674	19,130	18,473	18,828	18,374
EQUITY SHARE IN AFFILIATES					
TCO	3,427	2,920	2,983	2,711	2,018
Hamaca	155	129	50	49	38
TOTAL GROSS RESERVES	21,256	22,179	21,506	21,588	20,430
NET NATURAL GAS					
California ²	314	323	325	} 7,387	} 7,923
Gulf of Mexico ²	1,064	1,841	2,052		
Other U.S. ²	2,326	3,189	4,040		
Africa	2,979	2,642	2,298	1,872	772
Asia-Pacific	5,405	5,373	4,646	4,240	4,031
Indonesia	502	520	518	519	411
Other International ³	3,538	3,665	2,924	3,088	2,991
TOTAL CONSOLIDATED COMPANIES	16,128	17,553	16,803	17,106	16,128
EQUITY SHARE IN AFFILIATES					
TCO	3,413	2,526	2,489	2,262	1,683
Hamaca	134	112	43	42	33
TOTAL NET RESERVES	19,675	20,191	19,335	19,410	17,844

¹ 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 company'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. Refer to the Glossary for a definition 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.

² Data for 2001 and 2000 not readily available in this format.

³ ChevronTexaco operates under a risk service agreement in Venezuela's LL-652 Field. ChevronTexaco is accounting for LL-652 as a crude oil and natural gas activity. No reserve quantities have been recorded for the company's other service agreement, Boscan Field in Venezuela.

⁴ Excludes oil sands reserves at the Athabasca project in Canada, which are considered mining-related under SEC rules. Net proved oil sands reserves were 167 million barrels at December 31, 2004.

» Net Wells Completed and Net Productive Wells

NET WELLS COMPLETED^{1,2}

	At December 31									
	2004		2003		2002		2001		2000	
	Productive	Dry	Productive	Dry	Productive	Dry	Productive	Dry	Productive	Dry
CALIFORNIA³										
Exploratory	–	–	–	–	–	–				
Development	636	1	418	–	227	1				
TOTAL CALIFORNIA	636	1	418	–	227	1				
GULF OF MEXICO³										
Exploratory	13	8	25	9	44	10				
Development	43	3	47	6	78	4				
TOTAL GULF OF MEXICO	56	11	72	15	122	14				
OTHER U.S.³										
Exploratory	3	1	2	1	13	12				
Development	221	3	232	12	333	11				
TOTAL OTHER U.S.	224	4	234	13	346	23				
UNITED STATES										
Exploratory	16	9	27	10	57	22	101	32	69	30
Development	900	7	697	18	638	16	866	21	919	14
TOTAL UNITED STATES	916	16	724	28	695	38	967	53	988	44
AFRICA										
Exploratory	3	1	3	1	6	1	8	2	2	4
Development	36	–	24	–	27	–	22	–	39	–
TOTAL AFRICA	39	1	27	1	33	1	30	2	41	4
ASIA-PACIFIC										
Exploratory	16	–	6	3	4	–	30	8	10	10
Development	84	–	43	–	44	–	61	–	41	–
TOTAL ASIA-PACIFIC	100	–	49	3	48	–	91	8	51	10
INDONESIA										
Exploratory	2	–	1	–	–	1	1	–	5	1
Development	163	–	562	–	426	–	494	–	460	1
TOTAL INDONESIA	165	–	563	–	426	1	495	–	465	2
OTHER INTERNATIONAL										
Exploratory	3	7	2	4	7	9	6	10	7	7
Development	84	–	107	–	140	–	109	2	113	–
TOTAL OTHER INTERNATIONAL	87	7	109	4	147	9	115	12	120	7
TOTAL INTERNATIONAL	391	8	748	8	654	11	731	22	677	23
TOTAL WORLDWIDE	1,307	24	1,472	36	1,349	49	1,698	75	1,665	67

¹ Net Wells Completed includes all those wholly owned and the sum of fractional interests in those that are joint ventures, unit operations or similar wells. Consolidated companies only.

² Productive indicates the number of wells completed during the year regardless of when drilling was initiated. Completed refers to the installation of permanent equipment for the production of crude oil or natural gas or, in the case of a dry well, the reporting of abandonment to the appropriate agency.

³ Data for 2001 and 2000 not readily available in this format.

NET PRODUCTIVE WELLS^{1,2,3}

	Year Ended December 31			
	2004	2003	2002	2001
UNITED STATES				
Wells – Oil	29,270	31,535	33,364	31,305
– Gas	5,733	6,486	6,906	6,288
TOTAL UNITED STATES	35,003	38,021	40,270	37,593
INTERNATIONAL				
Wells – Oil	9,447	9,805	9,746	9,481
– Gas	257	329	304	314
TOTAL INTERNATIONAL	9,704	10,134	10,050	9,795
TOTAL WORLDWIDE	44,707	48,155	50,320	47,388

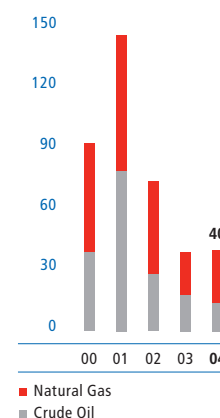
¹ Net Productive Wells includes all those wholly owned and the sum of fractional interests in those that are joint ventures, unit operations or similar wells. Consolidated companies only.

² Includes wells producing or capable of producing and injection wells temporarily functioning as producing wells. Wells that produce both crude oil and natural gas are classified as oil wells.

³ Data for 2000 not readily available in this format.

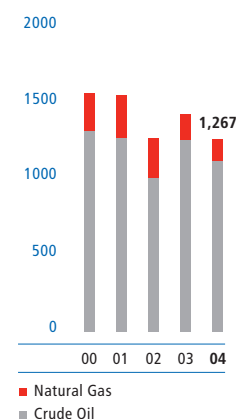
NET COMPLETED PRODUCTIVE EXPLORATORY WELLS

Number of wells



NET COMPLETED PRODUCTIVE DEVELOPMENT WELLS

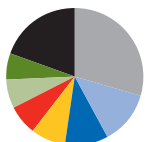
Number of wells



» Liquids Production

NET CRUDE OIL & NATURAL GAS LIQUIDS PRODUCTION BY COUNTRY*

Percentage

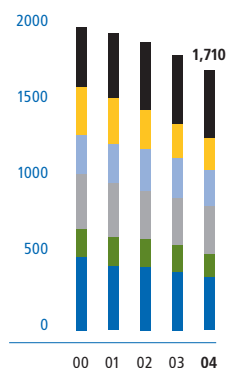


United States	29.5%
Indonesia	12.6%
Kazakhstan	10.2%
Angola	8.2%
Nigeria	7.0%
Partitioned Neutral Zone	6.8%
United Kingdom	6.2%
Other	19.5%

*Includes equity in affiliates

NET CRUDE OIL & NATURAL GAS LIQUIDS PRODUCTION

Thousands of barrels per day



Other (Including Affiliates)
Asia-Pacific
Indonesia
Africa
United States - Offshore
United States - Onshore

NET CRUDE OIL AND NATURAL GAS LIQUIDS PRODUCTION¹

Year Ended December 31

Thousands of Barrels per Day	2004	2003	2002	2001	2000
CONSOLIDATED COMPANIES					
UNITED STATES					
California	221	231	243	249	266
Louisiana – Onshore	4	7	15	18	20
– Offshore	145	170	182	187	179
New Mexico	22	25	27	29	35
Texas	74	90	91	87	110
Other U.S.	39	39	44	44	57
TOTAL UNITED STATES	505	562	602	614	667
AFRICA					
Angola	140	154	164	168	169
Chad	37	8	–	–	–
Democratic Republic of the Congo (sold 2004)	4	9	8	9	8
Nigeria	119	123	127	158	155
Republic of the Congo	12	13	16	20	25
TOTAL AFRICA	312	307	315	355	357
ASIA-PACIFIC					
Australia	43	48	52	45	48
China	18	23	27	24	28
Kazakhstan	31	25	22	17	17
Papua New Guinea	–	4	6	7	11
Partitioned Neutral Zone	117	134	140	144	139
Philippines	7	8	7	1	–
Thailand	20	25	18	16	14
TOTAL ASIA-PACIFIC	236	267	272	254	257
TOTAL INDONESIA	215	223	263	304	319
OTHER INTERNATIONAL					
Argentina	45	52	55	57	51
Canada	62	73	70	64	66
Colombia	–	–	–	–	1
Denmark	46	42	42	39	39
Norway	11	10	15	17	15
Trinidad and Tobago	–	–	–	–	8
United Kingdom	106	116	113	115	117
Venezuela	5	5	4	4	4
TOTAL OTHER INTERNATIONAL	275	298	299	296	301
TOTAL INTERNATIONAL	1,038	1,095	1,149	1,209	1,234
TOTAL CONSOLIDATED COMPANIES	1,543	1,657	1,751	1,823	1,901
EQUITY SHARE IN AFFILIATES					
TCO	143	134	140	135	96
Hamaca	24	17	6	1	–
TOTAL WORLDWIDE	1,710	1,808	1,897	1,959	1,997

GROSS LIQUIDS PRODUCTION

Thousands of Barrels per Day

Thousands of Barrels per Day	2004	2003	2002	2001	2000
California ²	224	235	248	} 670	} 730
Gulf of Mexico ²	183	221	238		
Other U.S. ²	148	163	179		
Africa	377	368	380	429	431
Asia-Pacific	273	309	317	305	299
Indonesia	514	516	587	656	721
Other International	290	317	318	316	354
TOTAL CONSOLIDATED COMPANIES	2,009	2,129	2,267	2,376	2,535
EQUITY SHARE IN AFFILIATES					
TCO	161	151	155	145	106
Hamaca	30	20	8	1	–
TOTAL WORLDWIDE	2,200	2,300	2,430	2,522	2,641

DAILY NET PRODUCTION OF NATURAL GAS LIQUIDS (INCLUDED ABOVE)

Thousands of Barrels per Day

Thousands of Barrels per Day	2004	2003	2002	2001	2000
United States	55	60	63	54	90
International	13	16	18	17	24

¹ Net liquids production excludes royalty interests owned by others.² Data for 2001 and 2000 not readily available in this format.

» Natural Gas Production

NET NATURAL GAS PRODUCTION*

Millions of Cubic Feet per Day	Year Ended December 31				
	2004	2003	2002	2001	2000
CONSOLIDATED COMPANIES					
UNITED STATES					
Alabama – Onshore	33	43	51	50	56
– Offshore	71	106	127	157	182
Alaska	46	44	39	35	32
California	108	112	125	116	118
Colorado	91	98	97	95	75
Louisiana – Onshore	33	63	115	99	92
– Offshore	653	776	801	1,023	1,130
New Mexico	87	97	99	104	125
Oklahoma	67	73	84	91	104
Texas – Onshore	382	463	508	526	586
– Offshore	48	71	58	72	74
Wyoming	166	179	199	220	225
Other	88	103	102	118	111
TOTAL UNITED STATES	1,873	2,228	2,405	2,706	2,910
AFRICA					
Angola	26	–	–	1	1
Nigeria	59	50	74	43	47
TOTAL AFRICA	85	50	74	44	48
ASIA-PACIFIC					
Australia	305	284	264	235	225
Kazakhstan	125	101	85	67	83
Partitioned Neutral Zone	20	15	15	10	11
Philippines	131	140	105	9	–
Thailand	93	104	87	75	70
TOTAL ASIA-PACIFIC	674	644	556	396	389
TOTAL INDONESIA	149	166	147	134	133
OTHER INTERNATIONAL					
Argentina	64	74	71	56	51
Canada	51	110	140	167	146
Colombia	210	206	222	203	194
Denmark	130	99	102	100	98
Trinidad and Tobago	135	116	107	100	65
United Kingdom	340	378	361	350	342
Other Countries	36	21	10	9	2
TOTAL OTHER INTERNATIONAL	966	1,004	1,013	985	898
TOTAL INTERNATIONAL	1,874	1,864	1,790	1,559	1,468
TOTAL CONSOLIDATED COMPANIES	3,747	4,092	4,195	4,265	4,378
EQUITY SHARE IN AFFILIATES					
TCO	208	197	181	152	88
Hamaca	3	3	–	–	–
TOTAL WORLDWIDE	3,958	4,292	4,376	4,417	4,466
* Net natural gas production excludes royalty interests owned by others; includes natural gas consumed on lease:					
United States	50	65	64	64	79
International	293	268	256	262	244
Total	343	333	320	326	323

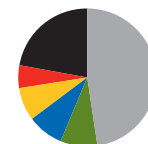
GROSS NATURAL GAS PRODUCTION

Millions of Cubic Feet per Day					
California*	109	113	130	} 3,167	} 3,485
Gulf of Mexico*	973	1,242	1,422		
Other U.S.*	1,109	1,264	1,393		
Africa	87	50	74	44	48
Asia-Pacific	697	663	579	447	437
Indonesia	153	170	149	137	135
Other International	1,036	1,103	1,122	1,159	1,132
TOTAL CONSOLIDATED COMPANIES	4,164	4,605	4,869	4,954	5,237
EQUITY SHARE IN AFFILIATES					
TCO	227	214	196	162	95
Hamaca	3	3	–	–	–
TOTAL WORLDWIDE	4,394	4,822	5,065	5,116	5,332

* Data for 2001 and 2000 not readily available in this format.

