



The Energy to Grow

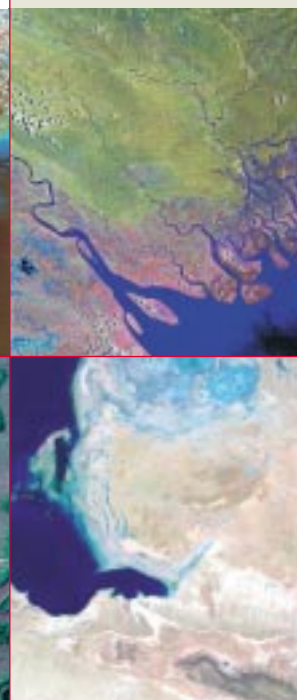
Gulf of Mexico

Nigeria



Papua New Guinea

Caspian Region



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CHEVRON CORPORATION

Overview

1999 HIGHLIGHTS

- ▶ Chevron reported net income of \$2.070 billion for 1999, up 55 percent from 1998 net income. Earnings before special items for 1999 were \$2.286 billion (\$3.47 per share - diluted), up 18 percent from \$1.945 billion (\$2.96 per share - diluted) in 1998. The company succeeded in eliminating \$500 million from its 1999 cost structure. Restructuring activities led to staff reduction of 3,500 employees.

Exploration and Production (Upstream)

- ▶ Chevron completed acquisitions of upstream operations in high-growth areas - one in Argentina and the other in Thailand.
- ▶ Oil production started at the giant Kuito Field, Angola's first deepwater production from Block 14.
- ▶ Chevron was named Managing Sponsor of the West African Gas Pipeline, a joint venture among six energy companies to develop a 600-mile pipeline that runs from gas producing and processing facilities in Nigeria to Ghana via Benin and Togo.
- ▶ Chevron began producing from its first two deepwater projects in the Gulf of Mexico - Genesis and Gemini. Evaluation of options is under way to develop a third Gulf of Mexico deepwater project, Typhoon.
- ▶ Construction of a pipeline by the Caspian Pipeline Consortium continued on schedule. The pipeline will deliver crude oil from the Tengiz Field in Kazakhstan to the Black Sea port of Novorossiysk and is scheduled for start-up in mid-2001.
- ▶ Two significant natural gas discoveries were made in Fort Liard, Northwest Territories, Canada. Plans are being developed for construction of the production and transportation facilities and additional wells to permit first production in 2000.
- ▶ In February 2000, Chevron's 28 percent-owned affiliate, Dynegy Inc., merged with Illinova Corp., an energy services holding company in Illinois. Chevron increased its investment to maintain a comparable percentage ownership in the merged company.

Refining, Marketing and Transportation (Downstream)

- ▶ Chevron continued to increase branded gasoline sales, growing another 5 percent in 1999.
- ▶ Chevron continues to be one of the top three gasoline marketers in 15 states and the top gasoline marketer in British Columbia, Canada.
- ▶ The Pascagoula Refinery fully recovered in 1999 from the devastating impact of Hurricane Georges that shut down the refinery for most of the fourth quarter 1998. The refinery set new throughput records in 1999.
- ▶ The Burnaby Refinery began production of British Columbia mandated cleaner gasoline on January 1, 1999.
- ▶ Caltex completed its headquarters relocation to Singapore and reorganized the company along functional business units - Manufacturing Supply and Trading, Marketing, Lubricants, and New Business Development. The new organization permits more effective management and allocation of resources.

Chemicals

- ▶ In February 2000, Chevron and Phillips Petroleum Company announced the signing of a letter of intent and exclusivity agreement to combine most of their worldwide chemicals operations into a joint venture with more than \$6 billion in assets.
- ▶ Chevron's Oronite Additives business, which holds a global leadership position in development, manufacture and marketing of fuel and lubricant additives, is not included in the combination with Phillips.
- ▶ Construction was completed of a 480,000 tons-per-year benzene and 220,000 tons-per-year cyclohexane plant in Saudi Arabia. The 50 percent joint venture plant began deliveries in January 2000.

2000 OUTLOOK

- ▶ Chevron has established a strategic objective to exceed the financial performance of its strongest industry competitors in terms of total stockholder return.
- ▶ To achieve its goal to be No.1 in total stockholder return, the company has targeted a 15 percent annual growth rate in earnings per share for the period 2000 to 2002, supported by worldwide oil and gas production growth of 4 percent to 4.5 percent per year and a minimum 12 percent return on capital employed.
- ▶ Chevron will continue to develop new Internet "business-to-business" opportunities as part of new growth initiative aimed at capitalizing on Internet Web technology.

History

- 1879** Incorporated in San Francisco, California, as the Pacific Coast Oil Company.
- 1900** Acquired by the West Coast operations of John D. Rockefeller's original Standard Oil Company.
- 1911** Emerged as an autonomous entity, Standard Oil Company (California), following U.S. Supreme Court decision to divide Standard Oil into 34 independent companies.
- 1926** Merged with Pacific Oil Company to become Standard Oil Company of California.
- 1920s/1930s** Began exploring in Indonesia and South America. Major exploratory successes followed, with discoveries of vast reserves of crude oil in Bahrain and Saudi Arabia. Established production and refining operations in Canada.
- 1936** Formed Caltex Group of Companies, jointly owned with Texaco, to manage exploration and production interests, mainly in the Middle East and Indonesia, and to provide an outlet for the crude through Texaco's European markets.
- 1940s/1960s** Continued expansion that eventually led to participation in a number of major discoveries, such as the North West Shelf in Australia, the Ninian Field in the North Sea and development of the Gulf of Mexico.
- 1961** Acquired Standard Oil Company (Kentucky), a major 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.
- 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 closely identify with the name under which most products were marketed.
- 1988** Purchased Tenneco Inc.'s Gulf of Mexico oil and gas properties, becoming one of the largest U.S. natural gas producers.
- 1993** Entered into a joint venture with the Republic of Kazakhstan to develop and produce the giant Tengiz Field, estimated to hold at least 6 billion barrels of recoverable crude oil.
- 1997** Reported earnings of \$3.256 billion, highest in company history.
- 1999** Acquired Rutherford-Moran Oil Corporation and Petroleum Argentina San Jorge S.A. Provided inroads to Asian natural gas market and built on company's Latin America business foundation.

FINANCIAL INFORMATION

Eleven-Year Financial Summary

FINANCIAL HIGHLIGHTS¹

Millions of Dollars, Except Per-Share Amounts

	1999	1998	1997
Income Before Cumulative Effect of Changes in Accounting Principles	\$ 2,070	\$ 1,339	\$ 3,256
Cumulative Effect of Changes in Accounting Principles	—	—	—
Net Income	\$ 2,070	\$ 1,339	\$ 3,256
Comprehensive Income ²	2,045	1,326	3,083
Sales and Other Operating Revenues	35,448	29,943	40,596
Cash Dividends	1,625	1,596	1,493
Capital and Exploratory Expenditures	6,133	5,314	5,541
Equity Share of Affiliates' Capital and Exploratory Expenditures, Included Above	782	994	1,174
Cash Provided by Operating Activities	4,481	3,731	4,880
At December 31: Working Capital	(592)	(869)	60
Total Assets	40,668	36,540	35,473
Total Debt	8,919	7,558	6,068
Stockholders' Equity	17,749	17,034	17,472
Market Value of Common Shares	56,855	54,160	50,507
Common Shares Outstanding at December 31 (Thousands) ³	656,345	653,026	655,931
Per Share Data ³			
Income Before Cumulative Effect of Changes in Accounting Principles – Basic	\$ 3.16	\$ 2.05	\$ 4.97
Income Before Cumulative Effect of Changes in Accounting Principles – Diluted	3.14	2.04	4.95
Cumulative Effect of Changes in Accounting Principles	—	—	—
Net Income – Basic	\$ 3.16	\$ 2.05	\$ 4.97
Net Income – Diluted	3.14	2.04	4.95
Cash Dividends	2.48	2.44	2.28
Stockholders' Equity at December 31	27.04	26.08	26.64
Market Price: December 31	86 ⁵ / ₈	82 ¹⁵ / ₁₆	77
High	104 ¹⁵ / ₁₆	90 ³ / ₁₆	89 ³ / ₁₆
Low	73 ¹ / ₈	67 ³ / ₄	61 ³ / ₄
Key Financial Ratios			
Current Ratio	0.9	0.9	1.0
Interest Coverage Ratio	8.2	5.1	14.3
Total Debt/Total Debt Plus Equity	33.4%	30.7%	25.8%
Return on Average Stockholders' Equity	11.9%	7.8%	19.7%
Return on Average Capital Employed	9.4%	6.7%	15.0%

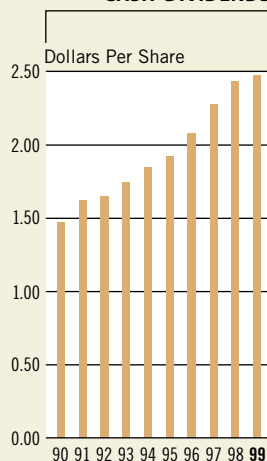
¹ Reflects the adoption of certain accounting standards that may affect comparability between years.

- Statement of Financial Accounting Standards (SFAS) No. 130 – “Reporting Comprehensive Income” adopted in 1998.
- SFAS No. 128 – “Earnings Per Share” adopted in 1997.
- SFAS No. 121 – “Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of” adopted in 1995.
- SFAS No. 106 – “Employers' Accounting for Postretirement Benefits other than Pensions” and SFAS No. 109 – “Accounting for Income Taxes” adopted in 1992.
- 1989 through 1994 include adoption of a change for impairment of proved non-producing oil and gas properties.
- 1989 through 1991 reflect SFAS No. 96 – “Accounting for Income Taxes.”

² Data not presented prior to 1996. SFAS No. 130 – “Reporting Comprehensive Income” does not require disclosure for these earlier periods.

³ Share and per-share amounts for all years reflect the two-for-one stock split in May 1994.

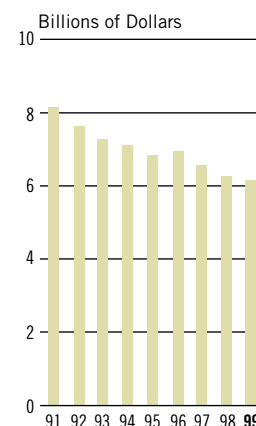
CASH DIVIDENDS



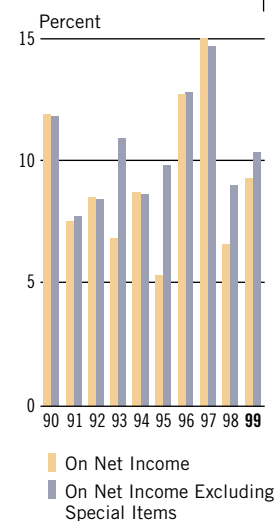
1996	1995	1994	1993	1992	1991	1990	1989
\$ 2,607	\$ 930	\$ 1,693	\$ 1,265	\$ 2,210	\$ 1,293	\$ 2,157	\$ 251
—	—	—	—	(641)	—	—	—
\$ 2,607	\$ 930	\$ 1,693	\$ 1,265	\$ 1,569	\$ 1,293	\$ 2,157	\$ 251
2,529							
42,782	36,310	35,130	36,191	38,212	38,118	41,540	31,916
1,358	1,255	1,206	1,139	1,115	1,139	1,043	953
4,840	4,800	4,819	4,440	4,423	4,787	4,269	3,982
983	912	846	701	621	498	433	389
5,947	4,057	2,891	4,186	3,914	3,278	4,727	3,046
(965)	(1,578)	(1,801)	(1,924)	(1,063)	(449)	1,072	1,037
34,854	34,330	34,407	34,736	33,970	34,636	35,089	33,884
6,694	8,327	8,142	7,538	7,841	7,697	6,769	7,516
15,623	14,355	14,596	13,997	13,728	14,739	14,836	13,980
42,451	34,166	29,084	28,380	22,600	23,924	25,477	24,053
653,086	652,327	651,751	651,478	650,348	693,444	701,600	710,048
\$ 3.99	\$ 1.43	\$ 2.60	\$ 1.94	\$ 3.26	\$ 1.85	\$ 3.05	\$ 0.37
3.98	1.43	2.59	1.94	3.26	1.85	3.05	0.37
—	—	—	—	(0.95)	—	—	—
\$ 3.99	\$ 1.43	\$ 2.60	\$ 1.94	\$ 2.31	\$ 1.85	\$ 3.05	\$ 0.37
3.98	1.43	2.59	1.94	2.31	1.85	3.05	0.37
2.08	1.925	1.85	1.75	1.65	1.625	1.475	1.40
23.92	22.01	22.40	21.49	21.11	21.25	21.15	19.69
65	52 ³ / ₈	44 ⁵ / ₈	43 ⁹ / ₁₆	34 ³ / ₄	34 ¹ / ₂	36 ⁵ / ₁₆	33 ⁷ / ₈
68 ³ / ₈	53 ⁵ / ₈	49 ³ / ₁₆	49 ³ / ₈	37 ¹¹ / ₁₆	40 ¹ / ₁₆	40 ¹³ / ₁₆	36
51	43 ³ / ₈	39 ⁷ / ₈	33 ¹¹ / ₁₆	30 ¹ / ₁₆	31 ³ / ₄	31 ⁹ / ₁₆	22 ⁷ / ₈
0.9	0.8	0.8	0.8	0.9	0.9	1.1	1.1
10.9	4.1	7.6	7.4	8.2	5.1	7.6	2.9
30.0%	36.7%	35.8%	35.0%	36.4%	34.3%	31.3%	35.0%
17.4%	6.4%	11.8%	9.1%	11.0%	8.7%	15.0%	1.8%
12.7%	5.3%	8.7%	6.8%	8.5%	7.5%	11.9%	3.2%

This publication supplements Chevron Corporation's 1999 Annual Report to stockholders and should be read in conjunction with it. The financial information contained in this Supplement is expressly qualified by reference to the Annual Report, which contains complete audited financial statements, Management's Discussion and Analysis of Financial Condition and Results of Operations, and other supplemental financial data.