NET NATURAL GAS PRODUCTION BY COUNTRY*

Percentage

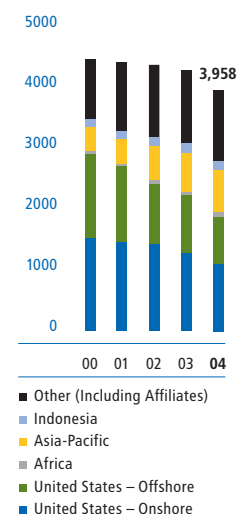


United States	47.3%
United Kingdom	8.6%
Kazakhstan	8.4%
Australia	7.7%
Colombia	5.3%
Other	22.7%

*Includes equity in affiliates

NET NATURAL GAS PRODUCTION

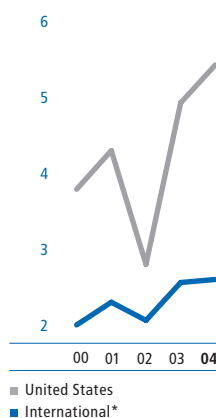
Millions of cubic feet per day



» Other Produced Volumes, Realizations, Natural Gas and Natural Gas Liquids Sales, and Exploration and Development Costs

NATURAL GAS REALIZATIONS

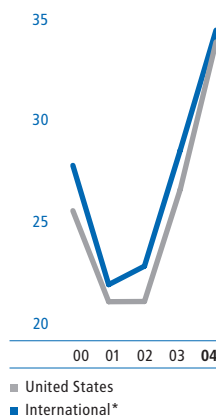
Dollars per thousand cubic feet



*Includes equity in affiliates

CRUDE OIL & NATURAL GAS LIQUIDS REALIZATIONS

Dollars per barrel



*Includes equity in affiliates

OTHER PRODUCED VOLUMES

Thousands of Barrels per Day

	Year Ended December 31				
	2004	2003	2002	2001	2000
Athabasca Oil Sands in Canada	27	15	—	—	—
Boscan Operating Service Agreement in Venezuela	113	99	97	105	109
Operating Service Agreement in Colombia	—	—	—	—	14
TOTAL	140	114	97	105	123

NATURAL GAS REALIZATIONS¹

Dollars per Thousand Cubic Feet

	2004	2003	2002	2001	2000
United States	\$ 5.51	\$ 5.01	\$ 2.89	\$ 4.38	\$ 3.87
International	2.68	2.64	2.14	2.36	2.09

CRUDE OIL AND NATURAL GAS LIQUIDS REALIZATIONS²

Dollars per Barrel

	2004	2003	2002	2001	2000
United States	\$ 34.12	\$ 26.66	\$ 21.34	\$ 21.33	\$ 25.61
International	34.17	26.79	23.06	22.17	26.04

NATURAL GAS SALES

Millions of Cubic Feet per Day

	2004	2003	2002	2001	2000
United States	4,518	4,304	5,891	8,191	7,664
International	1,885	1,951	3,131	2,675	2,398
TOTAL	6,403	6,255	9,022	10,866	10,062

NATURAL GAS LIQUIDS SALES

Thousands of Barrels per Day

	2004	2003	2002	2001	2000
United States	177	194	241	185	170
International	105	107	131	115	67
TOTAL	282	301	372	300	237

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 and natural gas liquids revenues from net production and include intercompany sales at transfer prices that 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.

EXPLORATION AND DEVELOPMENT COSTS*

Millions of Dollars

	Year Ended December 31				
	2004	2003	2002	2001	2000
UNITED STATES					
CALIFORNIA					
Exploration	\$ —	\$ —	\$ 25		
Development	412	264	221		
GULF OF MEXICO					
Exploration	478	495	529		
Development	457	434	475		
OTHER U.S.					
Exploration	5	12	53		
Development	372	350	395		
TOTAL UNITED STATES					
Exploration	\$ 483	\$ 507	\$ 607	\$ 731	\$ 659
Development	1,241	1,048	1,091	1,754	1,453
INTERNATIONAL					
AFRICA					
Exploration	\$ 271	\$ 203	\$ 229		
Development	1,047	974	661		
ASIA-PACIFIC					
Exploration	82	110	99		
Development	567	605	593		
INDONESIA					
Exploration	15	7	30		
Development	245	363	424		
OTHER INTERNATIONAL					
Exploration	226	148	188		
Development	542	461	926		
TOTAL INTERNATIONAL					
Exploration	\$ 594	\$ 468	\$ 546	\$ 858	\$ 769
Development	2,401	2,403	2,604	2,213	2,220

* Consolidated companies only. Excludes property acquisitions. Data for 2001 and 2000 not readily available in this format.

» Acreage

NET PROVED AND UNPROVED OIL AND GAS ACREAGE^{1,2}

At December 31

Thousands of Acres	2004	2003	2002	2001	2000
UNITED STATES					
ONSHORE					
Alaska	339	474	705	601	549
California	257	302	325	325	246
Colorado	211	220	168	168	166
Kansas	59	64	83	83	77
Louisiana	448	421	461	666	638
Michigan	63	65	63	64	76
Montana	8	14	13	13	36
New Mexico	310	352	353	363	353
Oklahoma	224	239	279	281	265
Texas	3,143	3,484	3,503	3,917	3,805
Utah	106	169	199	199	272
Wyoming	226	266	269	352	392
Other States	132	154	161	162	157
TOTAL ONSHORE	5,526	6,224	6,582	7,194	7,032
OFFSHORE					
Alaska Coast	8	18	48	47	67
Atlantic Coast	—	—	—	—	35
Gulf Coast	3,657	3,703	3,414	4,363	4,477
Pacific Coast	5	5	10	10	23
TOTAL OFFSHORE	3,670	3,726	3,472	4,420	4,602
TOTAL UNITED STATES	9,196	9,950	10,054	11,614	11,634
AFRICA					
Angola	918	924	924	1,837	1,944
Chad	2,043	2,556	2,556	2,556	2,556
Democratic Republic of the Congo	—	123	124	124	124
Equatorial Guinea	473	473	683	683	1,051
Namibia	—	—	144	144	201
Nigeria	3,868	3,868	3,309	3,338	3,639
Republic of the Congo	53	53	185	185	372
TOTAL AFRICA	7,355	7,997	7,925	8,867	9,887
ASIA-PACIFIC					
Australia	3,832	6,470	7,044	7,177	7,178
Azerbaijan	30	30	30	30	30
Bahrain	48	48	48	912	815
Bangladesh	—	—	1,020	1,020	—
Cambodia	853	853	1,086	—	—
China	3,656	3,960	5,836	5,161	7,872
Kazakhstan	16	16	36	36	36
Papua New Guinea	—	—	322	322	322
Partitioned Neutral Zone	786	786	786	786	786
Philippines	93	93	93	183	93
Qatar	—	—	805	1,879	2,684
Thailand	2,578	3,203	1,227	1,227	1,227
Turkey	251	251	251	251	251
TOTAL ASIA-PACIFIC	12,143	15,710	18,584	18,984	21,294
TOTAL INDONESIA	3,534	3,530	3,530	6,990	6,925
OTHER INTERNATIONAL					
Argentina	3,101	2,780	2,890	3,297	3,231
Bolivia	—	—	—	—	123
Brazil	677	688	1,373	4,590	5,538
Canada	14,664	15,926	13,671	14,003	15,064
Colombia	101	101	101	2,774	5,441
Denmark	74	97	97	199	202
Ecuador	—	—	247	247	247
Germany	123	123	123	123	—
Netherlands	—	27	27	27	27
Norway	4	361	486	308	267
Poland	—	—	—	1,400	1,400
Trinidad and Tobago	84	84	84	83	283
United Kingdom	385	775	880	934	1,070
Venezuela	1,035	38	6	6	6
TOTAL OTHER INTERNATIONAL	20,248	21,000	19,985	27,991	32,899
TOTAL INTERNATIONAL	43,280	48,237	50,024	62,832	71,005
TOTAL WORLDWIDE	52,476	58,187	60,078	74,446	82,639

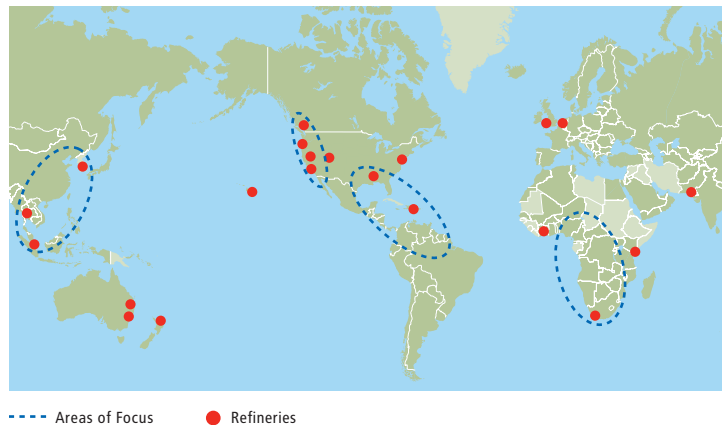
¹ Consolidated companies only.² Net acreage is the sum of the fractional interests in gross acres in which ChevronTexaco has an interest.

» Downstream Highlights

Downstream is an important element of ChevronTexaco's operation as a vertically integrated energy company. The company enjoys a strong global presence in all segments of the downstream industry – refining, marketing and transportation. Downstream has complex refining assets, a strong brand presence for its refined products and a significant market share in each of its focus areas – the West Coast and Gulf Coast of North America, Latin America, Asia, and sub-Saharan Africa.

Headquartered in San Ramon, California, Downstream operates in approximately 170 countries on six continents, marketing primarily under the Chevron, Texaco and Caltex brands. In 2004, Downstream completed a restructuring of its worldwide operations, transforming from individual geographic businesses into a global, functional structure to streamline the organization and drive improved efficiency through standardized best practices and supply chain optimization. Downstream is focused on building on the momentum generated during this period of change and improving the returns on its capital invested in the key areas of market and supply strength.

Downstream Overview



INDUSTRY CONDITIONS IN 2004

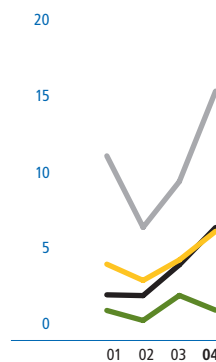
Downstream industry conditions improved in 2004 relative to 2003, reflecting global economic expansion and strong demand growth for light products (motor gasoline, jet fuel, aviation gasoline and diesel fuel). In China alone, energy demand surged nearly 15 percent in 2004, exerting a strong influence on regional energy markets.

Market conditions were especially beneficial during 2004 for owners of the more complex refineries capable of processing medium to heavy crude oils. During most of the year, the differential in prices between high quality, light-sweet crude oils, such as the U.S. benchmark West Texas Intermediate, and the heavier crudes was unusually wide. The upward trend in prices in 2004 for lighter crude oils tracked the increased demand for light products, as all refineries could process these higher quality crudes. However, the demand and price for the heavier crudes were dampened due to the limited number of refineries that were able to process this lower quality feedstock. In the United States, refined-product margins during 2004 were also supported by tight inventory supplies, as refinery downtime due to maintenance, clean-fuels modifications and third quarter hurricane-related disruptions all contributed to lower inventory levels for the industry.

The demand for light products in 2004 was strong, especially in Asia. With the exception of Europe, rising spot prices for retail fuels were not always fully recoverable in the market, particularly in regions such as Latin America and Asia. In addition, U.S. West marketing fuel margins fell from the peak in 2003, which was attributed to industry supply disruptions.

INDUSTRY REFINING MARGINS

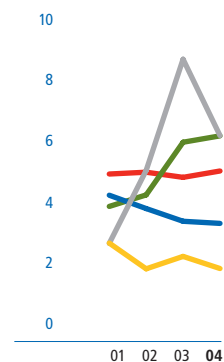
Dollars per barrel



■ U.S. West Coast
■ U.S. Gulf Coast
■ Singapore
■ Northwest Europe

CHEVRONTExACO MARKETING FUEL MARGINS

Dollars per barrel



■ U.S. West
■ United Kingdom
■ Latin America
■ Asia-Pacific/Middle East/Africa
■ U.S. East

Downstream Highlights

BUSINESS STRATEGIES

Downstream's strategy is to continue to improve financial returns by focusing on areas of market and supply strength. The organization has identified four keys to success:

- › Driving operational excellence through safety, efficiency and reliability initiatives.
- › Leveraging the global, functional model to improve financial returns and competitive performance.
- › Capturing value through enhanced supply chain management.
- › Selectively growing and differentiating positions in attractive geographic markets.

2004 ACCOMPLISHMENTS

- › Transformed to a global, functional organizational model, resulting in significant business process improvements, including improved asset utilization, reduced operating expenses, and lower raw material and product acquisition costs.
- › Strengthened market position in Asia by increasing ownership interest in the Singapore Refining Company Pte. Ltd. from 33 percent to 50 percent.
- › Completed the divestment of approximately 1,600 retail fuel sites worldwide ahead of year-end 2005 target while maintaining current sales volume through branded supply agreements.
- › Increased U.S. motor gasoline sales by supplying more than 1,000 third party-owned sites in the southeastern United States with Texaco-branded fuel.
- › Reached agreement with a new business partner in China to take a majority interest in the company's existing joint venture that operates retail service stations in South China.
- › Qualified Chevron brand gasoline as the first in the United States and Canada to meet the TOP TIER Detergent Gasoline performance criteria established by four of the world's top automakers for detergency levels in gasoline, which will keep engine parts cleaner and result in better performance.

**2005 OUTLOOK**

- › Operational excellence – Sustain improvement trend in safety, refinery reliability and asset utilization.
- › Profitable growth – Focus on enhancing light product conversion and heavy-crude oil processing capabilities.
- › Portfolio enhancement – Continue shift in portfolio favoring third-party ownership of retail sites, while growing motor gasoline sales; expand Texaco brand presence in the United States.
- › Clean fuels – Continue producing low-sulfur fuels that meet 2006 regulatory specifications at major refineries; complete clean fuels projects in South Africa and at the company's two nonoperated affiliate refineries in Australia. The affiliate refinery in South Korea is expected to begin producing low-sulfur diesel fuel in 2005.
- › Enterprisewide integration – Enhance global coordination of the refining and marketing supply chain with ChevronTexaco upstream operations to lower the cost of raw materials and products, minimize inventories, and obtain higher value for equity crude and refined products.

DOWNSTREAM FINANCIAL AND OPERATING HIGHLIGHTS¹

Dollars in Millions

	2004	2003
Segment Income	\$ 3,250	\$ 1,167
Fuel Refinery Crude Oil Inputs (Thousands of Barrels per Day) ²	1,916	1,946
Fuel Refinery Capacity at Year-end (Thousands of Barrels per Day) ²	2,116	2,068
U.S. Gasoline and Jet Fuel Yields (Percent of Wholly Owned U.S. Refinery Production)	63%	65%
Refined Products Sales (Thousands of Barrels per Day)	3,908	3,738
Motor Gasoline Sales (Thousands of Barrels per Day)	1,418	1,312
Number of Marketing Retail Outlets at December 31	25,673	24,958
Total Number of Controlled Seagoing Vessels at December 31 ³	38	35
Cargo Transported by Controlled Vessels (Millions of Barrels) ³	311	271
Refining Capital Expenditures	\$ 643	\$ 470
Marketing Capital Expenditures	\$ 415	\$ 349
Transportation Capital Expenditures	\$ 101	\$ 219
Other Downstream Capital Expenditures	\$ 170	\$ 62
Total Downstream Capital Expenditures	\$ 1,329	\$ 1,100

¹ Includes equity share of affiliates unless otherwise noted.

² Refinery input and capacity exclude volumes at asphalt plants.

³ Consolidated companies only.

» Refining

Refining has a network of 21 refineries and asphalt plants that can process more than 2 million barrels of crude oil per day (ChevronTexaco share). Approximately 45 percent of ChevronTexaco's equity refining capacity supplies U.S. markets and 30 percent supplies markets in the Asia-Pacific region, where margins have demonstrated consistent growth since 2002.

The refining asset portfolio is well positioned to capitalize on market opportunities. For example, the Pembroke Refinery, located in the United Kingdom, serves the European market, but it also adds flexibility to the company's refining system by being one of the few sources outside the United States that has demonstrated the ability to ship motor gasoline blendstocks that meet U.S. West Coast specifications.

More than half of Refining's throughput capacity is in the company's five largest refineries: Richmond and El Segundo, California; Pascagoula, Mississippi; Pembroke, United Kingdom, and the equity affiliate in Yosu, South Korea. Several of these refineries can run significant volumes of lower-quality crude and produce a variety of specialized high-value products, which allowed ChevronTexaco to take advantage of widening light-heavy price differentials for crude oil in 2004.

BUSINESS STRATEGIES

Refining's key strategies include:

- › Achieving world-class performance in safety and reliability.
- › Lowering unit operating costs through standardization of process improvements.
- › Increasing refinery utilization by leveraging technology and best practices.

REDUCING COSTS THROUGH IMPLEMENTATION OF STANDARDIZED PROCESSES

Refining is striving to become a top-tier performer in operating expense by driving standardized processes and improving efficiencies throughout the refining system.

For example, during 2004, Refining implemented a standardized performance improvement process at all wholly owned and operated refineries. This initiative, which began in the Richmond, California, refinery in 2003, has already surpassed original expectations in identifying and capturing cost reduction and revenue improvement opportunities across the system. All eight owned-and-operated refineries completed the diagnostic portion of this process. Many individual projects to lower costs, improve yields, enhance utilization and increase operating efficiency were successfully completed, with more such projects under way. This work was also initiated at both Australian affiliate-owned refineries.

» Refining Capacity at Year-End 2004

REFINING CAPACITY AT YEAR-END 2004

(Includes Equity in Affiliates)

Thousands of Barrels per Day

ChevronTexaco Share of Capacity¹

	Atmospheric Distillation ²	Catalytic Cracking ³	Hydro- cracking ⁴	Residuum Conversion ⁵	Lubricants ⁶
UNITED STATES – WHOLLY OWNED REFINERIES					
El Segundo, California	260	62	45	64	—
Kapolei, Hawaii	54	21	—	—	—
Pascagoula, Mississippi	325	63	58	92	—
Richmond, California	225	65	109	—	16
Salt Lake City, Utah	45	13	—	7	—
TOTAL U.S. WHOLLY OWNED REFINERIES	909	224	212	163	16
TOTAL UNITED STATES – ASPHALT PLANTS					
Perth Amboy, New Jersey	80	—	—	—	—
Portland, Oregon ⁷	16	—	—	—	—
TOTAL UNITED STATES ASPHALT PLANTS	96	—	—	—	—
TOTAL UNITED STATES	1,005	224	212	163	16
INTERNATIONAL – WHOLLY OWNED					
Canada – Burnaby, British Columbia	52	18	—	—	—
South Africa – Cape Town ⁸	112	22	—	11	—
United Kingdom – Pembroke	210	90	—	26	—
TOTAL INTERNATIONAL WHOLLY OWNED	374	130	—	37	—
INTERNATIONAL – AFFILIATES⁹					
Australia – Brisbane (50%)	50	18	—	—	—
Australia – Sydney (50%)	58	18	—	—	—
Ivory Coast (3.7%)	2	—	1	—	—
Kenya – Mombasa (16%)	14	—	—	—	—
Martinique (11.5%)	2	—	—	—	—
Netherlands (31%)	124	28	—	10	—
New Zealand – Whangarei (12.7%)	13	3	—	—	—
Pakistan – Karachi (12%)	6	—	—	—	—
Singapore – Pualau Merlimau (50%) ¹⁰	143	18	15	15	—
South Korea – Yosu (50%)	325	37	—	—	2
Thailand – Map Ta Phut (64%)	96	17	—	—	—
TOTAL INTERNATIONAL AFFILIATES	833	139	16	25	2
TOTAL INTERNATIONAL	1,207	269	16	62	2
TOTAL WORLDWIDE	2,212	493	228	225	18

¹ Capacities represent typical calendar-day processing rates for feedstocks to process units, determined over extended periods of time. Actual rates may vary depending on feedstock qualities, maintenance schedules and external factors.

² Atmospheric distillation is the first rough distillation cut. Crude oil is heated at atmospheric pressure and separates into a full boiling range of products, such as liquid petroleum gases, gasoline, naphtha, kerosene, gas oil and residuum.

³ Catalytic cracking uses solid catalysts at high temperatures to produce gasoline and other lighter products from gas oil feedstocks.

⁴ Hydrocracking combines heavy gas oil feedstocks and hydrogen at high pressure and temperature in the presence of a solid catalyst to reduce impurities and produce lighter products, such as gasoline, diesel and jet fuel.

⁵ Residuum conversion includes thermal cracking, visbreaking, coking and hydrocracking processes, which rely primarily on heat to convert heavy residuum feedstock to the maximum production of lighter boiling products.

⁶ Lubricants capacity is based on dewaxed base oil production.

⁷ ChevronTexaco sold the Portland asphalt plant in early 2005.

⁸ ChevronTexaco owns 100 percent interest in the Cape Town Refinery. A consortium of South African partners owns preferred shares convertible into the common stock of the ChevronTexaco subsidiary that operates the refinery, which will ultimately equal a 25 percent interest.

⁹ Source: 2004 *Oil & Gas Journal* Refining Survey.

¹⁰ Equity ownership increased in July 2004 from 33 percent to 50 percent.

» | Marketing

Marketing is responsible for the marketing, advertising, sales and delivery of products and services related to the company's commercial, industrial and retail fuels and convenience retailing operations worldwide. Marketing's 6,000 employees support approximately 25,700 retail outlets, including affiliate operations, in nearly 90 countries, and ensure that customers around the world can enjoy high-quality products and services in clean, safe and reliable surroundings.

BUSINESS STRATEGIES

With powerful brands and a strong market share in many regions, Marketing is relying on several key strategies to achieve a competitive advantage:

- › Improving safety, reliability and operating efficiency through the deployment of global standards.
- › Executing retail, commercial and industrial, portfolio and brand strategies through the use of standardized global processes.
- › Optimizing the portfolio and investing in preferred markets through world-class capital stewardship.

GROWING THREE WORLD-CLASS BRANDS

Marketing manages three world-class brands – Chevron, Texaco and Caltex – each with a long-established and distinguished legacy.

In 2004, the Chevron brand was identified by Oil Price Information Service (OPIS) as “the most powerful brand” in the United States market. Internationally, Texaco was rated the “Brand of Choice” in the Caribbean and ranked No. 2 in Central America based on a survey by Penn, Schoen & Berland Associates, Inc. Caltex was also ranked as the No. 2 “Brand of Choice” in the Asia-Pacific market, based on a survey by Conversa Global Ltd.

Chevron with Techron®-branded gasoline was the first in both the United States and Canada to be qualified as meeting the TOP TIER Detergent Gasoline performance criteria set by BMW, General Motors, Honda and Toyota. The voluntary TOP TIER program establishes criteria for detergent levels in gasoline higher than those currently set by the United States Environmental Protection Agency. Gasolines meeting these criteria keep engine parts cleaner by reducing fuel-related deposits, resulting in better performance.

In third quarter 2004, ChevronTexaco began marketing gasoline in the United States under the Texaco retail brand, and by the end of the year was supplying more than 1,000 locations, primarily in the Southeast, with plans to supply additional sites in the Southeast and West during 2005. Further expansion is planned when all rights to the Texaco brand in the United States revert to ChevronTexaco in July 2006.