OPERATING, SELLING AND ADMINISTRATIVE EXPENSES, ADJUSTED FOR SPECIAL ITEMS



RETURN ON AVERAGE CAPITAL EMPLOYED

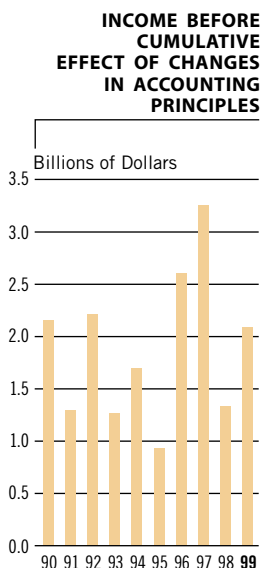
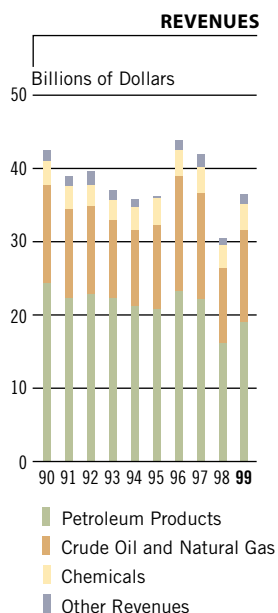


CONSOLIDATED STATEMENT OF INCOME

Millions of Dollars

Year Ended December 31

	1999	1998	1997	1996	1995
Revenues:					
Sales and Other Operating Revenues:					
Gasolines	\$ 7,754	\$ 6,196	\$ 7,938	\$ 7,650	\$ 6,746
Jet Fuel	2,281	1,960	2,802	3,013	2,429
Gas Oils and Kerosene	2,219	1,714	2,848	3,030	2,468
Residual Fuel Oils	369	519	837	923	681
Other Refined Products	1,119	1,072	1,161	1,169	1,147
Total Refined Products	13,742	11,461	15,586	15,785	13,471
Crude Oil	10,078	7,781	11,296	12,397	9,376
Natural Gas	2,256	2,104	2,568	3,299	2,019
Natural Gas Liquids	432	322	553	1,167	1,285
Other Petroleum Revenues	1,115	1,063	1,118	1,184	1,144
Petroleum Excise Taxes	3,880	3,716	5,574	5,190	4,976
Total Petroleum	31,503	26,447	36,695	39,022	32,271
Chemicals	3,544	3,054	3,520	3,422	3,758
Chemicals Excise Taxes	30	40	13	12	12
Total Chemicals	3,574	3,094	3,533	3,434	3,770
All Other	371	402	368	326	269
Total Sales and Other Operating Revenues	35,448	29,943	40,596	42,782	36,310
Income From Equity Affiliates	526	228	688	767	553
Other Income	612	386	679	344	219
Total Revenues	36,586	30,557	41,963	43,893	37,082
Costs and Other Deductions:					
Purchased Crude Oil and Products	17,982	14,036	20,223	22,826	18,033
Operating Expenses	5,090	4,834	5,280	6,007	5,974
Exploration Expenses	538	478	493	455	372
Selling, General and Administrative Expenses	1,404	2,239	1,533	1,377	1,384
Depreciation, Depletion and Amortization ¹	2,866	2,320	2,300	2,216	3,381
Taxes Other Than on Income:					
Excise Taxes	3,910	3,756	5,587	5,202	4,988
Other Taxes	676	655	733	706	760
Interest and Debt Expense	472	405	312	364	401
Total Costs and Other Deductions	32,938	28,723	36,461	39,153	35,293
Income Before Income Tax Expense	3,648	1,834	5,502	4,740	1,789
Income Tax Expense	1,578	495	2,246	2,133	859
Net Income	\$ 2,070	\$ 1,339	\$ 3,256	\$ 2,607	\$ 930
Net Income	\$ 2,070	\$ 1,339	\$ 3,256	\$ 2,607	
Currency Translation Adjustment	(43)	(1)	(173)	(54)	
Unrealized Holding Gain (Loss) on Securities	29	3	(4)	(20)	
Minimum Pension Liability Adjustment	(11)	(15)	4	(4)	
Other Comprehensive Income, Net of Tax	(25)	(13)	(173)	(78)	
Comprehensive Income²	\$ 2,045	\$ 1,326	\$ 3,083	\$ 2,529	
Retained Earnings at January 1	\$ 16,942	\$ 17,185	\$ 15,408	\$ 14,146	\$ 14,457
Net Income	2,070	1,339	3,256	2,607	930
Cash Dividends	(1,625)	(1,596)	(1,493)	(1,358)	(1,255)
Tax Benefit From Dividends Paid on Unallocated ESOP Shares	13	14	14	13	14
Retained Earnings at December 31	\$ 17,400	\$ 16,942	\$ 17,185	\$ 15,408	\$ 14,146

¹ In 1995 and in 1999, includes \$985 million and \$394 million, respectively for asset impairment charges.² Data not presented prior to 1996. SFAS No. 130 – "Reporting Comprehensive Income" does not require disclosure for these earlier periods.

Net Income by Major Areas of Operation

NET INCOME BY MAJOR AREAS OF OPERATION

Millions of Dollars	Year Ended December 31				
	1999	1998	1997	1996	1995
Exploration and Production – United States	\$ 526	\$ 365	\$ 1,001	\$ 1,087	\$ 72
– International	1,093	707	1,252	1,211	690
– Total	1,619	1,072	2,253	2,298	762
Refining, Marketing and Transportation – United States	357	572	601	193	(104)
– International	74	28	298	226	345
– Total	431	600	899	419	241
Chemicals	109	122	228	200	484
All Other ¹	(89)	(455)	(124)	(310)	(557)
Net Income	\$ 2,070	\$ 1,339	\$ 3,256	\$ 2,607	\$ 930

NET INCOME BY MAJOR AREAS OF OPERATION, EXCLUDING SPECIAL ITEMS

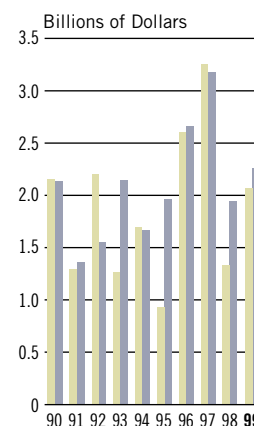
Millions of Dollars					
Exploration and Production – United States	\$ 818	\$ 381	\$ 972	\$ 1,109	\$ 552
– International	1,156	717	1,197	1,142	811
– Total	1,974	1,098	2,169	2,251	1,363
Refining, Marketing and Transportation – United States	375	633	662	290	75
– International	49	123	367	167	283
– Total	424	756	1,029	457	358
Chemicals	205	151	224	228	524
All Other	(317)	(60)	(242)	(285)	(283)
Net Income, Excluding Special Items	2,286	1,945	3,180	2,651	1,962
Special Items ²	(216)	(606)	76	(44)	(1,032)
Net Income	\$ 2,070	\$ 1,339	\$ 3,256	\$ 2,607	\$ 930

¹ "All Other" includes interest expense, interest income on cash and marketable securities, corporate center items, coal operations, real estate, and insurance activities.

² Net income is affected by transactions that are unrelated to, or are not necessarily representative of, the company's ongoing operations. These transactions, defined by Chevron management and designated "special items," can obscure the underlying results of operations for a year as well as affect comparability of results between years. Such items have been excluded from net income by major areas of operation to indicate the underlying trends of operational results. Special items for each year are shown in the table below:

Asset Dispositions	\$ 211	\$ (9)	\$ 183	\$ 391	\$ 7
Asset Write-Offs and Revaluations	(346)	(159)	(86)	(337)	(304)
Initial Implementation of SFAS No. 121	–	–	–	–	(659)
Environmental Remediation Provisions, Net	(123)	(39)	(35)	(54)	(90)
Prior-Year Tax Adjustments	109	271	152	52	(22)
Restructurings and Reorganizations	(183)	(43)	(60)	(14)	(50)
LIFO Inventory (Losses) Gains	38	(25)	5	(4)	2
Other, Net	78	(602)	(83)	(78)	84
Total Special Items	\$ (216)	\$ (606)	\$ 76	\$ (44)	\$ (1,032)

NET INCOME VS. NET INCOME EXCLUDING SPECIAL ITEMS*



■ Net Income
■ Net Income Excluding Special Items

* Before Cumulative Effect of Changes in Accounting Principles.

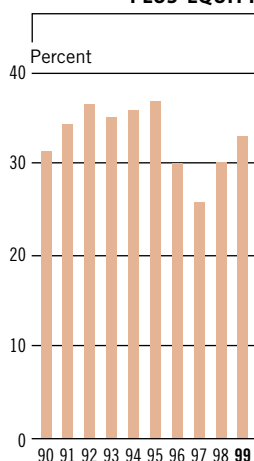
Consolidated Balance Sheet

CONSOLIDATED BALANCE SHEET

Millions of Dollars

At December 31

	1999	1998	1997	1996	1995
Assets					
Cash and Cash Equivalents	\$ 1,345	\$ 569	\$ 1,015	\$ 892	\$ 621
Marketable Securities	687	844	655	745	773
Accounts and Notes Receivable	3,688	2,813	3,374	4,035	4,014
Inventories:					
Crude Oil and Petroleum Products	585	600	539	669	822
Chemicals	526	559	547	507	487
Materials, Supplies and Other	291	296	292	255	289
	1,402	1,455	1,378	1,431	1,598
Prepaid Expenses and Other Current Assets	1,175	616	584	839	861
Total Current Assets	8,297	6,297	7,006	7,942	7,867
Long-Term Receivables	815	872	471	261	149
Investments and Advances	5,231	4,604	4,496	4,463	4,087
Properties, Plant and Equipment, at Cost	54,212	51,337	49,233	46,936	48,031
Less: Accumulated Depreciation, Depletion and Amortization	28,895	27,608	26,562	25,440	26,335
Net Properties, Plant and Equipment	25,317	23,729	22,671	21,496	21,696
Deferred Charges and Other Assets	1,008	1,038	829	692	531
Total Assets	\$ 40,668	\$ 36,540	\$ 35,473	\$ 34,854	\$ 34,330
Liabilities and Stockholders' Equity					
Short-Term Debt	\$ 3,434	\$ 3,165	\$ 1,637	\$ 2,706	\$ 3,806
Accounts Payable	3,103	2,170	2,735	3,502	3,294
Accrued Liabilities	1,210	1,202	1,450	1,420	1,257
Federal and Other Taxes on Income	718	226	732	745	558
Other Taxes Payable	424	403	392	534	530
Total Current Liabilities	8,889	7,166	6,946	8,907	9,445
Long-Term Debt and Capital Lease Obligations	5,485	4,393	4,431	3,988	4,521
Deferred Credits and Other Non-current Obligations	1,739	2,560	1,745	1,858	1,992
Non-current Deferred Income Taxes	5,010	3,645	3,215	2,851	2,433
Reserves for Employee Benefit Plans	1,796	1,742	1,664	1,627	1,584
Total Liabilities	22,919	19,506	18,001	19,231	19,975
Stockholders' Equity	17,749	17,034	17,472	15,623	14,355
Total Liabilities and Stockholders' Equity	\$ 40,668	\$ 36,540	\$ 35,473	\$ 34,854	\$ 34,330

TOTAL DEBT/
TOTAL DEBT
PLUS EQUITYCONSOLIDATED ASSETS¹

Millions of Dollars

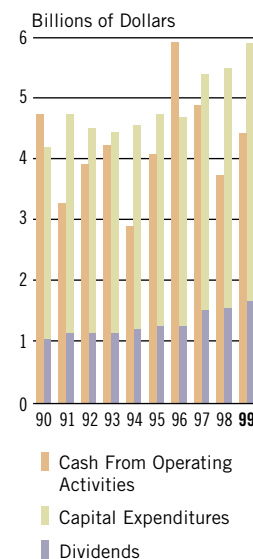
Exploration and Production	\$ 19,314	\$ 16,820	\$ 15,678
Refining, Marketing and Transportation	11,787	11,643	11,895
Chemicals	4,226	3,873	3,518
All Other ²	5,341	4,204	4,382
Total	\$ 40,668	\$ 36,540	\$ 35,473

¹ Prior to 1997, data not disclosed in this format. Excludes intercompany investments or receivables.² Includes cash, cash equivalents and marketable securities, real estate, coal assets, and management information systems.