RAISING RETURNS THROUGH IMPROVING CAPITAL STEWARDSHIP

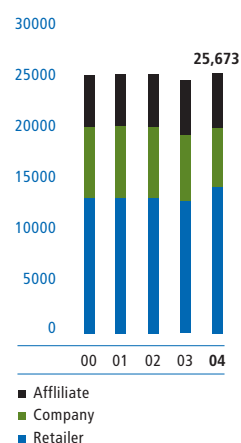
Optimizing the portfolio is a key goal for Marketing, which focuses investment in preferred markets using world-class capital stewardship skills. Network planning and market prioritization guide decisions on where ChevronTexaco markets and grows its brands.

Marketing is continuing its strategy to favor third-party ownership of retail sites while growing motor gasoline sales. During 2003-2004, the company divested about 1,600 service station sites. The vast majority of these sites will continue to market ChevronTexaco-branded gasolines, generating sales volumes through new supply agreements. This program has resulted in the divestment of about 600 sites in the United States and 1,000 internationally.

Marketing Portfolio



Marketing Retail Outlets
Number of outlets



» Lubricants

ChevronTexaco is among the leading global marketers of finished lubricants and is the No. 1 U.S. supplier of premium lubricant basestocks west of the Rockies. Lubricants sells products in about 170 countries and employs a globally diverse work force of 3,500 employees who operate 56 blending facilities and four technology centers. Lubricants provides lubrication products and solutions to a mix of commercial, industrial and retail customers. A complete line of more than 4,600 lubrication and coolant products, including such well-known products as Havoline®, Delo®, Ursa® and Revtex®, are marketed under three major corporate brands – Chevron, Texaco and Caltex. In 2004, ChevronTexaco joined with customers, retailers, and distributors in celebrating the 100th anniversary of the Havoline brand and its long heritage of providing high-quality lubricant solutions that continue to deliver superior engine performance to motorists around the world and to many high profile automotive racing teams.

BUSINESS STRATEGIES

Lubricants is focused on becoming the global market leader and supplier of choice in commercial heavy-duty applications. This sector of the business offers the highest margin potential, as customers seek suppliers who can deliver solutions to improve operational performance and protect their equipment investment. By leveraging the strengths of marketing, sales and technology services around the globe, Lubricants can effectively serve customers that have global operations by providing a broad range of high-quality products and value-adding solutions. In addition, Lubricants' strategies include:

- › Selectively competing in mature markets and growing in emerging markets within the industrial and consumer sectors by leveraging brand value.
- › Growing the company's position as a world-class manufacturer of premium base oils through expansion of existing ChevronTexaco refineries and joint venture agreements.
- › Developing a customer-facing sales and marketing-focused culture to enable the execution of global market sector strategies.
- › Optimizing the supply chain to improve both operating and capital efficiency.

INCREASING MARKET SHARE

In North America, Lubricants was able to profitably grow sales volumes by 3 percent in 2004 relative to 2003 on the strength of the Havoline and Delo lubricant brands, including a 20 percent growth in the company's coolant business with global customers. In addition, Lubricants added more than 250 outlets within the company's automotive-installed segment. Of this total, nearly 100 were branded Texaco Xpress Lube™ sites, one of the fastest-growing premier automotive service chains in the United States.

Outside North America, ChevronTexaco made great strides in growing its leadership position as a marketer of lubricants products. Lubricants attained No. 1 market share for lubricants in Brazil, with a 15 percent increase in sales volumes, and achieved 30 percent volume growth in China. The company entered into a joint-venture agreement to increase market share in Saudi Arabia, which is the largest lubricants market in the Middle East. The company also registered strong growth in Europe, Eurasia and other markets around the world on the strength of the company's branded products that are geared toward reducing equipment wear, lubrication contamination and operating downtime.

ENHANCING PRODUCT OFFERINGS

More than 50 significant new and improved offerings, such as industry-leading Chevron Delo® 400 Multigrade heavy-duty motor oil, were launched during 2004 to provide a comprehensive set of products and services to customers. The performance enhancements of the newly formulated Chevron Delo® 400 result in improved engine durability and reduced operating costs for fleets and owner-operators. Such offerings led to a 5 percent overall increase in total global sales volumes relative to 2003 and the capture of large global accounts.

» | Supply & Trading

Supply & Trading manages five business portfolios – Crude Supply & Trading, Products Supply & Trading, Aviation, Fuel and Marine Marketing, and U.S. Asphalt. In addition, Supply & Trading has a dedicated Supply Optimization Group to facilitate supply chain decision-making for ChevronTexaco. Supply & Trading plays a critical role by optimizing system assets, trading and marketing crude oil and refined products, and by managing associated risk across the global supply chain. The organization is headquartered in Houston, with regional hubs in London, Singapore and Cape Town.

Crude and Products Supply & Trading activities are conducted in nearly 70 countries where the company trades more than 200 different grades of crude oil and petroleum products. Aviation, among the leading global suppliers, provides jet fuel and aviation gasoline to passenger and cargo airlines, general aviation and military customers and operates at more than 1,000 airports in 80 countries. Fuel and Marine Marketing, one of the largest suppliers of marine lubricants in the world, sells and distributes fuel oil and marine lubricants. U.S. Asphalt produces and sells asphalt and certain light products in key regions of the United States.

BUSINESS STRATEGIES

Supply & Trading strategies focus on value-creating, enterprisewide supply chain activities. Its goals are:

- › Optimizing ChevronTexaco's raw material selection, refined product supply and related transportation.
- › Extracting value through trading and marketing activities by leveraging ChevronTexaco's equity positions in crude oil and refined products.

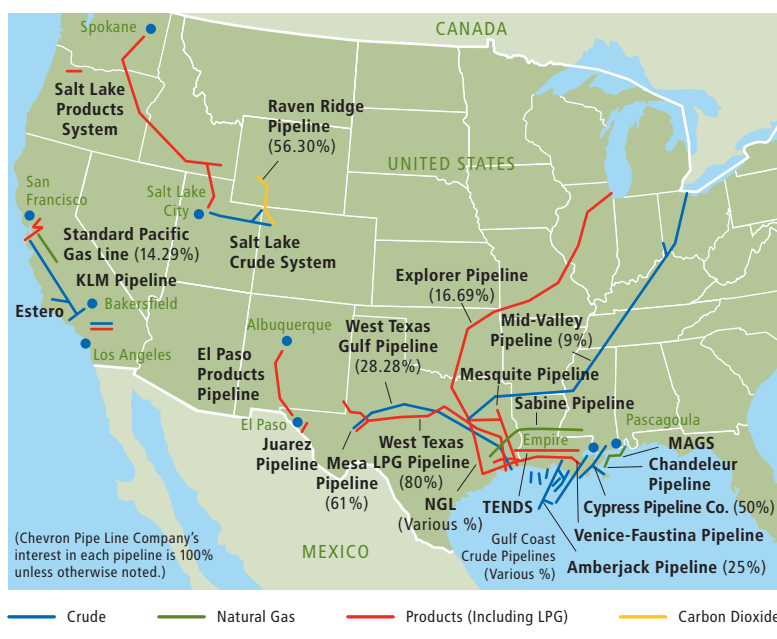
OPTIMIZING THE SUPPLY CHAIN

Supply & Trading executes strategies to improve collaboration among the functional upstream and downstream businesses and enables enterprisewide business integration. Projects focus on improving supply chain efficiencies and capturing market opportunities to increase earnings by reducing raw material and transportation costs and maximizing the value of the refinery product mix.

The Supply Optimization Group works in partnership with upstream and the full range of downstream functions to capture sustainable value throughout the supply chain. Its activities include standardizing processes for selecting raw materials, evaluating operating performance and enhancing global and regional optimization activities. Cross-functional teams work together to ensure that inventory and supply management activities maximize value for the enterprise.

» | Pipelines

Information related to pipelines that transport crude oil, natural gas and refined products pipelines is presented below. For additional information on the Caspian Pipeline Consortium, the Chad/Cameroon pipeline and the West African Gas Pipeline, see pages 20, 22 and 25 in the Upstream section.



NET PIPELINE MILEAGE ^{1,2}	At December 31
Includes Equity in Affiliates (except Dynegey Inc.)	2004
CRUDE OIL LINES	
United States	2,189
International	431
TOTAL CRUDE OIL LINES	2,620
NATURAL GAS LINES	
United States ³	2,154
International	767
TOTAL NATURAL GAS LINES	2,921
PRODUCT LINES	
United States ³	5,330
International	567
TOTAL PRODUCT LINES	5,897
TOTAL NET PIPELINE MILEAGE	11,438

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

² Includes net pipeline mileage under transportation function. Excludes gathering pipelines relating to U.S. and international crude oil and natural gas production function.

³ Includes 71 natural gas and 269 product net miles in Dixie Pipeline, which was sold in early 2005.

» Shipping

Shipping managed more than 2,200 tanker voyages in 2004, delivering crude oil, refined products, liquefied petroleum gas and liquefied natural gas (LNG) to customers worldwide. These voyages are managed through a combination of single-voyage charters, short- and medium-term time charters and a company-owned or bareboat-chartered fleet. Shipping is headquartered in San Ramon, California, with regional offices in the major trading centers of Houston, London and Singapore.

BUSINESS STRATEGIES

Shipping's strategies are focused on creating value through providing innovative, high-quality marine transportation, commercial and risk management, and technical consulting to customers. Its goals are:

- › Delivering safe, incident-free transportation.
- › Providing flexibility to adapt quickly to changing requirements.
- › Reducing the total cost of transportation.

MAINTAINING A MODERN FLEET

In 2004, as part of Shipping's ongoing responsibility to maintain a modern fleet, the company contracted for the delivery of two additional double-hulled tankers – each capable of carrying 600,000 to 700,000 barrels of crude oil – and three additional double-hulled tankers each capable of carrying more than 2 million barrels of crude oil. These new vessels are scheduled for delivery between 2005 and 2007. Also during 2004, the company disposed of two vessels that were surplus to ChevronTexaco system requirements. In early 2004, the company assumed full operatorship of its first LNG vessel, the *Northwest Swan*.

VESSELS

		At December 31									
		2004		2003		2002		2001		2000	
		U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.
CRUDE OIL AND REFINED PRODUCTS TANKERS											
BY TYPE, DEAD WEIGHT TONNAGE¹											
COMPANY-OWNED AND BAREBOAT-CHARTERED											
25,000–65,000	3	–	3	–	3	1	3	1	3	3	
65,000–120,000	–	4	–	4	–	3	–	4	1	2	
120,000–160,000	–	6	–	8	–	8	–	9	–	12	
160,000–320,000	–	6	–	6	–	7	–	8	–	9	
Above 320,000	–	–	–	–	–	1	–	1	–	1	
TOTAL COMPANY-OWNED AND BAREBOAT-CHARTERED	3	16	3	18	3	20	3	23	4	27	
TIME-CHARTERED²											
25,000–65,000	–	10	–	7	–	3	–	1	–	–	
65,000–120,000	–	9	–	6	–	4	–	–	–	1	
120,000–160,000	–	–	–	–	–	–	–	3	–	–	
160,000–320,000	–	–	–	1	–	1	–	–	–	–	
TOTAL TIME-CHARTERED	–	19	–	14	–	8	–	4	–	1	
TOTAL CRUDE OIL AND REFINED PRODUCTS TANKERS	3	35	3	32	3	28	3	27	4	28	

¹ Consolidated companies only. Excludes tankers used exclusively for storage.

² Includes time charters greater than one year.

CARGO TRANSPORTED – CRUDE OIL AND REFINED PRODUCTS*

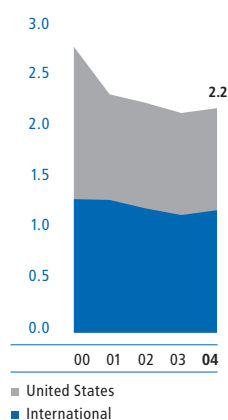
		Year Ended December 31									
		2004		2003		2002		2001		2000	
		U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.
Millions of Barrels	33	278	35	236	31	251	42	227	42	193	
Billions of Ton-Miles	3	193	3	179	5	213	5	196	5	184	

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

» Refining Capacities and Crude Oil Inputs

REFINERY CAPACITY AT DECEMBER 31*

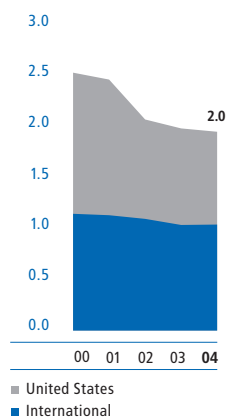
Millions of barrels per day



*Includes equity in affiliates

REFINERY CRUDE OIL INPUTS*

Millions of barrels per day



*Includes equity in affiliates

REFINING CAPACITIES AND CRUDE OIL INPUTS (Includes Equity in Affiliates)

Year Ended December 31

Thousands of Barrels per Day	ChevronTexaco Share of Capacity		ChevronTexaco Share of Refinery Inputs			
	At December 31, 2004	2004	2003	2002	2001	2000
UNITED STATES – FUEL REFINERIES						
CHEVRONTExACO REFINERIES						
El Segundo, California	260	234	242	251	213	219
Kapolei, Hawaii	54	51	52	53	54	51
Pascagoula, Mississippi	325	312	301	329	332	313
Richmond, California	225	233	235	187	229	203
Salt Lake City, Utah	45	42	40	43	44	44
El Paso, Texas ¹	–	–	36	61	61	60
TOTAL CHEVRONTExACO UNITED STATES FUEL REFINERIES	909	872	906	924	933	890
EQUILON AREA REFINERIES²	–	–	–	–	138	185
MOTIVA AREA REFINERIES²	–	–	–	–	215	262
TOTAL EQUILON AND MOTIVA REFINERIES	–	–	–	–	353	447
TOTAL UNITED STATES FUEL REFINERIES	909	872	906	924	1,286	1,337
UNITED STATES – ASPHALT PLANTS						
Perth Amboy, New Jersey	80	40	41	50	46	46
Portland, Oregon ³	16	2	4	5	4	6
Richmond Beach, Washington ³	–	–	–	–	–	1
TOTAL UNITED STATES ASPHALT PLANTS	96	42	45	55	50	53
TOTAL UNITED STATES	1,005	914	951	979	1,336	1,390
INTERNATIONAL – WHOLLY OWNED						
Canada – Burnaby, British Columbia	52	49	50	51	52	51
South Africa – Cape Town ⁴	112	62	72	74	71	65
United Kingdom – Pembroke	210	209	175	204	202	215
Guatemala ⁵	–	–	–	11	16	16
Panama ⁵	–	–	–	27	54	44
Philippines – Batangas ⁶	–	–	49	59	65	65
TOTAL INTERNATIONAL WHOLLY OWNED	374	320	346	426	460	456
INTERNATIONAL – AFFILIATES						
Australia – Brisbane (50%)	50	47	44	43	40	45
Australia – Sydney (50%)	58	52	49	50	52	54
Ivory Coast (3.7%)	2	2	2	2	2	2
Kenya – Mombasa (16%)	14	6	6	5	6	6
Martinique (11.5%)	2	2	2	2	1	2
Netherlands (31%)	124	98	100	89	99	100
New Zealand – Whangarei (12.7%)	13	12	12	12	12	12
Pakistan – Karachi (12%)	6	5	5	5	5	2
Singapore – Pualau Merlimau (50%) ⁷	143	102	77	68	72	73
South Korea – Yosu (50%)	325	305	311	308	301	307
Thailand – Map Ta Phut (64%)	96	93	86	90	86	91
TOTAL INTERNATIONAL AFFILIATES	833	724	694	674	676	694
TOTAL INTERNATIONAL	1,207	1,044	1,040	1,100	1,136	1,150
TOTAL WORLDWIDE	2,212	1,958	1,991	2,079	2,472	2,540

¹ ChevronTexaco sold its interest in the El Paso Refinery in August 2003.² Includes investments in Equilon and Motiva refineries, which were placed in trust in October 2001, as required by the U.S. Federal Trade Commission, and disposed of in February 2002.³ ChevronTexaco sold the Portland and Richmond Beach asphalt plants in early 2005. The Richmond Beach asphalt plant ceased processing operations in May 2000.⁴ ChevronTexaco owns 100 percent interest in the Cape Town Refinery. A consortium of South African partners owns preferred shares convertible into the common stock of the ChevronTexaco subsidiary that operates the refinery, which will ultimately equal a 25 percent interest.⁵ Refining operations ceased at the Panama and Guatemala refineries in July 2002 and September 2002, respectively. The Guatemala facility was converted to a terminal operation in 2002. The Panama facility was converted to a terminal operation in 2003.⁶ Refining operations ceased at the Batangas Refinery in November 2003. The Batangas facility was converted to a product import terminal operation in early 2004.⁷ Equity ownership increased in July 2004 from 33 percent to 50 percent.

» Refinery Utilization and Production

REFINERY CRUDE UTILIZATION

(Includes Equity in Affiliates)

Percentage of Capacity	Year Ended December 31				
	2004	2003	2002	2001	2000
United States – Fuel Refineries ¹	95.9	95.1	97.9	90.0	90.6
Europe	91.9	82.3	87.7	89.5	96.5
Asia-Pacific	86.3	85.5	84.6	84.4	84.9
Other	94.6	96.4	86.5	93.2	86.5
Worldwide ²	89.5	87.7	89.4	87.1	88.1

UTILIZATION OF CRACKING AND COKING FACILITIES³

(Wholly Owned)

Percentage of Capacity	2004	2003	2002	2001	2000
United States	87.9	84.5	85.3	84.2	80.3

SOURCES OF CRUDE OIL INPUT FOR WORLDWIDE REFINERIES

(Wholly Owned)

Percentage of Total Input	2004	2003	2002	2001	2000
Middle East	28.2	31.0	33.7	36.3	37.1
Mexico	18.6	18.6	9.8	8.3	8.6
United States – Excluding Alaska North Slope	6.2	9.5	12.8	13.1	14.1
United States – Alaska North Slope	7.8	9.2	9.3	10.5	8.8
South America	6.3	4.3	3.6	5.1	2.8
North Sea	13.4	13.1	13.8	13.3	15.2
Africa	9.3	4.5	6.3	3.6	3.1
Other	10.2	9.8	10.7	9.8	10.3
TOTAL	100.0	100.0	100.0	100.0	100.0

WORLDWIDE REFINERY PRODUCTION OF FINISHED PRODUCTS

(Wholly Owned)

Thousands of Barrels per Day	2004	2003	2002	2001	2000
Gasoline	564	586	631	611	603
Jet Fuel	241	250	246	255	254
Gas Oil	251	251	304	297	307
Fuel Oil	100	101	89	103	95
Other	162	180	202	198	182
TOTAL	1,318	1,368	1,472	1,464	1,441

SOURCES OF CRUDE OIL INPUT FOR U.S. REFINERIES

(Wholly Owned)

Percentage of Total Input	2004	2003	2002	2001	2000
Middle East	34.5	34.8	40.2	42.6	45.7
Mexico	25.4	24.6	13.2	11.1	12.0
United States – Excluding Alaska North Slope	8.5	12.5	17.3	17.6	17.3
United States – Alaska North Slope	10.7	12.2	12.5	14.0	12.3
South America	8.5	5.6	4.9	6.8	3.9
Africa	5.2	3.3	4.3	1.0	1.0
Other	7.2	7.0	7.6	6.9	7.8
TOTAL	100.0	100.0	100.0	100.0	100.0

U.S. REFINERY PRODUCTION OF FINISHED PRODUCTS

(Wholly Owned)

Thousands of Barrels per Day	2004	2003	2002	2001	2000
Gasoline	402	445	463	449	431
Jet Fuel	203	208	200	205	200
Gas Oil	148	144	181	181	171
Fuel Oil	54	59	41	54	43
Other	148	147	162	148	149
TOTAL	955	1,003	1,047	1,037	994

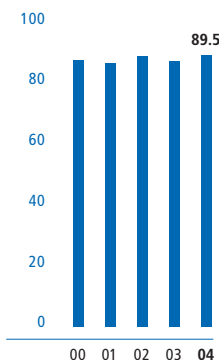
¹ Includes investments in Equilon and Motiva refineries, which were placed in trust in October 2001, as required by the U.S. Federal Trade Commission, and disposed of in February 2002.

² Includes asphalt plants.

³ Hydrocrackers, catalytic crackers and coking facilities are the primary facilities used to convert heavier products into gasoline and other light products.

WORLDWIDE REFINERY UTILIZATION*

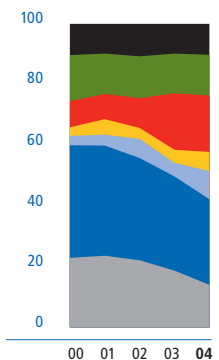
Percentage of capacity



*Includes equity in affiliates

SOURCES OF CRUDE OIL INPUT FOR WORLDWIDE REFINERIES (WHOLLY OWNED)

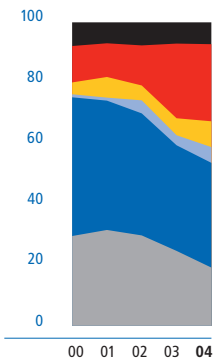
Percentage



■ Other
■ North Sea
■ Mexico
■ South America
■ Africa
■ Middle East
■ United States

SOURCES OF CRUDE OIL INPUT FOR U.S. REFINERIES (WHOLLY OWNED)

Percentage



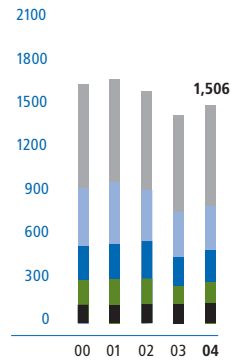
■ Other
■ Mexico
■ South America
■ Africa
■ Middle East
■ United States



Inventories, Products Sales and Marketing Retail Outlets

U.S. GASOLINE & OTHER REFINED PRODUCTS SALES

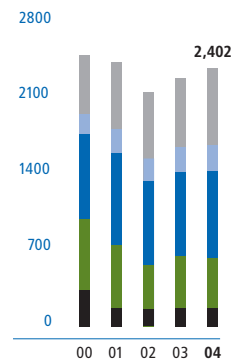
Thousands of barrels per day



■ Gasoline
■ Jet Fuel
■ Gas Oils & Kerosene
■ Residual Fuel Oil
■ Other

INTERNATIONAL GASOLINE & OTHER REFINED PRODUCTS SALES*

Thousands of barrels per day



■ Gasoline
■ Jet Fuel
■ Gas Oils & Kerosene
■ Residual Fuel Oil
■ Other

*Includes equity in affiliates

PETROLEUM INVENTORIES¹

Year Ended December 31

Millions of Barrels	2004	2003	2002	2001	2000
Raw Stocks	79	73	65	72	62
Unfinished Stocks	22	19	18	24	19
Finished Products	48	52	57	51	51
TOTAL	149	144	140	147	132

REFINED PRODUCTS SALES

Thousands of Barrels per Day

UNITED STATES²

Gasoline	701	669	680	709	717
Jet Fuel	302	314	352	424	402
Gas Oils and Kerosene	218	196	259	245	237
Residual Fuel Oil	148	123	177	183	167
Other Petroleum Products	137	134	132	122	128
TOTAL UNITED STATES	1,506	1,436	1,600	1,683	1,651

INTERNATIONAL³

Gasoline	717	643	620	624	547
Jet Fuel	250	228	207	220	194
Gas Oils and Kerosene	805	780	783	861	790
Residual Fuel Oil	463	487	416	587	657
Other Petroleum Products	167	164	149	162	333
TOTAL INTERNATIONAL	2,402	2,302	2,175	2,454	2,521

WORLDWIDE⁴

Gasoline	1,418	1,312	1,300	1,333	1,264
Jet Fuel	552	542	559	644	596
Gas Oils and Kerosene	1,023	976	1,042	1,106	1,027
Residual Fuel Oil	611	610	593	770	824
Other Petroleum Products	304	298	281	284	461
TOTAL WORLDWIDE	3,908	3,738	3,775	4,137	4,172

¹ On an "owned" inventories basis (i.e., physical inventory adjusted for volumes payable to or receivable from others). Consolidated companies only.² Excludes Equilon and Motiva.³ 2003 through 2000 conformed to 2004 presentation. Includes equity in affiliates:⁴ Includes buy/sell arrangements (2001 and 2000 not available):**LIGHT PRODUCTS SALES^{1,2}**