Consolidated Statement of Cash Flows

CONSOLIDATED STATEMENT OF CASH FLOWS¹

Millions of Dollars	Year Ended December 31				
	1999	1998	1997	1996	1995
Operating Activities:					
Net Income	\$ 2,070	\$ 1,339	\$ 3,256	\$ 2,607	\$ 930
Adjustments:					
Depreciation, Depletion and Amortization	2,866	2,320	2,300	2,216	3,381
Dry Hole Expense Related to Prior Years' Expenditures	126	40	31	55	19
Distributions (Less) Greater Than Income From Equity Affiliates	(258)	25	(353)	83	(129)
Net Before-Tax (Gains) Losses on Asset Sales and Retirements	(471)	(45)	(344)	207	164
Net Foreign Exchange Losses (Gains)	23	(20)	(69)	(10)	47
Deferred Income Tax Provision	226	266	622	359	(258)
(Increase) Decrease in Operating Working Capital Composed of:					
(Increase) Decrease in Accounts and Notes Receivable	(810)	552	474	38	(62)
Decrease (Increase) in Inventories	72	(116)	(11)	60	(162)
(Increase) Decrease in Prepaid Expenses and Other Current Assets	(43)	(23)	59	15	(148)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	915	(807)	(685)	369	428
Increase (Decrease) in Income and Other Taxes Payable	502	(415)	(90)	167	(16)
Net Decrease (Increase) in Operating Working Capital	636	(809)	(253)	649	40
Other, Net	(737)	615	(310)	(219)	(137)
Net Cash Provided by Operating Activities	4,481	3,731	4,880	5,947	4,057
Investing Activities:					
Capital Expenditures ²	(4,366)	(3,880)	(3,899)	(3,424)	(3,529)
Proceeds From Asset Sales	992	434	1,235	778	581
Purchases of Marketable Securities	(2,812)	(2,679)	(2,724)	(3,443)	(2,759)
Sales of Marketable Securities	3,074	2,496	2,825	3,487	2,903
Other, Net	32	(230)	(297)	(177)	—
Net Cash Used for Investing Activities	(3,080)	(3,859)	(2,860)	(2,779)	(2,804)
Financing Activities:					
Net Borrowings (Repayments) of Short-Term Obligations	219	1,713	(163)	(1,179)	(227)
Proceeds From Issuances of Long-Term Debt	1,221	224	26	95	536
Repayments of Long-Term Debt	(549)	(388)	(421)	(476)	(103)
Cash Dividends Paid	(1,625)	(1,596)	(1,493)	(1,358)	(1,255)
Net Sale (Purchases) of Treasury Shares	108	(261)	173	23	14
Net Cash Used for Financing Activities	(626)	(308)	(1,878)	(2,895)	(1,035)
Effect of Foreign Currency Exchange Rate Changes on Cash and Cash Equivalents	1	(10)	(19)	(2)	(10)
Net Change in Cash and Cash Equivalents	776	(446)	123	271	208
Cash and Cash Equivalents at January 1	569	1,015	892	621	413
Cash and Cash Equivalents at December 31	\$1,345	\$ 569	\$1,015	\$ 892	\$ 621

¹ Certain amounts were reclassified to conform to 1999 presentation.² Capital expenditures exclude the equity share of affiliates.**CASH FROM OPERATING ACTIVITIES COMPARED WITH CAPITAL EXPENDITURES AND DIVIDENDS**

Capital and Exploratory Expenditures

CAPITAL AND EXPLORATORY EXPENDITURES – INCLUDES AFFILIATES

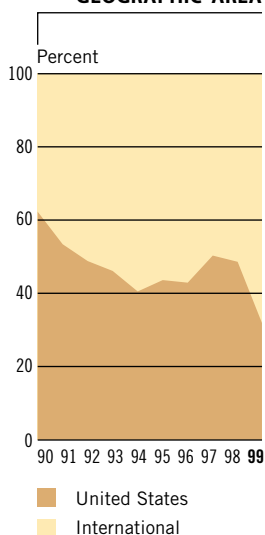
Year Ended December 31

Millions of Dollars	1999	1998	1997	1996	1995
United States					
Exploration	\$ 355	\$ 503	\$ 463	\$ 487	\$ 341
Production	674	817	1,196	681	538
Refining	241	264	188	150	646
Marketing	237	343	255	204	201
Transportation	44	47	77	75	45
Chemicals	326	385	470	377	172
All Other	117	223	140	101	150
Total United States	1,994	2,582	2,789	2,075	2,093
International					
Exploration	952	462	447	402	376
Production	2,639	1,480	1,456	1,452	1,459
Refining	58	124	177	384	567
Marketing	174	239	396	396	271
Transportation	180	68	29	1	1
Chemicals	136	359	194	120	32
All Other	–	–	53	10	1
Total International	4,139	2,732	2,752	2,765	2,707
Worldwide					
Exploration	1,307	965	910	889	717
Production	3,313	2,297	2,652	2,133	1,997
Refining	299	388	365	534	1,213
Marketing	411	582	651	600	472
Transportation	224	115	106	76	46
Chemicals	462	744	664	497	204
All Other	117	223	193	111	151
Total Worldwide	\$ 6,133	\$ 5,314	\$ 5,541	\$ 4,840	\$ 4,800
Memo: Affiliates' Expenditures Included Above	\$ 782	\$ 994	\$ 1,174	\$ 983	\$ 912

EXPLORATION COSTS EXPENSED ¹

Millions of Dollars

Geological and Geophysical	\$ 151	\$ 195	\$ 124	\$ 123	\$ 76
Unproductive Wells Drilled	265	126	200	217	176
Oil and Gas Lease Rentals	5	5	5	14	11
Other ²	117	152	164	101	109
Total Exploration Expenses	\$ 538	\$ 478	\$ 493	\$ 455	\$ 372
Memo: United States	\$ 167	\$ 213	\$ 227	\$ 172	\$ 102
International	\$ 371	\$ 265	\$ 266	\$ 283	\$ 270

¹ Consolidated companies only. Excludes amortization of undeveloped leaseholds.² Other exploration expenses include expensed well contributions, research and development costs, and other miscellaneous expenses.**CAPITAL AND EXPLORATORY EXPENDITURES BY GEOGRAPHIC AREA**

Properties, Plant and Equipment

PROPERTIES, PLANT AND EQUIPMENT – INCLUDING CAPITAL LEASES

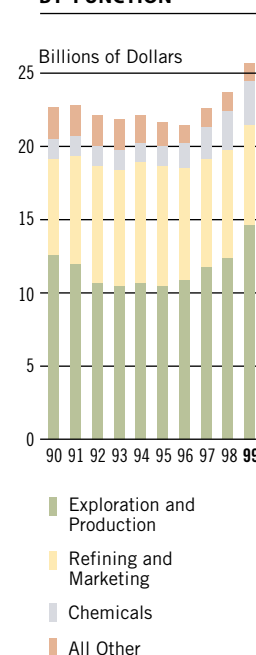
At December 31

Millions of Dollars	1999	1998	1997	1996	1995
Net Properties, Plant and Equipment at January 1	\$ 23,729	\$ 22,671	\$ 21,496	\$ 21,696	\$ 22,173
Additions at Cost:					
Exploration and Production ¹	3,961	2,221	2,451	2,195	2,197
Refining, Marketing and Transportation	545	715	595	485	1,222
Chemicals	385	501	627	413	194
All Other ²	103	202	135	103	236
Total Additions at Cost	4,994	3,639	3,808	3,196	3,849
Depreciation, Depletion and Amortization Expense:					
Exploration and Production	(1,981)	(1,548)	(1,521)	(1,366)	(2,289)
Refining, Marketing and Transportation	(557)	(564)	(575)	(587)	(680)
Chemicals	(193)	(119)	(104)	(162)	(186)
All Other ²	(135)	(89)	(100)	(101)	(226)
Total Depreciation, Depletion and Amortization Expense	(2,866)	(2,320)	(2,300)	(2,216)	(3,381)
Net Retirements and Sales:					
Exploration and Production	(215)	(33)	(92)	(445)	(105)
Refining, Marketing and Transportation	(147)	(127)	(197)	(329)	(528)
Chemicals	(9)	3	(5)	(22)	(9)
All Other ²	(140)	(91)	(36)	(395)	(302)
Total Net Retirements and Sales	(511)	(248)	(330)	(1,191)	(944)
Net Intersegment Transfers and Other Changes:					
Exploration and Production	24	2	6	(10)	(30)
Refining, Marketing and Transportation	(22)	(13)	(109)	(81)	(87)
Chemicals	(1)	–	7	107	88
All Other ²	(30)	(2)	93	(5)	28
Total Net Intersegment Transfers and Other Changes³	(29)	(13)	(3)	11	(1)
Net Properties, Plant and Equipment at December 31:					
Exploration and Production ^{3, 4}	14,174	12,385	11,691	10,847	10,473
Refining, Marketing and Transportation	7,226	7,407	7,396	7,682	8,194
Chemicals	2,807	2,625	2,240	1,715	1,379
All Other ^{2, 3}	1,110	1,312	1,344	1,252	1,650
Total Net Properties, Plant and Equipment at December 31	\$ 25,317	\$ 23,729	\$ 22,671	\$ 21,496	\$ 21,696
Memo: Gross Properties, Plant and Equipment	\$ 54,212	\$ 51,337	\$ 49,233	\$ 46,936	\$ 48,031
Accumulated Depreciation, Depletion and Amortization	(28,895)	(27,608)	(26,562)	(25,440)	(26,335)
Net Properties, Plant and Equipment	\$ 25,317	\$ 23,729	\$ 22,671	\$ 21,496	\$ 21,696

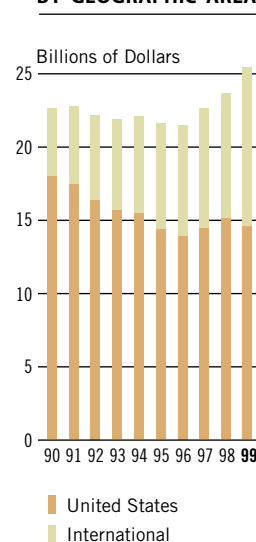
¹ Net of exploratory well write-offs.² Principally includes real estate, coal assets and management information systems.³ Includes reclassifications to/from other asset accounts.⁴ Includes net investment in unproved oil and gas properties.

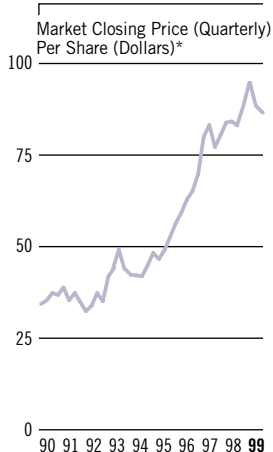
\$	1,484	\$	373	\$	371	\$	295	\$	238
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NET PROPERTIES, PLANT AND EQUIPMENT BY FUNCTION

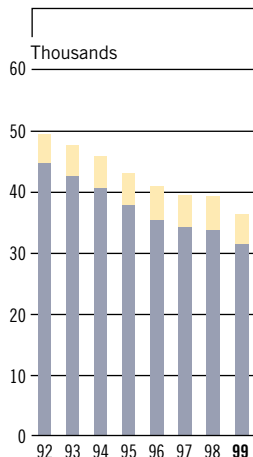


NET PROPERTIES, PLANT AND EQUIPMENT BY GEOGRAPHIC AREA



**STOCK PRICE
MOVEMENTS**

*Adjusted For Two-For-One
Stock Split in May 1994.

**NUMBER OF
EMPLOYEES
AT DECEMBER 31**

■ Employees

■ Service Station Personnel

MISCELLANEOUS DATA

1999 1998 1997 1996 1995

Performance Measures

Earnings, Excluding Special Items (Millions of Dollars)	\$ 2,286	\$ 1,945	\$ 3,180	\$ 2,651	\$ 1,962
Adjusted Operating Expenses (Millions of Dollars) ¹	\$ 7,001	\$ 6,989	\$ 7,406	\$ 7,610	\$ 7,594
Adjusted Operating Expenses Per Barrel ¹	\$ 5.16	\$ 5.32	\$ 5.80	\$ 6.12	\$ 6.09
Return on Average Capital Employed, Excluding Special Items ²	10.2%	9.2%	14.7%	12.8%	9.8%
Total Stockholder Return ³	7.3%	11.0%	22.1%	28.5%	22.0%

Financial Ratios⁴

Current Assets to Current Liabilities	0.9	0.9	1.0	0.9	0.8
Interest Coverage Ratio	8.2	5.1	14.3	10.9	4.1
Total Debt/Total Debt Plus Equity	33.4%	30.7%	25.8%	30.0%	36.7%
Return on Average Stockholders' Equity	11.9%	7.8%	19.7%	17.4%	6.4%
Return on Average Capital Employed	9.4%	6.7%	15.0%	12.7%	5.3%
Return on Average Total Assets	5.4%	3.7%	9.3%	7.5%	2.7%
Return on Sales	6.6%	5.1%	9.3%	6.9%	3.0%
Cash Dividends/Net Income (Payout Ratio)	78.5%	119.2%	45.9%	52.1%	135.0%
Cash Dividends/Cash From Operations	36.4%	42.8%	32.6%	23.5%	30.9%

Common Stock

Number of Shares Outstanding at December 31 (Thousands)	656,345	653,026	655,931	653,086	652,327
Weighted Average Shares Outstanding for the Year (Thousands)	655,468	653,667	654,991	652,769	652,084
Number of Stockholders of Record at December 31 (Thousands)	118	126	122	131	136
Cash Dividends on Common Stock:					
Millions of Dollars	\$ 1,625	\$ 1,596	\$ 1,493	\$ 1,358	\$ 1,255
Per Common Share	\$ 2.48	\$ 2.44	\$ 2.28	\$ 2.08	\$ 1.93
Earnings Per Common Share – Diluted:					
First Quarter	\$ 0.50	\$ 0.77	\$ 1.27	\$ 0.94	\$ 0.70
Second Quarter	0.53	0.88	1.25	1.33	0.93
Third Quarter	0.88	0.70	1.10	1.00	0.44
Fourth Quarter	1.23	(0.31)	1.33	0.71	(0.64)
Year	\$ 3.14	\$ 2.04	\$ 4.95	\$ 3.98	\$ 1.43
Stockholders' Equity Per Common Share at December 31	\$ 27.04	\$ 26.08	\$ 26.64	\$ 23.92	\$ 22.01

Personnel, Payroll and Benefits⁵

Number of Employees at December 31	36,490	39,191	39,362	40,820	43,019
Payroll Costs (Millions of Dollars) ⁶	\$ 1,875	\$ 1,940	\$ 1,891	\$ 1,965	\$ 2,044
Employee Benefit Costs (Millions of Dollars)	\$ 653	\$ 462	\$ 499	\$ 546	\$ 576
Investment Per Employee at December 31 (Thousands of Dollars) ⁷	\$ 732	\$ 629	\$ 599	\$ 547	\$ 528
Average Sales Per Employee (Thousands of Dollars) ⁸	\$ 833	\$ 667	\$ 873	\$ 896	\$ 706
Average Monthly Wage Per Employee	\$ 4,128	\$ 4,117	\$ 3,931	\$ 3,906	\$ 3,837

¹ Includes cost of the company's own fuel consumed in operations, which is eliminated in the consolidated financial statements. Excludes special items and expenses of divested operations. Years prior to 1997 have not been restated to conform with this methodology.