Year Ended December 31

	2004	2003	2002	2001	2000
SALES REVENUES (Millions of Dollars)					
United States	\$ 24,451	\$ 18,481	\$ 17,118		
International	29,481	24,612	18,917		
TOTAL SALES REVENUES	\$ 53,932	\$ 43,093	\$ 36,035		
SALES VOLUMES (Thousands of Barrels per Day)					
United States	1,221	1,179	1,291		
International	1,434	1,330	1,302		
TOTAL SALES VOLUMES	2,655	2,509	2,593		

¹ Consolidated companies only. Data for 2001 and 2000 not readily available in this format.² Light products sales include motor gasoline, jet fuel, aviation gasoline and mid-distillates.**MARKETING RETAIL OUTLETS^{1,2}**

At December 31

	2004		2003		2002		2001		2000	
	Company	Other	Company	Other	Company	Other	Company	Other	Company	Other
United States	677	8,296	956	6,846	1,239	6,750	1,338	6,865	1,389	6,664
Canada	162	3	165	—	166	—	168	—	168	—
Europe	729	1,485	849	1,701	940	1,721	982	1,687	1,019	1,684
Latin America	1,296	2,863	1,338	3,096	1,346	3,353	1,527	3,015	1,575	3,240
Asia-Pacific	1,386	744	1,524	655	1,766	550	1,687	703	1,393	802
Africa	1,286	749	1,449	510	1,274	771	1,083	863	1,205	750
Other	245	299	296	230	261	231	255	231	229	231
TOTAL	5,781	14,439	6,577	13,038	6,992	13,376	7,040	13,364	6,978	13,371

¹ Excludes equity affiliates totaling 5,453, 5,343, 5,244, 5,216 and 5,191 for 2004, 2003, 2002, 2001 and 2000, respectively. 2003 through 2000 conformed to 2004 presentation.² Company investment outlets are motor vehicle outlets that are company owned or leased. These outlets may be either company operated or leased to a dealer. Other outlets consist of all remaining branded outlets that are owned by others and supplied with branded products.

CHEVRON PHILLIPS CHEMICAL COMPANY LLC

The 50 percent-owned Chevron Phillips Chemical Company LLC (CPChem) is one of the world's leading producers of commodity petrochemicals.

BUSINESS STRATEGIES

- › Protect employees, contractors and the community through top tier safety performance.
- › Deliver superior financial results through innovation, leveraging core technologies and continuing to drive costs lower.
- › Leverage best practices from ChevronTexaco and ConocoPhillips to enhance operational excellence and allow better selection and execution of capital projects.
- › Profitably grow by developing world-scale petrochemical opportunities supported by secure, low-cost feedstocks focused on large growing markets around the world.

BUSINESS ENVIRONMENT IN 2004

CPChem sales volumes and product prices in 2004 were higher than in 2003, as improvements in world economies led to increased demand. Margin improvement, however, was limited by higher feedstock costs for U.S. production. Results from CPChem's Middle East joint ventures improved over 2003, driven mainly by higher product prices and more favorable feedstock positions for these entities. Sales volumes of olefin and polyolefin products, CPChem's largest business segment, experienced strong growth from 2003 levels. Margins for derivative products, particularly polymers, were down slightly, as these products were unable to keep pace with rising feedstock costs. Growing demand, along with industry consolidations and the lack of capacity additions over an extended period, has improved the earnings outlook for petrochemical products.

2004 ACCOMPLISHMENTS

- › Improved Occupational Safety and Health Administration (OSHA) recordable-incident rate (RIR) for the fourth consecutive year. RIR has been reduced more than 50 percent since CPChem was formed in 2000. Twelve facilities – up from nine in 2003 – were designated as Star or Merit sites through OSHA's Voluntary Protection Program.
- › Continued focus on cost management and reliable operations, resulting in lower operating costs per unit of production. Excluding fuel and utilities, this metric improved compared with 2003 and was more than 20 percent better than 2001.
- › Leveraged proprietary Aromax® (benzene) and loop slurry (high-density polyethylene, or HDPE) technology positions by entering into licensing arrangements with Compañía Española de Petróleos, S.A., and China Petrochemical International Company Ltd., respectively.
- › Obtained approvals to construct an integrated, world-scale styrene facility and to expand an existing, adjacently located aromatics plant in Al Jubail, Saudi Arabia. The \$1.2 billion project is scheduled for completion in the first half of 2008.
- › Continued the development of Q-Chem II and the Ras Laffan ethylene project in Qatar. Final approvals by the project partners for this world-scale olefins and polyolefins development are expected in 2005.

For information on major business segments, refer to CPChem's external website at www.cpchem.com.

CHEVRON ORONITE COMPANY

Chevron Oronite is a world leader in the development, manufacture and marketing of performance additives for lubricating oils and fuels. Oronite additives are blended into refined base oil or fuel and used in marine, diesel, gasoline and other specialty applications. Chevron Oronite has three primary operating regions – Americas, Asia-Pacific and Europe/Africa/Middle East – with major manufacturing facilities and technology centers within each region to provide superior service and value to its customers.

BUSINESS STRATEGIES

- › Focus on incident- and injury-free operations to achieve world-class performance.
- › Deliver superior financial results and drive industry change to Oronite's and its customers' advantage.
- › Develop component and product technology that is equal to or better than the competition.
- › Meet customers' needs by profitably utilizing Oronite's customer relationship model, which aligns customers' specific costs to their needs.
- › Continue to manage costs and drive efficiencies throughout the organization.



Chemicals

2004 ACCOMPLISHMENTS

- › Completed initiatives in the Europe/Africa/Middle East and the Asia-Pacific regions to significantly reduce both operating expenses and capital employed.
- › Achieved record sales volumes, increasing by 11 percent from the prior year.
- › Commercialized GF-4 – the latest gasoline engine oil performance specification category – becoming the first company in the industry to achieve this milestone.

MAJOR BUSINESS SEGMENTS

Chevron Oronite has two major global business segments – Lubricating Oil Additives and Fuel Additives. These businesses are managed on a global functional basis to maximize efficiency, facilitate global strategies, avoid duplication, minimize regional suboptimization and monitor the global marketplace.

The Lubricating Oil Additives business segment provides additives for lubricating oil in most engine applications, such as passenger car, heavy-duty diesel, marine, two-cycle and railroad engines. Each engine type has different needs and industry specifications, requiring different additive packages to properly protect the engines from premature wear and corrosion. Several additive components, such as dispersants, detergents, viscosity improvers and inhibitors, are blended together to meet the desired performance standards. Additives are also marketed for other oil applications, such as power transmission fluid and hydraulic oils.

The Fuel Additives business segment provides additives for fuels to improve engine performance and extend engine life. The major additive applications are for gasoline and diesel fuels. Many additive packages are unique and are blended specifically for a single customer. Fuel performance standards vary for customers throughout the world, and each region provides specific packages for its area.

MANUFACTURING AND RESEARCH AND DEVELOPMENT LOCATIONS

CPChem, headquartered in The Woodlands, Texas, manufactured products at 32 locations in eight countries in 2004:

United States	Major Products	International	Major Products
St. James, Louisiana	Styrene	Kallo-Beveren, Belgium	Ryton® PPS Compounds
Pascagoula, Mississippi	Paraxylene, Benzene	Tessenderlo, Belgium	Organosulfur Chemicals
Marietta, Ohio	Polystyrene	Jinshanwei, China (40%)	HDPE
Cedar Bayou Facility, Baytown, Texas	Ethylene, Propylene, HDPE, Alpha Olefins, LLDPE and LDPE	Zhangjiagang, China	Polystyrene
Borger, Texas	Specialty Chemicals and Ryton® PPS Polymer	Queretaro, Mexico	Polyethylene Pipe
Conroe, Texas	Drilling Specialty Chemicals	Guayama, Puerto Rico	Paraxylene
La Porte, Texas	Ryton® PPS Compounds	Mesaieed, Qatar (49%)	Ethylene, HDPE, 1-Hexene
Sweeny Facility, Old Ocean, Texas	Ethylene, Propylene	Al Jubail, Saudi Arabia (50%)	Benzene, Cyclohexane
Orange, Texas	HDPE	Singapore (50%)	HDPE
Pasadena Plastics	HDPE, K-Resin® SBC,	Singapore	Ryton® PPS Compounds
Complex, Pasadena, Texas	Polypropylene (60%)	Yochon, South Korea (60%)	K-Resin® SBC
Port Arthur, Texas	Ethylene, Propylene, Cyclohexane, Cumene ¹		
Ten Other Locations	Polyethylene Pipe		

Chevron Oronite, headquartered in San Ramon, California, manufactured products at seven locations in seven countries in 2004:

United States	Products/Services	International	Products/Services
Richmond, California	Technology Center	São Paulo, Brazil ²	Lube Additives M&D
Belle Chasse, Louisiana	Fuel and Lube Additives Manufacturing and Distribution (M&D)	Gonfreville, France	M&D and Technology Center
San Antonio, Texas	Research and Development	Chennai, India (50%)	Lube Additives M&D
		Omaezaki, Japan	Lube Additives M&D ³ and Technology Center
		San Juan del Rio, Mexico (40%)	Lube Additives M&D
		Rotterdam, Netherlands	Technology Center
		Palau Sakra, Singapore	Lube Additives M&D

¹ Cumene plant currently idled.

² The Brazil operations will be closed by the end of 2005.

³ The Omaezaki facility shut down its manufacturing operations in mid-2004.

ChevronTexaco develops and applies integrated technology solutions to support production from existing hydrocarbon sources, to increase reserves, to manufacture world-class hydrocarbon products, and to develop energy options for the future. The company engages in a broad network of research and development (R&D) partnerships and collaborations that strengthen proprietary capabilities and ensure access to the global technology base.

BUSINESS STRATEGIES

In 2004, ChevronTexaco defined three technology strategies: (1) Align technology resources with business needs to achieve and maintain world-class “4+1” performance; (2) Position the company to successfully compete in future energy markets; (3) Recruit and retain key technical talent. The strategies guide how the company manages the elements of its technology system of core hydrocarbon technologies, the strategic research portfolio, the global digital infrastructure and information technology (IT), and the Technology Ventures Company.

- › The Energy Technology Company delivers integrated technologies and services to ChevronTexaco’s upstream, downstream and gas businesses. Core hydrocarbon technologies are managed as integrated focus areas from R&D through deployment and technical service. Focus areas include: exploration, deepwater production and drilling; reservoir management and optimization; heavy oil recovery and upgrading; shallow-water production; gas-to-liquids processing; refining processes; and safe, incident-free operations.
- › The strategic research portfolio includes both proprietary research and joint development programs with research partners. The research portfolio links the company’s current and prospective businesses to high-impact advances in key areas such as molecular transformation, visualization and oil field automation.
- › The Information Technology Company provides a global digital infrastructure for continuously integrating advances in computing, data management, security and network technology into company operations.
- › The Technology Ventures Company focuses on identifying, growing and commercializing external emerging technologies that have the potential to transform how energy is produced and used. The current business development portfolio includes hydrogen infrastructure, advanced battery systems, nano-materials and renewable energy applications.

2004 ACCOMPLISHMENTS

- › Completed the first year of operation of the energy industry’s first fully-integrated hydrocarbon technology company.
- › Standardized risk assessment practices to improve the quality of exploration portfolio decisions.
- › Deployed advanced imaging, processing and acquisition methods that improve seismic data quality and that set new technical and cost standards in 3-D exploration and development.
- › Completed the research phase and initiated a development and commercialization program for next-generation reservoir simulation. This project is scheduled for deployment in 2007.
- › Applied a new drilling-mud temperature control technology to deepwater drilling that reduces costs, rig downtime and loss of drilling fluids.
- › Continued progress toward piloting a complete Seafloor Processing Unit on the deepwater ocean floor by 2007.
- › Developed an improved predictive technique for line plugging in large production systems that is now commercially available to the Deep Star partnership led by ChevronTexaco.
- › Developed an improved technique to quantify and characterize heavy oil in the reservoir using advanced Nuclear Magnetic Resonance technologies.
- › Achieved key milestones for the ChevronTexaco Activated Slurry Hydrocracking process for converting extra-heavy oils to light products.
- › Completed design of the world’s largest single train sulfur-recovery unit. Designed for Tengizchevroil (TCO), the unit is scheduled for startup in 2006.
- › Achieved injection pressures greater than 14,000 pounds per square inch absolute to meet major compression-machinery milestones for the TCO Sour Gas Injection project.
- › Established a Center of Research Excellence at the University of Southern California to develop digital oil field technologies and provide training in advanced petroleum technologies.
- › Established an alliance with Los Alamos National Laboratory to develop and commercialize energy solutions based on the U.S. Department of Energy and Department of Defense technologies.
- › Initiated enterprisewide definition of next-generation IT infrastructure, including architecture, business applications, advanced security and wireless technologies.



BUSINESSES
OTHER

Technology

-
- › Selected by the U.S. Department of Energy to lead a consortium that will demonstrate hydrogen infrastructure, power generation and fuel-cell vehicles.
 - › Selected by Alameda–Contra Costa Transit District (AC Transit) in Oakland, California, to build a hydrogen energy station that will supply their fuel-cell bus fleet and generate electrical power.
 - › Received U.S. Department of Energy R&D grants for hydrogen production, recovery and purification technology with potential applications in fuel cells and carbon capture.
 - › Achieved milestone agreements to supply next-generation nickel metal hydride batteries for the hybrid-electric vehicle market.
 - › Achieved production milestones for nano-scale diamondoid molecules with potential applications in electronic materials, specialty polymers and pharmaceuticals.

» | Power Generation

ChevronTexaco's Global Power Generation (GPG) has more than 20 years experience in evaluating power markets and successfully developing and operating commercial power projects. With 13 power assets located in the United States and Asia, GPG manages the production of more than 3,300 megawatts of electricity in facilities that operate at 99 percent average reliability. All of the facilities are owned through joint venture structures. The company operates efficient gas-fired cogeneration facilities that utilize waste heat recovery to produce additional electricity or to support industrial thermal hosts. A number of the facilities provide steam for heavy oil recovery operations.

BUSINESS STRATEGIES

- › Maximize the long-term returns from power generation assets by operating safely, reliably and efficiently.
- › Leverage commercial, technical and operational expertise to assist other ChevronTexaco business units in optimizing power generation.
- › Work within the global gas strategy to develop market options for the commercialization of ChevronTexaco's natural gas resources.

2004 ACCOMPLISHMENTS

- › Implemented a Power Solutions Network using a Web-based tool to link power generation operations worldwide, providing ready access to best practices for improving asset reliability.

» | Dynegy

ChevronTexaco owns an approximate 25 percent interest in the common stock of Dynegy Inc. In addition, the company holds \$400 million face value of Dynegy Series C Mandatorily Redeemable Convertible Preferred Stock with a stated maturity of 2033.

BUSINESS DESCRIPTION

Through its energy businesses, Dynegy Inc. provides electricity, natural gas and natural gas liquids to customers throughout the United States. The business segments are:

- › Power Generation – Through a portfolio of assets that include power plants totaling more than 11,885 megawatts of net generating capacity, Dynegy provides wholesale power to utilities, cooperatives, municipalities and commercial and industrial customers.
- › Natural Gas Liquids – These operations are engaged in the gathering and processing of natural gas and the fractionation, storage, transportation and marketing of natural gas liquids.

For additional information, refer to Dynegy's external website at www.dynegy.com.

» Coal

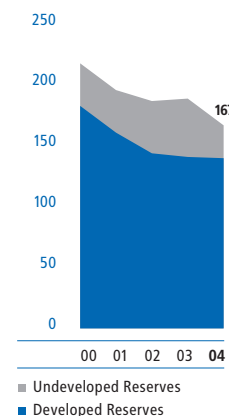
The Pittsburg & Midway Coal Mining Co. (P&M), ChevronTexaco's wholly owned coal mining and marketing subsidiary, operated two surface mines at year-end 2004 – McKinley, in New Mexico, and Kemmerer, in Wyoming – and one underground mine, North River, in Alabama. In addition, final reclamation activities were under way at the York Canyon and Farco mines, located in New Mexico and Texas, respectively. P&M also owns an approximate 30 percent interest in Inter-American Coal Holding N.V., which has interests in coal mining operations in Venezuela and conducts trading and transportation activities.

U.S. COAL BUSINESS ENVIRONMENT

Coal markets are dominated by electricity generation, which consumes about 90 percent of domestic coal production. Competition in the power industry places a premium on low-cost coal-fired power generation. In 2004, growth in U.S. power demand, the high price of natural gas and an increased market for U.S. coal exports led to increased overall demand for coal. Production constraints and depleting reserves in the eastern United States have resulted in a continued shift of production to the western United States.



COAL RESERVES
Millions of tons



BUSINESS STRATEGIES

P&M's goal is to maximize cash flow. To achieve this goal, P&M is committed to:

- › Continuing to mine coal in a safe and environmentally responsible manner.
- › Continuing to improve productivity and further reduce costs while minimizing capital expenditures.
- › Optimizing the mines' sales and production volumes and the value of P&M's reserves.
- › Strengthening long-term relationships with customers.
- › Reducing capital employed.

2004 ACCOMPLISHMENTS

- › Ranked No. 1 by the Mine Safety and Health Administration against key competitors in safety performance.
- › Reached agreement on a memorandum of understanding to sell coal from the North River mine, extending the mine life by five years, to 2013.
- › Sold the York Canyon mine property.
- › Obtained new coal sales agreements with industrial accounts at the Kemmerer mine.
- › Reached agreement with the federal government on a land-for-coal exchange in the northern Powder River Basin in Wyoming.

P&M OPERATIONS

Mine Name	State/ Country	Principal Operation	Sulfur Content	Estimated Annual Capacity ¹	Annual Sales ¹				
					2004	2003	2002	2001	2000
Kemmerer	Wyoming	Truck-and-Shovel (T&S)	Low	5.0	4.5	4.1	4.2	4.5	3.7
McKinley	New Mexico	Dragline/T&S	Low	5.8	5.8	4.7	6.0	6.7	5.2
North River	Alabama	Longwall	Medium	3.8	3.6	3.8	3.2	3.2	2.6
Inter-American Coal (30%) ²	Venezuela	T&S	Low	0.2	0.7	0.8	0.8	0.6	0.9
York Canyon ³	New Mexico	T&S	Low	–	–	–	0.7	1.1	1.2
Farco ³	Texas	Dragline	Medium	–	–	–	–	0.1	0.2
TOTAL SALES					14.8	14.6	13.4	14.9	16.2
							16.2	13.8	

¹ Millions of tons.

² Sales and capacity represent P&M's share.

³ Final reclamation activities under way.



Glossary of Energy and Financial Terms

REFERENCE

ENERGY TERMS

ACREAGE Land leased for crude oil and natural gas exploration and production.

ADDITIVES Chemicals to control engine deposits and improve lubricating performance.

BARRELS OF OIL-EQUIVALENT (BOE) A unit of measure to quantify crude oil and natural gas amounts using the same basis. Natural gas volumes are converted to barrels on the basis of energy content. See *oil-equivalent gas* and *production*.

CONDENSATES Liquid hydrocarbons produced with natural gas, separated by cooling and other means.

DEVELOPMENT Drilling, construction and related activities following discovery that are necessary to begin production of crude oil or natural gas.

ENHANCED RECOVERY Techniques used to increase or prolong production from crude oil and natural gas fields.

EXPLORATION Searching for crude oil and/or natural gas by utilizing geologic and topographical studies, geophysical and seismic surveys, and drilling of wells.

GASIFICATION Commercially proven process that converts low-value hydrocarbons into clean synthesis gas.

GAS-TO-LIQUIDS (GTL) A process that converts natural gas into high-quality transportation fuels.

INTEGRATED ENERGY COMPANY A company engaged in all aspects of the industry: exploring for and producing crude oil and natural gas (*upstream*); refining, marketing and transporting crude oil, natural gas and refined products (*downstream*); manufacturing and distributing petrochemicals (*chemicals*); and generating power.

LIQUEFIED NATURAL GAS (LNG) Natural gas that is liquefied under extremely cold temperatures to facilitate storage or transportation in specially designed vessels.

LIQUEFIED PETROLEUM GAS (LPG) Light gases, such as butane and propane, that can be maintained as liquids while under pressure.

NATURAL GAS LIQUIDS Separated from natural gas, these include ethane, propane, butane and natural gasoline.

OIL-EQUIVALENT GAS (OEG) The volume of natural gas needed to generate the equivalent amount of heat as a barrel of crude oil. Approximately 6,000 cubic feet of natural gas is equivalent to one barrel of crude oil.

OIL SANDS Naturally occurring mixture of bitumen – a heavy viscous form of crude oil – water, sand and clay. Using hydro-processing technology, bitumen can be refined to yield *synthetic crude oils*.

PETROCHEMICALS Derived from petroleum, they include: *aromatics* – used to make plastics, adhesives, synthetic fibers and household detergents – and *olefins* – used to make packaging, plastic pipes, tires, batteries, household detergents and synthetic motor oils.

PRODUCTION *Total production* refers to all the crude oil and natural gas produced from a property. *Gross production* is the company's share of total production before deducting royalties. *Net production* is gross production minus royalties paid to landowners. *Oil-equivalent production* is the sum of the barrels of liquids and the oil-equivalent barrels of natural gas produced. See *barrels of oil-equivalent* and *oil-equivalent gas*.

REFINERY UTILIZATION RATE Represents average crude oil consumed in fuel and asphalt refineries for the year expressed as a percentage of the refineries' average annual crude unit capacity adjusted for refinery dispositions.

RESERVES Crude oil or natural gas contained in underground rock formations called *reservoirs*. *Proved reserves* are the estimated quantities that geologic and engineering data demonstrate can be produced with reasonable certainty from known reservoirs under existing economic and operating conditions. Estimates change as additional information becomes available. *Oil-equivalent reserves* are the sum of the liquids reserves and the oil-equivalent gas reserves. See *barrels of oil-equivalent* and *oil-equivalent gas*.

The rules of the United States Securities and Exchange Commission (SEC) permit oil and gas companies to disclose in their filings with the SEC only proved reserves. Certain terms such as "probable" or "possible" reserves, "potentially recoverable" volumes, or "resources," among others, may be used to describe certain oil and gas properties in sections of this document that are not filed with the SEC. The company uses these other terms, which are not approved for use in SEC filings, because they are commonly used in the industry, are measures considered by management to be important in making capital investment and operating decisions, and provide some indication to stockholders of the potential ultimate recovery of oil and gas from properties in which the company has an interest. In that regard, *potentially recoverable* volumes are those that can be produced using all known primary and enhanced recovery methods. Investors should refer to disclosures in ChevronTexaco's Annual Report on Form 10-K for the year ended December 31, 2004.

SYNTHETIC CRUDE OIL A marketable and transportable hydrocarbon liquid, resembling crude oil, that is produced by upgrading highly viscous to solid hydrocarbons, such as extra heavy crude oil or *oil sands*.

Glossary of Energy and Financial Terms

WELLS Oil and gas wells are classified as either exploratory or development wells. *Exploratory* wells are wildcat wells drilled in an unproved area where no crude oil or natural gas production exists. *Appraisal* wells are exploratory wells drilled out from the side of a discovery well to determine the area of a new field. *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 proved 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.

FINANCIAL TERMS

CAPITAL EMPLOYED The sum of stockholders' equity, total debt, capital lease obligations and minority interest. *Average capital employed* is computed by averaging the sum of capital employed at the beginning and end of the year.

CASH FLOW FROM OPERATING ACTIVITIES Cash generated from the company's businesses, an indicator of a company's ability to pay dividends and fund capital programs. Excludes cash flows related to the company's financing and investing activities.

CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

The effect on net income in the period of change of a retroactive calculation and application of a new accounting principle.

CURRENT RATIO Current assets divided by current liabilities.

EARNINGS Total revenues less total expenses (including income taxes) expressed before or after extraordinary items and cumulative effect of changes in accounting principles.

EXTRAORDINARY ITEM In 2001, the net after-tax effect on income associated with asset dispositions mandated by the U.S. Federal Trade Commission and other assets that were duplicative to the combined company.

INTEREST COVERAGE RATIO Income before income tax expense, including cumulative effect of change in accounting principles and extraordinary items, plus interest and debt expense and amortization of capitalized interest, divided by before-tax interest costs.