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

³ Total Stockholder Return = (Stock Price Appreciation + Reinvested Dividends) ÷ Stock Price at the beginning of the year.

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

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

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

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

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

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

⁵ Consolidated companies only.

⁶ Payroll costs do not include incentive bonuses.

⁷ Investment = Year-End Capital Employed.

⁸ Average Sales Per Employee = Sales and Other Operating Revenues (Net of Excise Taxes) ÷ Average Number of Employees (Beginning and End of Year).

Chevron's strategy to focus on international upstream activities

resulted in international liquids production increasing for a tenth

year in a row.

WORLDWIDE UPSTREAM Highlights

1999 HIGHLIGHTS

- ▶ Chevron made two major acquisitions to continue growth of its international upstream business. The acquisition in March of Rutherford-Moran Oil Corporation provided entry to offshore oil and gas activity in the Gulf of Thailand. This was followed by the September purchase of Petrolera Argentina San Jorge S.A. with its daily production rate of 80,000 barrels per day in Argentina, as well as its exploration prospects in various South American countries.
- ▶ Production in Angola continued to climb, with 1999 production averaging 460,000 barrels per day. The giant Kuito Field in Angola's deepwater Block 14, discovered in 1997, was brought on production in December.
- ▶ Nigeria production, curtailed by OPEC, stood at 420,000 barrels per day. Design and engineering continued on a 30,000-barrels-per-day gas-to-liquids plant in Nigeria capable of converting natural gas into synthetic liquid fuels.
- ▶ In May 1999, the Caspian Pipeline Consortium celebrated the start of the construction of the marine terminal for the 900-mile crude-oil pipeline from western Kazakhstan to the Russian port of Novorossiysk. Production in 1999 from the Tengiz Field in Kazakhstan increased to 214,000 barrels per day and is expected to grow to 700,000 barrels per day by 2010.
- ▶ In Europe, the Britannia gas field, which came on stream in 1998, reached design capacity volume of 740 million cubic feet per day.
- ▶ In the United States, deepwater operations in the Gulf of Mexico became a reality with first production from the Genesis and Gemini projects in 1999. A third deepwater prospect, Typhoon, is scheduled for first production in 2001.
- ▶ Off the east coast of Canada, the Hibernia Field achieved peak production of 150,000 barrels of oil per day, while delineation drilling activity in the Hebron Field continued, with Chevron being appointed the operator of the field. Also in Canada, the company will participate in an Oil Sands Project, targeted to produce 155,000 barrels of oil per day of bitumen for upgrading to high-quality synthetic crude oil. First production is scheduled for late 2002.



CHEVRON
UPSTREAM OPERATIONS

UPSTREAM FINANCIAL AND OPERATING HIGHLIGHTS ¹	U.S. Upstream		International Upstream	
	1999	1998	1999	1998
Reported Earnings (Millions of Dollars)	\$ 526	\$ 365	\$ 1,093	\$ 707
Earnings, Excluding Special Items (Millions of Dollars)	\$ 818	\$ 381	\$ 1,156	\$ 717
Gross Liquids Production (Thousands of Barrels Per Day)	354	366	1,100	1,065
Net Liquids Production (Thousands of Barrels Per Day)	316	325	811	782
Gross Natural Gas Production (Millions of Cubic Feet Per Day)	1,935	2,061	935	737
Net Natural Gas Production (Millions of Cubic Feet Per Day)	1,639	1,739	874	654
Gross Proved Liquids Reserves (Millions of Barrels)	1,182	1,272	5,004	4,686
Net Proved Liquids Reserves (Millions of Barrels)	1,072	1,148	3,712	3,549
Gross Proved Natural Gas Reserves (Billions of Cubic Feet)	4,425	5,271	5,954	5,437
Net Proved Natural Gas Reserves (Billions of Cubic Feet)	3,788	4,497	5,268	4,806
Natural Gas Sales (Millions of Cubic Feet Per Day)	3,162	3,303	1,774	1,504
Natural Gas Liquids Sales (Thousands of Barrels Per Day)	133	130	57	53
Net Exploratory Oil and Gas Wells Completed ²	72	46	8	15
Net Development Oil and Gas Wells Completed ²	411	324	60	71
Net Wells Producing at Year End ²	10,294	10,850	1,981	1,666
Net Proved and Unproved Acreage (Thousands of Acres) ²	5,499	5,775	41,890	48,249
Exploration Expenditures (Millions of Dollars)	\$ 355	\$ 503	\$ 952	\$ 462
Production Expenditures (Millions of Dollars)	\$ 674	\$ 817	\$ 2,639	\$ 1,480

¹ Includes equity share of affiliates, unless otherwise noted.

² Consolidated companies only.

NORTH AMERICA

BUSINESS STRATEGIES

- ▶ Operate as a leader in conducting safe and environmentally sound operations.
- ▶ Invest people, technology, and capital to generate cash for the corporation.
- ▶ Commit resources to be a leader in the emerging areas of deepwater Gulf of Mexico and East Coast Canada.
- ▶ Capitalize on energy convergence opportunities through equity ownership in Dynegy.
- ▶ Continue to generate cash and achieve top performance from assets in the Gulf of Mexico Shelf, the San Joaquin Valley, Midcontinent, the Permian Basin, and Western Canada.
- ▶ Divest and implement alternative strategies for lower-performing assets.

1999 ACCOMPLISHMENTS

- ▶ Achieved an OSHA recordable rate for injuries and illnesses of 0.97 per 200,000 hours, the lowest ever for Chevron upstream operations in the United States. Chevron's Canadian upstream operations achieved a record low rate of 0.72 for recordable injuries.
- ▶ Generated cash flow of \$1.2 billion, net of capital investments.
- ▶ Began production from Genesis and Gemini, Chevron's first two Gulf of Mexico deepwater projects.
- ▶ Drilled two successful Ft. Liard wells in northwestern Canada, with each well proving capable of over 70 million cubic feet of gas per day.
- ▶ Cut operating expenses by 66 cents per barrel from 1998 levels.
- ▶ Continued to high-grade Chevron's North American portfolio by divesting mature, higher-cost assets.
- ▶ Acquired a 20 percent interest in Shell Canada's Athabasca Oil Sands Project.
- ▶ Completed withdrawal from offshore California operations, marking the end of 40 years of activity.

INTERNATIONAL

BUSINESS STRATEGIES

- ▶ Continue to focus on current and planned developments in Africa, Australia, Indonesia and Kazakhstan. These projects are expected to continue to increase Chevron's international production in the future.
- ▶ Continue to emphasize exploration activities in major producing areas to leverage off existing infrastructure and expertise, and focus on a limited number of high-potential frontier exploration areas.
- ▶ Continue to seek opportunities to capture significant interests in known developments and existing projects.
- ▶ Pursue the commercialization of Chevron's existing international gas reserves, expand the liquefied natural gas business in the Asia-Pacific area and develop new opportunities to supply gas markets in Europe and the United States.

1999 ACCOMPLISHMENTS

- ▶ Increased international oil and equivalent gas production for the tenth consecutive year, up 7 percent from 1998 level.
- ▶ Acquired Rutherford-Moran Oil Corp. and became the operator of Block B8/32, a high-potential gas and oil area in the Gulf of Thailand. Subsequently began producing from the Benchamas Field.
- ▶ Acquired Petrolera Argentina San Jorge S.A., an exploration and producing company that accounts for 8 percent of the oil production in Argentina.
- ▶ Achieved first oil from the Kuito Field, Angola's first deepwater project.
- ▶ Began construction of the Caspian Pipeline Consortium's 900-mile pipeline, connecting the Tengiz Field to the Russian Black Sea port of Novorossiysk.
- ▶ Reached the design capacity of 740 million cubic feet per day at Britannia Field in the North Sea.
- ▶ Announced significant gas discoveries offshore Western Australia at the Geryon and Orthrus wells.
- ▶ Entered into a joint venture agreement establishing a consortium to develop the West African Gas Pipeline.

UNITED STATES

United States exploration and production activities are concentrated in more than 300 fields located in the Gulf of Mexico, Texas, the Rocky Mountains, California and Alaska.

GULF OF MEXICO – DEEP WATER

Genesis Genesis is Chevron's first deepwater (2,600 feet of water) operation in the Gulf of Mexico. Chevron is the unit operator with a 57 percent interest.

First production occurred in January 1999, with peak total production expected to reach 55,000 barrels of oil and 65 million cubic feet of gas per day by mid-2000. Recoverable reserves are estimated in excess of 160 million barrels oil and equivalent gas over the 15- to 20-year field life.

Gemini Gemini is a deepwater, subsalt development located in Mississippi Canyon Block 292, in a water depth of 3,400 feet. The project is a subsea development tied back to Chevron's Viosca Knoll 900 Platform, northwest of Mississippi Canyon 292. Initial production occurred in June 1999, with three wells currently on production. Peak production rates of 200 million cubic feet of gas and 3,000 barrels of condensate per day make it one of the largest subsea projects producing in the Gulf of Mexico. Chevron has a 40 percent interest in this project. Chevron recently acquired 100 percent working interest in two offset leases.

Typhoon Typhoon is Chevron's third deepwater development (2,000 feet of water) in the Gulf of Mexico. Development plans call for a subsea completion and tie back of four existing appraisal wells to a mini tension leg platform. The platform will support full production facilities for 40,000 barrels of oil and 60 million cubic feet of gas per day. Initial production is scheduled for third quarter 2001. Chevron is the operator with a 50 percent interest.

Exploration In 1999, three exploration wells were drilled in the Gulf of Mexico deepwater, two of which found hydrocarbons. Further drilling will be required to determine their commercial viability. At least six exploratory wells are planned for 2000, three of which are within 30 miles of BP Amoco's significant 1999 Crazy Horse discovery.

GULF OF MEXICO – SHELF

Viosca Knoll Chevron's 1999 efforts in Viosca Knoll resulted in two discoveries and continued to center on establishing production from gas reservoirs in the James Carbonate formation. Total production is currently 80 million cubic feet of gas per day from four wells.

Chevron's drilling results over the last three years have included six wildcat discoveries and two successful delineation wells. The 2000 program includes one exploration well, three delineation wells

and the accompanying facilities. Production is expected to approach 200 million cubic feet of gas per day once the infrastructure is completed in late 2000 and previous exploratory successes in the trend are put on stream. The 2001 and 2002 programs will provide continued exploration and development of the substantial leasehold in the Viosca Knoll area. It is the Shelf's largest contiguous leasehold (approximately 300,000 acres).

Destin Dome Natural gas was discovered within the Destin Dome 56 Unit in 1996. Development plans to recover the reserves and regulatory approvals are in progress. A draft environmental impact statement (EIS) was issued August 1999 by the governing agencies whereby no significant environmental impacts were found. Public hearings have been held and comments were submitted that reflected both support and opposition to the project.



Issuance of the final EIS and a regulatory ruling on the Development and Production Plan is expected in late 2000.

Vermilion 214 The Vermilion 214 Field was discovered in 1971 and has produced 24 million barrels of oil and 142 billion cubic feet of gas. Renewed development opportunities were identified with 3-D seismic data in 1994. Subsequent development wells were brought on production in October 1999, with January 2000 total field production of 10,000 barrels of oil equivalent per day. Chevron owns a 100 percent working interest in Vermilion 214.

CALIFORNIA

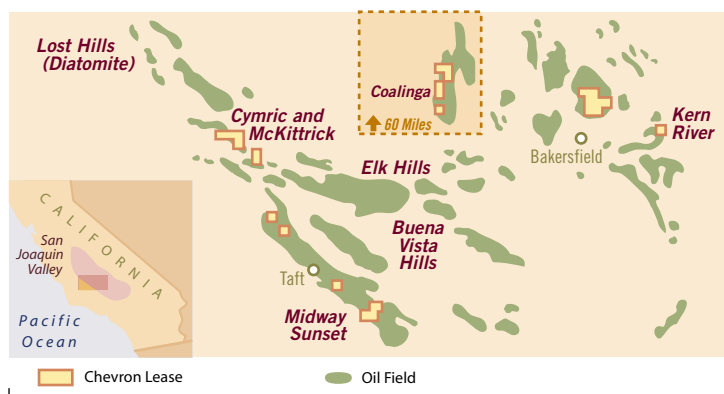
San Joaquin Valley Average production rates for 1999 from the San Joaquin Valley fields were 103,000 barrels of oil and 114 million cubic feet of gas per day.