MARGIN The difference between the cost of purchasing, producing and/or marketing a product and its sales price.

MERGER-RELATED EXPENSES The incremental expenses incurred to effect the combination of Chevron and Texaco. The amount shown on the Income Statement is before income tax. Examples are employee termination expenses; professional service fees for investment bankers, attorneys and public accountants; employee and office relocation costs; expenses associated with closure of redundant facilities; and reconfiguration of information technology, telecommunications and accounting systems.

NET INCOME The primary earnings measure for a company, as determined under Generally Accepted Accounting Principles (GAAP), and detailed on a separate financial statement.

RETURN ON AVERAGE STOCKHOLDERS' EQUITY Net income divided by average stockholders' equity. *Average stockholders' equity* is computed by averaging the sum of the beginning-of-year and end-of-year balances.

RETURN ON AVERAGE TOTAL ASSETS Net income divided by average total assets. *Average total assets* is computed by averaging the sum of the beginning-of-year and end-of-year balances.

RETURN ON CAPITAL EMPLOYED (ROCE) ROCE is calculated by dividing *net income* (adjusted for after-tax interest expense and minority interest) by the average of total debt, minority interest and *stockholders' equity* for the year.

SPECIAL ITEMS Amounts that because of their nature and significance are identified separately to help explain the changes in net income and segment income between periods and to help distinguish the underlying trends for the company's core businesses.

STOCKHOLDERS' EQUITY The owners' share of the company – the difference between total assets and total liabilities.

TOTAL DEBT TO TOTAL DEBT-PLUS-EQUITY RATIO Total debt, including capital lease obligations, divided by total debt and stockholders' equity.

TOTAL STOCKHOLDER RETURN The return to stockholders from price appreciation and reinvested dividends for a period of time. Represents the sum of stock price appreciation and reinvested dividends divided by stock price (beginning of the year).



CAUTIONARY STATEMENTS RELEVANT TO FORWARD-LOOKING INFORMATION FOR THE PURPOSE OF "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This Supplement to the 2004 Annual Report of ChevronTexaco Corporation contains forward-looking statements relating to ChevronTexaco's operations that are based on management's current expectations, estimates and projections about the petroleum, chemicals and other energy-related industries. Words such as "anticipates," "expects," "intends," "plans," "targets," "projects," "believes," "seeks," "schedules," "estimates" and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond the company's control and are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. The reader should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. Unless legally required, ChevronTexaco undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Among the factors that could cause actual results to differ materially are crude oil and natural gas prices; refining margins and marketing margins; chemicals prices and competitive conditions affecting supply and demand for aromatics, olefins and additives products; actions of competitors; the competitiveness of alternate energy sources or product substitutes; technological developments; the results of operations and financial condition of equity affiliates; inability or failure of the company's joint-venture partners to fund their share of operations and development activities; potential failure to achieve expected production from existing and future crude oil and natural gas development projects; potential delays in the development, construction or startup of planned projects; potential disruption or interruption of the company's production or manufacturing facilities due to war, accidents, political events, civil unrest or severe weather; potential liability for remedial actions under existing or future environmental laws or regulations; significant investment or product changes under existing or future environmental regulations (including, particularly, regulations and litigation dealing with gasoline composition and characteristics); potential liability resulting from pending or future litigation; the company's acquisition or disposition of assets; the effects of changed accounting rules under generally accepted accounting principles promulgated by rule-setting bodies; and those set forth under "Risk Factors" described in pages 4 and 5 of the company's 2004 Annual Report on Form 10-K. In addition, such statements could be affected by general domestic and international economic and political conditions. Unpredictable or unknown factors not discussed herein also could have material adverse effects on forward-looking statements.



ChevronTexaco Major Organizations

ORGANIZATIONS	PRINCIPAL BUSINESS	PRINCIPAL AREAS OF ACTIVITY
OPERATING		
Cabinda Gulf Oil Company Limited	Exploration and Production	Angola
Chevron Asiatic Limited	Exploration and Production	International
Chevron Canada Limited	Refining and Marketing	Western Canada
Chevron Canada Resources	Exploration and Production	Canada
Chevron Nigeria Limited	Exploration and Production	Nigeria
Chevron Oronite Company LLC	Chemicals Additives	Worldwide
Chevron Pipe Line Company	Crude Oil, Petroleum Products and Natural Gas Transportation	United States
Chevron San Jorge S.R.L.	Exploration and Production	Argentina
Chevron Transport Corporation Limited	Marine Transportation	Worldwide
Chevron U.S.A. Inc.	Integrated Energy Activities	Worldwide
ChevronTexaco Energy Indonesia Limited	Power Generation	Indonesia
ChevronTexaco Exploration and Production Company	Exploration and Production	United States
ChevronTexaco Global Energy Inc.	Integrated Energy Activities	International
ChevronTexaco Global Power Generation	Electric Power and Cogeneration	Worldwide
ChevronTexaco Malampaya LLC	Exploration and Production	Philippines
ChevronTexaco Overseas Petroleum	Exploration and Production	International
ChevronTexaco Products Company	Refining and Marketing, Sale/Trading of Crude Oil and Refined Products	Worldwide
ChevronTexaco Shipping Company LLC	Marine Management	Worldwide
ChevronTexaco U.K. Limited	Exploration and Production	North Sea
The Pittsburg & Midway Coal Mining Co.	Coal	United States
P.T. Caltex Pacific Indonesia	Exploration and Production	Indonesia
Saudi Arabian Texaco Inc.	Exploration and Production	Partitioned Neutral Zone
Texaco Inc.	Integrated Energy Activities	Worldwide
Texaco Panama Inc.	Exploration and Production	Angola
AFFILIATES		
Caltex Australia Limited (50%)	Refining and Marketing	Australia
Caspian Pipeline Consortium (15%)	Crude Oil Transportation	Eurasia
Chevron Phillips Chemical Company LLC (50%)	Industrial Chemicals	Worldwide
Dynegy Inc. (approximately 25%)	Midstream Operations	United States
GS-Caltex Oil Corporation (50%), effective March 31, 2005; formerly LG-Caltex Oil Corporation	Refining and Marketing	International
Hamaca Holdings LLC (30%)	Exploration and Production	Venezuela
Star Petroleum Refining Company Limited (64%)	Refining	Thailand
Tengizchevroil (50%)	Exploration and Production	Kazakhstan
SERVICES		
Chevron Energy Solutions Company	Midstream Services	United States
Chevron Environmental Management Company	Environmental Remediation	United States
Chevron Services Company	Administrative Services	Worldwide
ChevronTexaco Business and Real Estate Services	Property Management	Worldwide
ChevronTexaco Energy Technology Company	Engineering, Oil Field Technical Services, and Research and Development	Worldwide
ChevronTexaco Information Technology Company	Communications and Data Processing	Worldwide
ChevronTexaco Technology Ventures LLC	Emerging Technologies	United States
FINANCE		
Chevron Canada Capital Company	Commercial Paper Issuer	
Chevron Capital U.S.A. Inc.	Debt Financing	
ChevronTexaco Capital Company	Debt Financing	
Texaco Capital Inc.	Debt Financing	

ChevronTexaco Corporation has ownership interests in more than 1,000 subsidiaries, branches, divisions, partnerships and affiliates conducting business activities in approximately 180 countries. The above listing represents the most significant of the company's operations. These organizations may represent legal entities or divisions of operating units of legal entities. ChevronTexaco's interest is 100 percent unless otherwise noted in parentheses.

ADDITIONAL INFORMATION

STOCK EXCHANGE LISTING

ChevronTexaco common stock is listed on the New York and Pacific stock exchanges. The symbol is "CVX."

PUBLICATIONS AND OTHER NEWS SOURCES

Additional information relating to ChevronTexaco is contained in its *Annual Report* to stockholders and its *Annual Report on Form 10-K* for the fiscal year ended December 31, 2004, filed with the United States Securities and Exchange Commission.

For copies of these reports, stockholders and others may write to:
Comptroller's Department
ChevronTexaco Corporation
6001 Bollinger Canyon Road, A3201
San Ramon, CA 94583-2324

*ChevronTexaco's website, www.chevrontexaco.com, offers facts and figures about the company and the energy industry. It includes articles, news releases, speeches, quarterly earnings information, the *Proxy Statement* and the complete text of the Annual Report.*

LEGAL NOTICE

As used in this report, the term "ChevronTexaco" and such terms as "the company," "the corporation," "our," "we" and "us" may refer to ChevronTexaco Corporation, one or more of its consolidated subsidiaries, or to all of them taken as a whole, but unless the context clearly indicates otherwise, the term should not be read to include "affiliates" of ChevronTexaco, that is, those companies accounted for by the equity method (generally owned 50 percent or less) or investments

accounted for by the cost method. All of these 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.

INVESTOR INFORMATION

If you have any questions regarding the data included herein, please contact:

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PRODUCED BY COMPTROLLER'S DEPARTMENT AND SZETO-LEE DESIGN
PRINTING: COLORGRAPHICS, SAN FRANCISCO, CALIFORNIA

PHOTOGRAPHY: Page 1: ChevronTexaco "Master Drivers" – (top, from left) Eric Hooks, Bill Cook, Jeff Thomas, Tom Donatoni, Willie Jones and Patrick Cole – United States; (bottom, from left) Steve Blasedale and Craig Baker – Australia; inside back cover: John Batiste Jr. – United States.

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CHEVRONTEXACO HISTORY

CHEVRONTEXACO CORPORATION

- 2004** Celebrated the company's 125th anniversary.
- 2002** Relocated California corporate headquarters from San Francisco to San Ramon.
- 2001** Chevron Corporation merged with Texaco Inc. and changed name to ChevronTexaco Corporation. ChevronTexaco became the second-largest U.S.-based energy company.

CHEVRON HERITAGE

- 1993** Formed Tengizchevroil, a joint venture with the Republic of Kazakhstan, to develop and produce the giant Tengiz Field, becoming the first major Western oil company to enter newly independent Kazakhstan.
- 1988** Purchased Tenneco Inc.'s Gulf of Mexico oil and gas properties, becoming one of the largest U.S. natural gas producers.
- 1984** Acquired Gulf Corporation – nearly doubling the size of oil and gas activities – and gained significant presence in industrial chemicals, natural gas liquids and coal. Changed name to Chevron Corporation to identify with the name under which most products were marketed.
- 1961** Acquired Standard Oil Company (Kentucky), a major petroleum products marketer in five southeastern states, to provide outlets for crude oil from southern Louisiana and the Gulf of Mexico, where the company was a major producer.
- 1947** Acquired Signal Oil Company, obtaining the Signal brand name and adding 2,000 retail stations in the western United States.
- 1926** Acquired Pacific Oil Company to become Standard Oil Company of California (Socal).
- 1911** Emerged as an autonomous entity – Standard Oil Company (California) – following U.S. Supreme Court decision to divide the Standard Oil conglomerate into 34 independent companies.
- 1900** Acquired by the West Coast operations of John D. Rockefeller's original Standard Oil Company.
- 1879** Incorporated in San Francisco, California, as the Pacific Coast Oil Company.

TEXACO HERITAGE

- 1984** Purchased Getty Oil Company, acquiring substantial worldwide oil and gas reserves.
- 1959** Purchased Paragon Oil Company Inc., establishing a fuel oil presence on the U.S. East Coast. Changed name from The Texas Company to Texaco Inc.
- 1958** Purchased Seaboard Oil Company, making its first entry in Venezuela's huge Maracaibo Basin.
- 1956** Acquired Trinidad Oil Company Ltd., gaining interests in Trinidad, the United Kingdom, Ireland and Canada.
- 1931** Acquired Indian Refining Company, obtaining the rights to Havoline® motor oil as part of the acquisition.
- 1928** Acquired California Petroleum Corporation, becoming the first oil company to market in all 48 U.S. states.
- 1902** Founded The Texas Company, which absorbed the assets of Texas Fuel Company. Formed Producers Oil Company to produce and explore for crude oil, while The Texas Company continued to buy, transport, refine and market in Texas.
- 1901** Incorporated Texas Fuel Company to purchase and store crude oil to sell as kerosene.

CALTEX HERITAGE

- 1936** Formed the Caltex Group of Companies, jointly owned by Socal and The Texas Company, to manage exploration and production interests of the two companies in the Middle East and Indonesia and provide an outlet for oil through The Texas Company's European markets.



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