Of the oil production, approximately 73,000 barrels per day was heavy oil. Recent drilling programs in Cymric heavy oil development helped to contribute 28,000 barrels per day in 1999. Stable production from the other three San Joaquin Valley heavy oil fields - Kern River, Midway Sunset and Coalinga - contributed a combined heavy oil production rate of 45,000 barrels per day.

Chevron is a leader in low-cost operations in this area, with additional total operating costs savings realized in 1999.

Lost Hills Diatomite Twenty-one attractive primary well locations were drilled in 1999 along with 17 injection and two observation wells. Production averaged more than 19,000 barrels of oil equivalent per day. Projects to test the potential for increasing recovery from the original 2 billion barrels of oil in place continued in 1999.

Elk Hills The Elk Hills Field has continued an active gas sales strategy in 1999. Total gas sales have significantly increased from an early 1998 level of 129 million cubic feet of gas per day to over 370 million cubic feet per day in 1999. Occidental Petroleum Company, as operator, drilled 82 development wells during 1999 to maintain oil production. Chevron's average interest in three of the unit zones is 23 percent, with current net production of 12,300 barrels of oil, 75 million cubic feet of gas and 2,400 barrels of natural gas liquids per day.



California OCS

Chevron exited offshore California production operations after producing oil and gas offshore Santa Barbara and Ventura counties for more than 40 years. In February 1999, Venoco, Inc. acquired platforms Gail and Grace located in federal waters at the southeast end of the Santa Barbara Channel, along with an oil and gas processing plant in Carpinteria and nonoperated interest in the Dos Cuadras Field. In July 1999, Plains Resources Inc. acquired the remaining assets, including interest in the Point Arguello Field, associated onshore processing facilities, and certain onshore fee acreage.

ALASKA

North Slope Development Development plans for the Point Thompson Unit gas cycling project are moving forward with first production targeted for 2005, at a total production rate of 70,000 barrels of condensate per day. Chevron holds an 18 percent interest in the project.

Chevron continues to participate in the appraisal and delineation drilling in the Prudhoe Bay satellite developments. These smaller accumulations are expected to yield up to a total of 300 million barrels of recoverable oil (50 million barrels Chevron's share). First oil is planned for 2002. Chevron holds a 6 percent to 41 percent working interest in these satellite accumulations.

North Slope Exploration Chevron and BP Amoco continue to align their leasehold interests in the Point Thompson area, east of Prudhoe Bay. The alignment area, covering more than 450,000 acres, encompasses the Point Thompson Unit and the Sourdough and Flaxman discoveries. BP Amoco holds a 56 percent interest in the joint lease holdings and Chevron holds the remaining 44 percent.

Chevron, along with BP Amoco and Phillips, acquired 33 leases totaling 233,000 acres in the National Petroleum Reserve - Alaska. Many tracts are on trend with other producing fields.

CANADA

In 1999, Chevron Canada Resources (CCR) continued to grow its significant position in Canada's East Coast offshore region, maintained focus on core areas in western Canada, and entered the synthetic oil business. Due to increased production from Hibernia, CCR's net production in 1999 reached its highest level in nine years.

WESTERN CANADA

Chevron's Western Canadian operations continued to provide strong cash flow in 1999. CCR produced 44,500 barrels per day of crude and natural gas liquids and 227 million cubic feet of natural gas per day from Western Canada.

Chevron's major development efforts in 1999 focused on natural gas, primarily in the area west of Kaybob in Alberta and Fort Liard in the Northwest Territories. In 1999, Chevron made significant gas discoveries at Fort Liard. In addition to the 75 million cubic feet per day from the first discovery well, a second Fort Liard well tested in early 2000 showed similar expected productivity. The wells will be tied in and placed on production in 2000.

CCR entered into a business arrangement with Burlington Resources to explore a significant portion of Chevron's Undeveloped Exploration Lands in western Canada. Burlington committed to fund and drill 16 wells over two years, with an option to continue the program in the third year. Chevron has a right to participate in development of future discoveries at a 50 percent interest.

In 1999, a business organization was created to manage CCR's western Canada midstream business resulting in a regional partnership with BP Amoco in the Kaybob area.

OIL SANDS PROJECT

Chevron entered the synthetic oil business in 1999 through acquisition of a 20 percent working interest in the Athabasca Oil Sands Project. The project is expected to recover 155,000 barrels per day of bitumen over a 30-year period from an initial resource base of 1.6 billion barrels of bitumen. Production start-up is scheduled for late 2002. The acquisition provides Chevron the opportunity to participate in future development of existing Shell oil sands leases in the Athabasca area, which are estimated to be able to support three additional projects similar in size to the planned project.



EASTERN CANADA

The East Coast of Canada continues to provide one of the major growth opportunities in North America. Delineation drilling of the Hebron Field continued with two wells in 1999, indicating recoverable reserves in excess of 650 million barrels. Chevron was appointed operator of the Hebron Field in 1999.

Hibernia production averaged approximately 100,000 barrels per day in 1999, with rates up to 150,000 barrels per day achieved during the latter part of the year. Recent modifications to the gas compression equipment, which faced mechanical problems early in the year, have resulted in performance improvements. A high-rate production test demonstrated the field's ability to achieve rates of 180,000 barrels per day, exceeding the platform's nominal design capacity of 150,000 barrels per day. Chevron owns a 26.875 per cent working interest in Hibernia.

Development drilling operations into the Hibernia reservoir continued, including completion of two wells that are among the 20 longest extended-reach wells in the world. The Hibernia reservoir continued to deliver high reservoir quality and well productivity.

Chevron continued to grow its offshore lease position in the East Coast. Chevron acquired interests in three deepwater parcels totaling approximately 1.2 million acres at the Nova Scotia lease sale in April 1999. Chevron's interest in these three blocks is approximately 33 percent and supplements the 740,000-acre deepwater Nova Scotia parcel acquired in 1998.

AFRICA

NIGERIA

Chevron's principal subsidiary in Nigeria, Chevron Nigeria Limited (CNL), operates and holds a 40 percent interest in 11 concessions totaling 2.3 million acres, predominantly in the swamp and near-offshore regions of the Niger Delta. CNL operates under a joint venture arrangement with the Nigerian Government through the Nigerian National Petroleum Corporation (NNPC), which owns the remaining 60 percent interest in the operation. During 1999, the Department of Petroleum Resources renewed all seven of CNL's onshore and swamp area concessions for a second 30-year term. CNL's four offshore concessions expire in 2008, and renewal efforts will begin soon.

Another subsidiary, Chevron Oil Company Nigeria Limited (COCNL), holds a 20 percent interest in six concessions, covering 600,000 acres, operated by Texaco (20 percent). NNPC owns the remaining 60 percent interest in the operation.

A third subsidiary, Chevron Petroleum Nigeria Limited (CPNL), oversees and manages new venture projects in Nigeria. CPNL has a 30 percent interest in one deepwater Niger Delta block and three inland Benue Basin blocks operated by Elf. A sole interest is also held by CPNL in six other Benue Basin blocks through a production-sharing contract.

Production Total 1999 production from the 33 CNL-operated fields averaged 420,000 barrels of liquids per day. OPEC production curtailment that began in April 1998 continued throughout 1999.

CNL continued upgrading its facilities, and by year-end 1999, 14 platforms upgrades had been completed, one partially completed and design work completed on the remaining one (scheduled for completion in 2001).

Total production from the COCNL fields averaged approximately 45,000 barrels of oil per day in 1999.

Escravos Gas Project Construction of Escravos Gas Project Phase 2 is well under way and scheduled for completion in second quarter 2000. Phase 2 will expand the gas processing capacity to 285 million cubic feet per day. Liquefied petroleum gas (LPG) and condensate exports will increase to 14,000 barrels per day. Preliminary design for Phase 3 of the gas project could add a second train and expand gas processing to 680 million cubic feet per day. LPG and condensate exports could increase to 40,000 barrels per day. It is expected with the necessary approvals the project could enter front-end engineering and design in 2000.

Gas-to-Liquids Project Feasibility engineering and technical evaluations are nearing completion for a gas-to-liquids (GTL) plant proposed for construction in Escravos. Promising results from this work and the necessary approval could lead to continued development during 2000. The proposed 30,000-barrels-per-day Escravos project is expected to be the first of a previously announced GTL globalization effort by Chevron and SASOL.

West African Gas Pipeline Project CNL was appointed the Managing Sponsor of a consortium that includes the Ghana National Petroleum Corporation, Nigerian National Petroleum Corporation, Shell, Societe Beninoise de Gaz, and Societe Togolese de Gaz. This consortium was granted development rights by the governments of Benin, Ghana, Nigeria and Togo to construct and operate a gas transmission pipeline between these countries. Legal and commercial structuring of this venture is under way. Subject to successful negotiation of concession conditions with the governments, commercial operations may commence by late 2002.

Exploration CNL acquired 224 square miles of 3-D seismic data in onshore OML-53 and plans to acquire an additional 166 square miles of 3-D seismic data during 2000. CNL plans to drill six wells in OML-53 and two offshore wells in OML-89.

CPNL participated in one exploratory well in the Benue Trough (Elf-operated) during 1999. CPNL also began site preparation work for the drilling of the Benue Trough obligation well (Chevron 100 percent), which will take place in 2000.





Deepwater Exploration CPNL plans to acquire in excess of 360 square miles of 3-D seismic data and drill one well in OPL 222 during 2000. CPNL will also participate in Nigeria's deepwater and ultra-deepwater bid round, which is expected to take place in 2000.

ANGOLA

Chevron's subsidiary, Cabinda Gulf Oil Company Limited (CABGOC), is the operator of two concessions, Blocks 0 and 14, off the coast of Angola's Cabinda exclave. Block 0 is a 2,100-square-mile concession adjacent to the Cabinda coastline in which CABGOC has a 39.2 percent interest. Block 14, acquired in 1995, is a 1,560-square-mile deepwater concession located west of Block 0, in which CABGOC has a 31 percent interest.

Production - Block 0 Area A includes 23 major fields, 13 in the Malongo Area and 10 in the Takula Area. Fifteen of the Area A fields are currently producing.

Area B includes six major fields. The Kokongo, Lomba and the southern part of the Nemba Field have undergone the initial stages of development and are currently on production. Area B production averaged 102,000 barrels per day in 1999.

Area C includes seven major fields. The Ndola and Sanha fields are currently on production. Development drilling in Sanha is in progress and will be completed in the first quarter of 2000. Area C production averaged 38,000 barrels of oil per day in 1999.

Crude oil production during 1999 averaged 460,000 barrels per day, up from an average of 421,000 in 1998.

Development- Block 0 In Area A, 32 development wells were completed in 1999. Twenty-two wells were in the Takula Area, and ten were in the Malongo Area. The Banzala Field achieved first production in August 1999 and increased to a rate of 20,000 barrels of oil per day through nine wells. Installation of new waterflood projects in the Kungulo and Vuko fields progressed. In the Takula Field, the application of multilateral well technology has proved the economic potential of the Mesa reservoir. These projects, coupled with ongoing reservoir management and the continued application of appropriate new technology, are critical to maintaining production levels in Area A.

Areas B and C continue to be the primary areas of major new development activity in the Block 0 concession. In Area B, additional infill well opportunities are envisioned for the Kokongo and Nemba fields in 2000. Future development plans also include installation of the North Nemba production and gas injection platform in 2001. North Nemba development drilling is expected to add 42,000 barrels per day of production by 2002.

For Area C, the Sanha Field drilling program will continue into early 2000. The southern extension of the Ndola Field is also being evaluated for future development. The implementation of a major gas utilization project in Area C (Sanha Condensate/Bomboco Project) is being studied. Current plans would have this project onstream in 2003/2004 and, at its peak, produce approximately 110,000 barrels of oil equivalent per day.

Production - Block 14 First deepwater production in Angola from Chevron's Kuito Field commenced on December 15, 1999. Production averaged 30,000 barrels of oil per day for the remainder of the month. Production from the initial phases, Phase 1A and 1B, is expected to average more than 70,000 barrels per day in 2000, and peak at over 100,000 barrels per day during the first half of 2000.

Deepwater Development - Block 14 Four fields have been discovered in Block 14 - Kuito, Landana, Benguela and Belize. The Benguela and Belize fields, discovered in 1998, are adjacent to the Kuito Field. Appraisal well drilling and exploration of surrounding prospects are being conducted concurrently. Project authorization is targeted for the first half of 2001. For the Landana Field, further appraisal and study is required prior to development planning.

Exploration - Block 0 The 1999 exploration and appraisal well program in Area A consisted of one well being drilled from an existing well jacket. The well was successful and resulted in immediate production. No exploration wells were drilled in Areas B and C in 1999.

Deepwater Exploration - Block 14 Two exploration wells were drilled in deep water in Block 14 in 1999. Both wells were dry holes, though significant reservoir sands were encountered at all primary objectives.

Additional leads in blocks 14 were matured into prospects during 1999. No additional 3-D seismic data was acquired, but the North Congo Canyon 3-D data processing was completed in 1999.

The exploration program in 2000 includes three exploration/appraisal wells. The first is the Tomboco 1X well that will spud in 2000.

REPUBLIC OF CONGO

Chevron has interests in three license areas (Haute Mer, Marine VII and Mer Profonde Sud) in offshore Congo, adjacent to Chevron's concessions in Angola (Cabinda). All licenses are partner-operated. Chevron has a 30 percent interest in Haute Mer, 29.25 percent interest in Marine VII Kitina and Sounda Exploitation permits, and expects to finalize acquisition of a 15 percent interest in Mer Profonde Sud in 2000. The Chevron-operated Marine IV license was relinquished in 1999.

Production Net production from Chevron's concessions in the Republic of Congo averaged 29,000 barrels per day in 1999.

In the Marine VII permit area, development of the Kitina Field continued and total production averaged 36,000 barrels of oil per day. Further development work, including gas injection facilities and an infill well, are planned for 2000.

In Haute Mer, development of the Nkossa Field continued with the drilling of additional production and gas injection wells. Total production in the field, operated by Elf Congo, averaged 74,000 barrels of oil and LPG per day in 1999.

Development The Haute Mer license includes the Moho and Bilondo discoveries. Development planning for these fields continued at year-end.

Deepwater Exploration A number of tertiary exploration targets remain from the Haute Mer 3-D survey. These prospects are under evaluation, with one exploration well expected to be drilled in 2000.

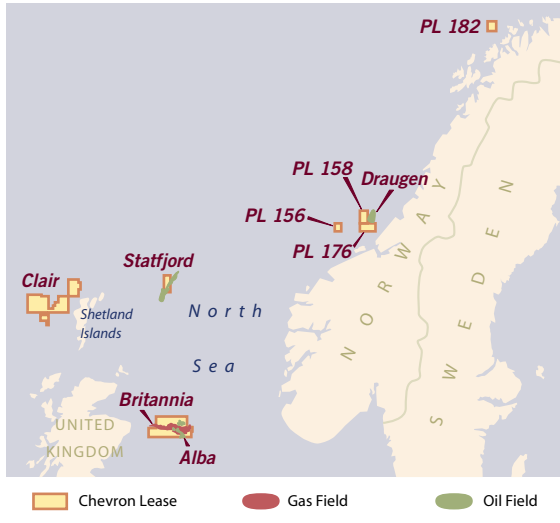
DEMOCRATIC REPUBLIC OF CONGO

Chevron operates a 390 square-mile concession off the coast of Democratic Republic of Congo (DRC) through its wholly owned subsidiary Chevron Oil Congo (DRC) Limited. Chevron has a 50 percent interest in the concession.

Production Crude oil production from eight offshore fields averaged 17,650 barrels per day in 1999.

Development During 1999, there was no development drilling activity.

Exploration Approximately 95 percent of the concession is now covered with 3-D seismic data. Processing of the new seismic data was completed in 1999, and interpretation will commence in 2000.



EUROPE

Chevron holds interests in four producing fields off-shore United Kingdom and Norway – Alba oil field, Britannia gas condensate field, and non-operated interests in Statfjord and Draugen.

UNITED KINGDOM AND IRELAND

Alba Production Total production from the Alba Field averaged 74,000 barrels of oil per day in 1999. A new gas pipeline was laid from Alba to the nearby Britannia Platform to optimize use of gas resources. This pipeline, commissioned in March 1999, provides a disposal route for Alba's surplus gas, significantly reducing the amount of gas being flared. In later years, the gas will support Alba's power requirements.

Interpretation of seismic surveys resulted in identification of drilling opportunities in the developed part of the field. Four of these opportunities were successfully drilled in 1999 and further drilling will continue through 2001. Plans are also being formulated to develop the extreme southern part of the field. Chevron's interest in the Alba Field is 21.17 percent.

Britannia Production First full-year production since commissioning has proved to be a significant success. At peak demand, the field produced 740 million cubic feet of gas per day (up to 8 percent of the U.K. gas market) and in excess of 45,000 barrels per day of condensate.

The field has an expected 25-year life and contains estimated recoverable reserves of approximately 3 trillion cubic feet of gas and 132 million barrels of condensate. Chevron has a 30.2 percent interest and shares operatorship with Conoco.

Statfjord Production After 20 years of production, Statfjord has produced almost 3.7 billion barrels of oil to date and continues to produce approximately 210,000 barrels per day. First oil was produced from the Statfjord North Flank subsea

development in October 1999. Ultimate recovery of proved reserves increased in 1999 from 4 billion barrels to 4.2 billion barrels through increased confidence in reservoir performance. Chevron's interest in the Statfjord Field is 4.84 percent.

Clair Project Improvement in the oil price environment has bolstered plans for a commercial development of the complex Clair asset. Work plans are in place, which could lead to a project sanction decision in 2001. If approved, first oil could occur in 2004. Chevron's interest is 19.42 percent.

New Ventures and Exploration Chevron has consolidated its position in the Britannia core area by acquiring 25 percent equity in Block 21/3a (Spectre). First production using the existing Britannia facilities is expected around 2004. Additionally, 3-D seismic surveys have been merged to provide a single database to identify new opportunities in this area. In the U.K. North Sea, Chevron participated in drilling two exploration wells that are currently being evaluated.

Significant 3-D interpretation work has been undertaken over an exploration license located within the Porcupine Basin offshore Ireland. Discussions with partners are in progress on how to proceed with the evaluation of this area.

NORWAY

Draugen Production The Draugen Field continued to perform above expectation, with production in 1999 averaging 209,000 barrels of oil per day. To date, the field has produced about 24 percent of the 1.35 billion barrels of oil originally in place. A sixth platform production well has been successfully completed to allow the plateau production to be maintained. Chevron's interest in the Draugen Field is 7.56 percent.

A gas export pipeline project is currently under way and the new pipeline is expected to be commissioned in 2000 when associated gas and gas liquids will be transported to market.

Exploration Chevron participated in two exploration wells in an area around the Draugen Field in mid-Norway. Both wells encountered hydrocarbons, but quantities were insufficient for commercial development.

Interpretation work in the mid-Norway area enabled Chevron to rationalize its holding of non-prospective exploration acreage, which includes the Chevron-operated license PL 157. The government announced the 16th Licensing Round, inviting applications for blocks in the Norwegian Sea. Chevron has been reviewing acreage in order to prepare an application. Block and license awards are expected to be announced around mid-April 2000.



ASIA PACIFIC INDONESIA

Chevron's interests in Indonesia are managed by two affiliate companies, PT Caltex Pacific Indonesia (CPI) and Amoseas Indonesia (AI). Chevron owns 50 percent of both companies.

Chevron holds interest in four production-sharing contracts in Indonesia. CPI manages all of these interests for Chevron. AI is a power generation company that operates the Darajat geothermal contract area in central Java and has a cogeneration facility under construction in support of CPI's operations.

Production Total CPI crude and condensate production averaged more than 745,000 barrels per day in 1999. CPI, as a contractor to Pertamina, accounts for about half of Indonesia's total crude oil production. Chevron's net share of total production averaged 182,000 barrels per day.

CPI Sumatra Projects CPI continues to implement enhanced oil recovery projects to extract more oil from its existing reservoirs. The Duri Field in the Rokan Block contains medium heavy crude difficult to produce using traditional techniques. The field, under steamflood since 1985, is the largest steamflood in the world. Currently nine of 13 phases are under steam injection, with total production averaging 280,000 barrels of oil per day in 1999. Area 10 is currently under development and will be placed on injection in late 2000.

The giant Minas Field, also in the Rokan Block, has produced more than 4.2 billion barrels of oil since inception. The waterflood expansion to the northwest area of the field was completed in 1999. CPI continues to pursue tertiary recovery projects for Minas and other light oil fields in its operating areas. Construction of the Light Oil Steamflood Phase 1 was completed with first steam injection in the first quarter 1999. Results to date, although very preliminary, have been encouraging. Construction on a surfactant field trial is also complete, with injection scheduled for the first quarter 2000.

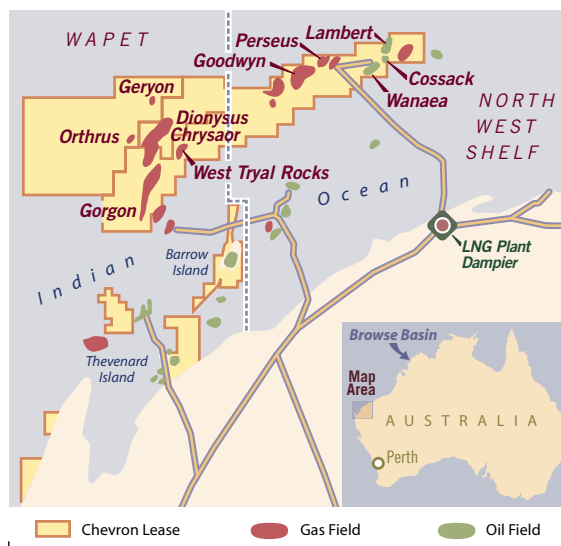
In addition, CPI is continuing to develop new waterflood projects and expand existing projects in the Bekasap, Balam South, Bangko and Kotabatak fields.

Geothermal Activities AI's geothermal field continued to provide steam to the national power company, PLN, plant to produce electricity for the Java power grid. The plant operated at its 55-megawatt (MW) capacity during the year. The Darajat II 70 MW power plant – owned and operated by AI and its national partner, P.T. Darajat Geothermal Indonesia, completed in 1999, is awaiting hook-up and commissioning. Negotiations are under way to expedite start-up of power sales from Darajat II.

Further expansion of the Darajat geothermal reservoir complex is planned. The Darajat reservoir has proved reserves of steam to generate 350 MW for 30 years.

AUSTRALIA

Chevron's primary interests in Australia involve two major joint ventures: 16.7 percent in the North West Shelf (NWS) Project and 25 to 50 percent in the West Australian Petroleum Pty Ltd. (WAPET) operated permit areas. In addition, Chevron has interests in



the northern Browse Basin and three new deepwater exploration permits which were recently awarded in the offshore Canning Basin, near the North West Shelf joint venture acreage, with Chevron's interests varying from 16.7 percent to 25 percent.

North West Shelf Production The NWS Project area is located about 1,000 miles north of Perth and 70 to 90 miles offshore. Average total field production from the giant North Rankin and Goodwyn gas/condensate fields during 1999 was 1.5 billion cubic feet of gas per day and 100,000 barrels per day of condensate. About 1 billion cubic feet of gas per day was sold primarily under long-term contract in the form of liquefied natural gas (LNG) to major utilities in Japan. The remaining gas is sold to the Western Australian domestic gas market.

In 1999, total production from the Wanaea/Cossack and Lambert field, averaged 35,000 barrels per day. LPG production driven by the liquids-rich gas was 19,000 barrels per day in 1999. The decrease in oil production during 1999 is attributed to a major refit of the floating production vessel.

NWS Partners formed Australia LNG (ALNG) in 1999 to act as a single marketing vehicle for selling LNG. ALNG markets uncommitted gas to new Asian markets outside Japan, focusing on Korea, China, India and Taiwan.

Late in 1999, ALNG was successful in executing a Memorandum of Understanding with Tuntex Gas Corp. of Taiwan and a Heads of Agreement with India's Al Manhal International Pty. Ltd. These agreements could lead to significant LNG sales but are dependent on these potential buyers' success in developing markets and parties agreeing to commercial terms.

WAPET Production WAPET operates two major production facilities on Barrow Island and Thevenard Island, approximately 100 miles southwest of the NWS fields. Total WAPET oil production in 1999 averaged 30,000 barrels per day, principally from Barrow Island and the Saladin, Roller and Skate fields on Thevenard Island. Chevron's share of production was 7,800 barrels per day.

WAPET Development WAPET continued development work with water injection being increased on Barrow Island and a number of development wells being drilled on both Barrow and Thevenard Islands.

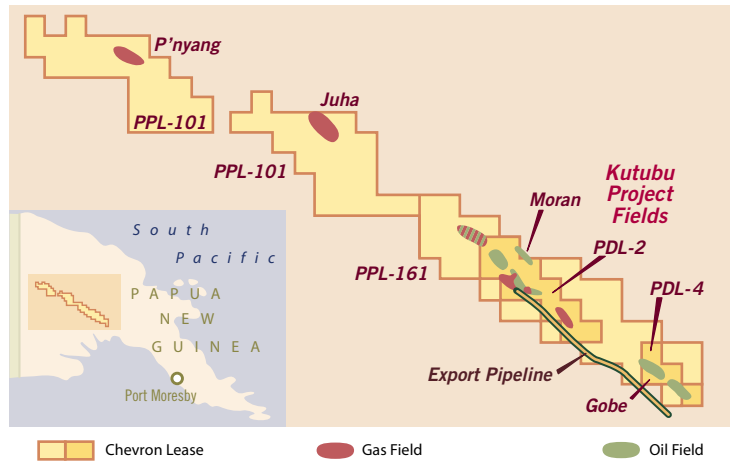
Significant progress was made during 1999 on defining low-cost development concepts for the giant Gorgon gas field. Discussions have commenced with Gorgon participants for incorporating their gas reserves to be marketed by the ALNG agency.

WAPET Exploration The WAPET joint venture made two significant natural gas discoveries offshore Western Australia in 1999. Both discoveries, Geryon and Orthrus, are located in permit area WA-267-P, where Chevron has a 25 percent interest. Both discoveries increase the reserves available for future LNG conversion.

In addition, WAPET made a minor oil discovery, Coaster, close to existing infrastructure in the Thevenard Island area.

PAPUA NEW GUINEA

Chevron Niugini Limited is operator for the Kutubu, Moran and Gobe oil fields. Chevron holds a 19.38 percent interest in the Petroleum Development License (PDL-2) that includes the Kutubu Field and a 45 percent interest in the Moran Field. Chevron also holds a 19.38 percent interest in Gobe Main and a 10.65 percent in South East Gobe through participation in PDL 3 & 4.



Production Production from Kutubu averaged 41,900 barrels of oil per day in 1999, while production from Moran averaged 11,800 barrels of oil per day on an extended well test (EWT) program to gain reservoir information for full field development. Moran oil is processed and exported through the Kutubu system. Production from Gobe Main averaged 16,700 barrels per day and South East Gobe averaged 17,500 barrels per day. The oil is processed at a joint Gobe facility and exported through the Kutubu system.

The Kutubu and Gobe oil production is constrained by gas reinjection capacity. All produced gas is returned to the producing formation for pressure maintenance and energy conservation.

Development First phase development work in the Gobe Petroleum Development Project, in licenses PDL-3 and PDL-4, continued in 1999 with a combination of sidetrack redrills, development wells and workovers.

The Moran Field straddles the license boundary of PDL-2 and Petroleum Prospecting License (PPL)-138. PDL-2 and PPL-138 participants agreed to develop the Moran Field on a unitized basis with Chevron designated the Moran Unit operator. The full field development is expected to produce 24,000 barrels per day beginning in third quarter 2001 upon agreement of commercial terms.

During 1999, Chevron continued to pursue the Australia Gas Pipeline Project from Papua New Guinea to Queensland. This project will allow commercialization of stranded gas reserves and recovery of substantial quantities of natural gas liquids (NGL).

Exploration Chevron submitted both a proforma License Extension application and a preferred Top File proposal for PPL-161 (APPL-219) for which approval is expected in early 2000. Applications filed in 1998 for Petroleum Retention Licenses for the P'nyang and Juha gas discoveries in PPL-101 are also expected to receive approval in early 2000.

A seismic program with components in PDL-2, PDL-3, PDL-4 and PPL-161 (APPL-219) commenced in the fourth quarter 1999.

CHINA

Chevron has an interest in two blocks (16/08 and 16/19) in the South China Sea and three blocks (02/31, 06/17 and Zhanhuadong) in the Bohai Gulf area of the North China Basin.

Production Chevron has a 16.33 percent interest in the producing block 16/08 in the Pearl River Mouth Basin. Five fields produced an average of 101,600 barrels of oil per day in 1999, with a record peak production of 124,000 barrels of oil per day in the final week of the year.

The newest field in the group, HZ/32-5, was brought on stream early in 1999. Three wells produced at a combined rate in excess of 30,000 barrels of oil per day, utilizing subsea completions tied back to existing production facilities – the first ever in China. Additional applications of subsea completions technology are planned for 2000 in the new HZ/26-1 North Field and being considered for another new potential field, the HZ/21-1SS.

Exploration Chevron drilled two exploration wells in the Bohai Gulf in 1999, both of which were not successful. Chevron plans to complete the contractual commitments in 2000 by drilling two more exploration wells on Block 02/31 and one on Block 06/17.

The North China Basin also extends onshore onto the Zhanhuadong Block, where Chevron holds the deep rights beneath the massive Shengli Field oil complex. Chevron completed prospect mapping and plans to drill wells to test two different pre-tertiary prospects commencing in 2000.

Three exploration blocks (50/20, 62/23 and 63/15) were released.

THAILAND

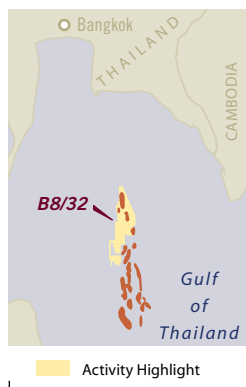
Chevron acquired Rutherford-Moran Oil Corporation and its 46.34 percent interest in Gulf of Thailand Block B8/32 on March 17, 1999. This, combined with acquisition of a majority interest in Palang Sophon Limited, gave Chevron a 51.66 percent interest in the 734,000-acre block. Chevron assumed operatorship of Block B8/32 from Pogo Producing Company on October 1, 1999. Chevron also holds a 33 percent interest in adjacent exploration blocks 7, 8 and 9, which are currently inactive pending resolution of a Thailand-Cambodia border dispute.



Production Block B8/32 is currently producing oil and natural gas from two fields, Tantawan and Benchamas. In December 1999, the Tantawan Field was producing at a rate of 65 million cubic feet of gas per day and 9,600 barrels of oil per day. Chevron increased its focus on oil production from the field through an aggressive well intervention program. Benchamas Field was brought on stream in June 1999 and was producing at a rate of 77 million cubic feet of gas per day and 13,000 barrels of oil per day as of December 1999. Production from the field reached 25,000 barrels of oil per day and 85 million cubic feet of gas per day in early 2000. Chevron is completing a production well drilling campaign and plans a waterflood start-up in August 2000.

Development Significant additional exploration and development potential exists in Block B8/32. Development planning is under way for Maliwan Field, with production start-up expected in late 2001. A delineation drilling program is planned in 2000 for Maliwan to firm up new platform sites and development plans.

Exploration An exploration well in the Jarmjuree area drilled in the western portion of Block B8/32 in November 1999 discovered more oil and natural gas than previous Jarmjuree area wells. With the successful drilling, Chevron is planning to submit an application for a Production License Area (PLA) covering the northern Jarmjuree trend. An eight-well exploration program is planned for 2000 in southern Jarmjuree as well as other areas not yet converted to PLAs.



Caspian Region and Middle East

CASPIAN REGION

KAZAKHSTAN

Tengizchevroil The Tengizchevroil (TCO) partnership formed in 1993 covers the Tengiz and Korolev oil fields in western Kazakhstan. The Tengiz Field is one of the world's largest super giants with estimated recoverable reserves of 6 billion to 9 billion barrels. Chevron has a 45 percent interest in TCO.

In 1999, total liquids production from the Tengiz Field increased for the sixth straight year, averaging 214,000 barrels per day. The goal is to grow this production to 700,000 barrels per day by 2010. Tengiz crude is transported by a variety of means, including pipeline, rail and barge. Principal destinations include the Black Sea ports of Odessa, Feodosia and Batumi. Crude production exported by railcar reached new highs in 1999 averaging 161,000 barrels per day, or 77 percent of the total.

TCO is nearing completion of a three-year plant expansion project that will increase production to approximately 260,000 barrels per day by the fourth quarter of 2000. It provides TCO with additional processing and export facilities. TCO is currently conducting feasibility studies on the next major expansion project with an expected 2004 completion date as well as the reinjection of sour gas into the Tengiz reservoir. TCO also plans to add two new drilling rigs by mid-2001 and initiate production from the Korolev Field.

Caspian Pipeline Consortium The Caspian Pipeline Consortium (CPC) was formed to build a crude oil export pipeline from the Tengiz oil field to the Russian Black Sea coast at a projected cost of \$2.5 billion. When completed, the CPC pipeline will allow for the export of an initial capacity of 600,000 barrels of oil per day, expandable to 1.5 million barrels per day with the additional pump stations and tankage. Chevron has a 15 percent ownership interest in CPC.

CPC moved aggressively into the design and construction phase during 1999. Material orders for long-lead items were placed in late 1998 and early 1999. Construction at the marine terminal and tank farm commenced in May 1999 while pipe laying began in November 1999. CPC remains on schedule to deliver first oil by July 2001.

AZERBAIJAN

Chevron has a 30 percent interest in the Absheron offshore concession in the Azerbaijan sector of the Caspian Sea. The concession is located adjacent to the Shah Deniz gas and condensate field discovered in 1999, and is near the producing fields of Guneshli-Chirag-Azeri. The prospect fills a significant portion of the 160 square-mile block in water depths of about 1,600 feet. Chevron is currently operating the exploration work program and it completed the interpretation



of a 3-D seismic survey in 1999. Chevron is negotiating with SOCAR, drilling contractors and other operators to gain access to a semisubmersible rig. The current expectation is to begin drilling the first of the two obligation wells in the second half of 2000.

MIDDLE EAST

QATAR

During 1999, Chevron assembled an inventory of leads for onshore Block 2, in the Jurassic Arab formation, the principal reservoir in Qatar's giant Dukhan oil field. Drilling of the first of five obligatory wells will begin in 2001. The five-year Exploration and Production Sharing Agreement covering the 4,000-square-mile block was ratified in June 1998.

For Chevron's interest in offshore Block 1NW, work in 1999 focused on evaluation of previous exploration results and the generation of a prospect that will be drilled in 2000. Chevron has a 60 percent interest in the block.

BAHRAIN

In 1998, Chevron signed a Production-Sharing Agreement with the state of Bahrain to explore for oil in Bahrain offshore waters with an initial four-year exploration period. Chevron holds 100 percent interest in three blocks, encompassing approximately 2,100 square miles. One or two exploratory wells are scheduled for drilling in 2000.

KUWAIT

Chevron currently has a Technical Service Agreement (TSA) with Kuwait Oil Company (KOC). This agreement, first established in 1994, was renewed in 1998 for a second three-and-a-half-year term. The agreement calls for Chevron to loan 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 allows Chevron a presence in Kuwait to demonstrate the company's technology, its employees' abilities and Chevron's overall commitment to the region.



SOUTH AMERICA

VENEZUELA

Boscan Chevron and Petroleos de Venezuela, S.A.(PDVSA) formed an alliance in 1995 to further develop the Boscan oil field and provide heavy crude oil to Chevron in the United States through several independent supply agreements. Chevron took over operations and production of the Boscan Field in 1996 under an Operating Services Agreement. At the beginning of 1999, the field was producing 105,000 barrels of oil per day, making Chevron the largest private oil field operator in Venezuela in terms of daily production. However, production was subsequently constrained to 92,000 barrels per day for much of 1999 due to Venezuela's OPEC restrictions.

LL-652 In May 1998, Chevron took over the LL-652 Field operation. An initial baseline production of 8,400 barrels per day was agreed upon with PDVSA in accordance with the terms of the Operating Services Agreement.

In 1999, the consortium completed the fabrication, installation and commissioning of central processing facilities and two satellite wellhead structures. These facilities, combined with additional development wells, will enable optimization of the reservoir management plan through repressurization by water and gas injection. The LL-652 objective is to substantially increase production over the next few years through the application of secondary recovery technologies. The field was producing 12,500 barrels of oil per day at the end of 1999. Chevron holds a 27 percent interest in the project.

ARGENTINA

Chevron acquired Petrolera Argentina San Jorge, S.A. in September 1999 establishing a strong exploration and production position in Argentina. At year-end 1999, properties in the Neuquén and Austral Basins were producing at combined net rates of 58,000 barrels of oil equivalent per day. New oil and gas discoveries in 1999 increased proved reserves to more than 200 million barrels oil equivalent. In addition to the Argentina acreage, San Jorge's interests included 5 million acres of exploration licenses in key petroleum basins in Colombia, Ecuador, Peru, Bolivia and Chile.

A 14 percent interest in Oldeval, a major export pipeline from Neuquén producing fields to the Atlantic coast, was also part of the acquisition. Additional sales through the Transandino pipeline to the Pacific coast make San Jorge Argentina's second-largest petroleum exporter.

COLOMBIA

Chevron has actively participated in oil exploration and production operations in Colombia for 75 years. At year-end, Chevron held a 50 percent interest in the Castilla and Chichimene fields producing 30,000 barrels of oil per day. The Cubarral Association Contract under which these fields are operated expired at the end of January 2000. Chevron agreed to provide operating and maintenance services for Castilla and Chichimene during a six-month transition period in 2000.

Chevron completed the acquisition of 125 miles of 2-D seismic in the Galeron Exploration Block in early 1999. Interpretation of the geologic and seismic data did not support drilling a well, and the Galeron Block was relinquished in February 1999.

In September 1999, through the acquisition of Petrolera Argentina San Jorge, S.A., Chevron took over a 50 percent interest in the 288,300 acre San Jacinto Block in the Upper Magdalena Basin. The first well is expected to be drilled in late 2000.

BRAZIL

Following a proposal in December 1999, Chevron won rights to partner with Petrobrás in a 50/50 exploration venture in two offshore deepwater blocks in Brazil's prolific Salt Basin. Chevron will join Petrobrás in exploring Block BC-20 in the Campos Basin and Block BCUM-100 in the Cumuruxatiba Basin. An exploration evaluation program consisting of seismic acquisition and drilling will be conducted in 2000.

DYNEGY

Dynegy Inc. is one of the country's leading marketers of energy products and services. Through its leadership position in energy marketing, independent power generation and gathering, and processing and transportation of natural gas and natural gas liquids, the company provides a broad range of energy solutions to its customers in North America, the United Kingdom and Canada.

Dynegy is one of the leading natural gas marketers in North America, with sales of more than 8.8 billion cubic feet per day. Dynegy is the leading natural gas liquids marketer, with sales in excess of 440,000 barrels per day, and is also one of the largest processors of natural gas in North America, with production of more than 120,000 NGL barrels per day. Dynegy and Chevron have entered into long-term, strategic alliances whereby Dynegy purchases substantially all natural gas and natural gas liquids produced or controlled by Chevron in the United States (excluding Alaska) and supplies natural gas and natural gas liquids feedstocks to Chevron's U.S. refineries and chemical plants.

A merger between Dynegy and Illinova Corp., a Midwest utility, was completed in February 2000. The merger resulted in a company with a total market capitalization in excess of \$6 billion upon formation. The company has interests in power plants with more than 14,000 megawatts of domestic generating capacity, average worldwide natural gas sales of more than 10 billion cubic feet per day and more than 1.4 million retail customers. In support of the merger, Chevron contributed an additional \$200 million of equity, resulting in an ownership level of approximately 28 percent in the combined company.

BUSINESS STRATEGIES

Dynegy's energy convergence strategy is to maximize the value of marketing, trading and arbitrage opportunities in natural gas, power and coal centered on the control and optimization of related assets. The merger with Illinova provides Dynegy with the means by which its convergence strategy can be accelerated.

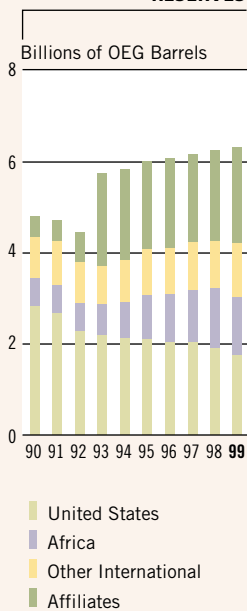
1999 ACCOMPLISHMENTS

- ▶ Announced and completed construction of the Rocky Road Power Plant, a 250 MW natural gas-fueled, peak-demand power generation facility outside of Chicago, before the 1999 peak summer season. Began construction on an additional 100 MW expansion to the Rocky Road Power Plant to be completed before the 2000 peak summer season.
- ▶ Commenced construction on three natural gas-fired, simple-cycle peaking facilities including the 800 MW Rockingham Power Plant in North Carolina, the 500 MW Heard County Power Plant in Georgia, and the 155 MW Calcasieu Plant in Lake Charles, Louisiana. All of these plants are scheduled to be in service before the 2000 peak summer season.
- ▶ Announced plans to construct an 800 MW natural gas-fired, combined-cycle generating facility in Phoenix, Arizona in partnership with SRP and NRG Energy. Announced plans to construct a 500 MW natural gas-fired peaking power plant in Kentucky, a 500 MW natural gas-fired peaking plant in Florida, and a 155 MW expansion to Dynegy's CoGen Lyondell Power Plant in Houston, Texas.
- ▶ Completed financing on West Coast Power LLC, owned by Dynegy and NRG. The financing is the first of its kind in the new deregulated electricity environment in California.
- ▶ Created a new division, Dynegy Energy Services, that will develop and execute the company's retail strategy following the Dynegy-Illinova merger.
- ▶ Completed the sale of certain nonstrategic East Texas natural gas gathering, treating and processing facilities.
- ▶ Sold less strategic assets from both Dynegy and Illinova, thereby reducing the size of the new equity offering from up to \$500 million at the time of the announcement to approximately \$250 million.

UPSTREAM OPERATING DATA

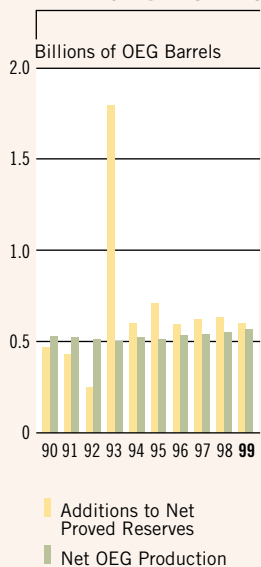
Proved Reserves

NET PROVED RESERVES*



* Natural gas converted to oil equivalent gas (OEG) barrels at 6 MCF = 1 OEG barrel.

CHANGES IN NET PROVED RESERVES



PROVED RESERVES – CRUDE OIL AND NATURAL GAS LIQUIDS¹

Millions of Barrels	1999	1998	1997	1996	1995
Gross Crude Oil and Natural Gas Liquids					
United States	1,182	1,272	1,329	1,286	1,330
Africa	1,544	1,555	1,366	1,258	1,181
Other International ²	749	594	592	565	629
Total – Consolidated Companies	3,475	3,421	3,287	3,109	3,140
Equity Share in Affiliates					
Indonesia	1,233	1,248	1,317	1,350	1,340
Kazakhstan	1,478	1,289	1,298	1,361	1,303
Total – Gross Reserves	6,186	5,958	5,902	5,820	5,783
Net Crude Oil and Natural Gas Liquids					
United States	1,072	1,148	1,196	1,149	1,187
Africa	1,290	1,300	1,131	1,032	969
Other International ²	661	521	519	482	538
Total – Consolidated Companies	3,023	2,969	2,846	2,663	2,694
Equity Share in Affiliates					
Indonesia	528	653	578	566	562
Kazakhstan	1,233	1,075	1,082	1,135	1,087
Total – Net Reserves	4,784	4,697	4,506	4,364	4,343

PROVED RESERVES – NATURAL GAS¹

Billions of Cubic Feet	1999	1998	1997	1996	1995
Gross Natural Gas					
United States	4,425	5,271	5,855	6,209	6,489
Africa	322	288	274	359	103
Other International	3,603	3,338	3,594	3,547	3,184
Total – Consolidated Companies	8,350	8,897	9,723	10,115	9,776
Equity Share in Affiliates					
Indonesia	134	151	161	152	155
Kazakhstan	1,895	1,660	1,680	1,753	1,805
Total – Gross Reserves	10,379	10,708	11,564	12,020	11,736
Net Natural Gas					
United States	3,788	4,497	4,991	5,275	5,532
Africa	322	288	223	293	84
Other International	3,231	2,983	3,187	3,135	2,794
Total – Consolidated Companies	7,341	7,768	8,401	8,703	8,410
Equity Share in Affiliates					
Indonesia	134	151	161	152	155
Kazakhstan	1,581	1,384	1,401	1,462	1,505
Total – Net Reserves	9,056	9,303	9,963	10,317	10,070

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 corporation's Reserves Advisory Committee to ensure that rigorous professional standards and the reserves definitions prescribed by the Securities and Exchange Commission are consistently applied throughout the company. See Glossary for explanation of proved reserves.

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

² Reserves for the LL-652 Field in Venezuela have been included in the company's reserve quantities under a risked service agreement. No reserves have been included for the Boscan Field operating service agreement.

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

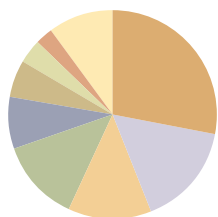
Thousands of Acres	At December 31				
	1999	1998	1997	1996	1995
United States					
Onshore					
Alaska	514	278	302	308	271
California	163	150	165	179	213
Colorado	134	129	55	54	48
Kansas	5	8	14	14	14
Louisiana	50	85	122	127	128
Michigan	88	102	26	39	42
Montana	9	48	120	120	111
Nevada	—	—	2	2	43
New Mexico	160	163	172	170	170
North Dakota	1	1	11	11	11
Oklahoma	43	58	118	104	104
Texas	860	927	1,124	1,145	1,098
Utah	112	301	211	314	386
Wyoming	96	112	196	192	219
Other States	25	25	85	96	96
Total Onshore	2,260	2,387	2,723	2,875	2,954
Offshore					
Alaska Coast	61	21	97	123	114
Atlantic Coast	31	40	40	72	72
Gulf Coast	3,144	3,281	3,580	1,973	1,481
Pacific Coast	3	46	81	88	83
Total Offshore	3,239	3,388	3,798	2,256	1,750
Total United States	5,499	5,775	6,521	5,131	4,704
Africa					
Angola	855	855	855	855	855
Congo	185	503	504	504	504
Democratic Republic of Congo (formerly Zaire)	124	124	124	124	124
Namibia	—	—	—	—	1,072
Nigeria	5,378	5,383	5,425	5,425	5,383
Somalia	—	10,010	10,010	10,010	10,010
Total Africa	6,542	16,875	16,918	16,918	17,948
Other International					
Argentina	2,727	—	—	—	—
Australia	4,014	2,841	2,788	2,169	1,304
Azerbaijan	30	30	30	—	—
Bahrain	1,359	1,359	—	—	—
Bolivia	123	—	504	1,008	1,008
Canada	12,028	11,512	10,364	8,187	11,029
China	1,809	4,371	4,647	4,203	2,007
Colombia	286	171	190	250	154
Ecuador	247	—	—	—	—
Indonesia	3,822	4,988	10,076	10,071	13,085
Italy	32	32	32	32	32
Japan	—	—	—	—	5,255
Netherlands	27	27	27	27	27
Norway	93	107	—	—	—
Papua New Guinea	322	322	523	523	502
Peru	2,581	—	1,777	1,777	1,777
Qatar	3,796	3,796	1,119	1,119	—
Thailand	1,238	858	857	857	857
Turkey	251	251	251	251	251
United Kingdom	557	703	755	1,146	1,113
Venezuela	6	6	6	—	—
Other	—	—	—	—	362
Total Other International	35,348	31,374	33,946	31,620	38,763
Total International	41,890	48,249	50,864	48,538	56,711
Worldwide Oil and Gas Net Acreage	47,389	54,024	57,385	53,669	61,415

¹ Consolidated companies only.

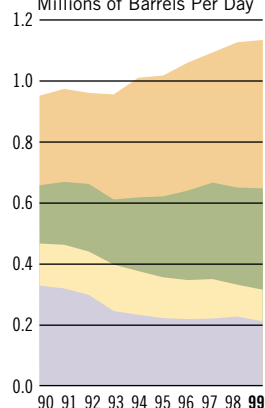
² Net acreage is the sum of the fractional interests in gross acres in which Chevron has an interest.

NET LIQUIDS
PRODUCTION BY
COUNTRY FOR 1999

Percent

NET LIQUIDS
PRODUCTION

Millions of Barrels Per Day



United States – Onshore
United States – Offshore
Africa
Other International
(Including Affiliates)

NET CRUDE OIL AND NATURAL GAS LIQUIDS PRODUCTION*

Year Ended December 31

Thousands of Barrels Per Day

Consolidated Companies

United States

	1999	1998	1997	1996	1995
Alaska	3.5	3.1	3.5	4.9	5.3
California – Onshore	107.3	106.9	104.0	100.8	99.9
– Offshore	4.5	9.3	11.5	15.5	20.0
Colorado	9.4	10.6	11.4	12.5	13.5
Louisiana – Onshore	13.5	15.9	4.5	4.6	4.6
– Offshore	104.7	93.5	115.8	111.4	112.3
Mississippi	–	0.1	3.1	3.8	4.1
New Mexico	11.3	12.5	11.5	8.7	8.2
Oklahoma	3.2	3.6	3.8	4.1	3.6
Texas	45.7	57.9	62.4	62.4	65.8
Utah	2.1	2.4	2.5	2.4	2.4
Wyoming	10.0	9.1	9.0	9.9	9.3
Other States	0.6	0.2	0.3	0.3	0.4

Total United States

Africa

Angola	145.6	133.1	127.1	125.9	118.3
Congo	28.9	27.8	22.1	10.1	–
Democratic Republic of Congo (formerly Zaire)	8.8	10.1	10.8	10.9	9.8
Nigeria	144.0	148.3	151.3	141.8	133.1

Total Africa

Other International

Argentina	13.4	–	–	–	–
Australia	30.4	38.4	37.5	35.5	25.1
Canada	65.0	63.0	46.6	45.5	48.3
China	13.9	11.4	12.9	13.3	9.0
Colombia	11.4	12.2	12.9	11.5	10.3
Indonesia	17.0	17.5	17.4	21.8	22.6
Norway	15.8	13.0	–	–	–
Papua New Guinea	15.2	14.5	14.5	19.7	23.6
Thailand	3.7	–	–	–	–
United Kingdom	42.2	39.2	54.7	62.2	71.2
Venezuela	2.5	1.4	–	–	–

Total Other International

Total International

Total – Consolidated Companies

Equity Share in Affiliates

Indonesia	162.9	168.8	153.8	148.5	150.9
Kazakhstan	90.5	83.5	69.5	55.5	29.1

Total – Worldwide

GROSS LIQUIDS PRODUCTION

Thousands of Barrels Per Day

United States	354.2	365.5	387.9	385.2	396.9
Africa	400.7	390.4	381.3	354.7	321.7
Other International	266.9	249.8	241.8	254.5	256.8

Total – Consolidated Companies

Equity Share in Affiliates

Indonesia	336.2	340.8	341.9	337.7	336.7
Kazakhstan	96.2	84.4	72.1	55.5	29.1

Total – Worldwide

DAILY NET PRODUCTION OF NATURAL GAS LIQUIDS (INCLUDED ABOVE)

Thousands of Barrels Per Day

United States	29.8	29.5	31.8	27.8	28.0
International	21.4	26.1	23.8	19.5	17.7

*Net liquids production excludes royalty interests owned by others.

Natural Gas Production

NET NATURAL GAS PRODUCTION*

Millions of Cubic Feet Per Day	Year Ended December 31				
	1999	1998	1997	1996	1995
Consolidated Companies					
United States					
Alabama – Onshore	23	25	30	30	32
– Offshore	87	81	83	58	44
Alaska	27	26	28	30	33
California – Onshore	115	109	119	101	103
– Offshore	–	13	17	21	22
Louisiana – Onshore	52	82	66	66	50
– Offshore	702	701	799	806	839
Michigan	27	29	4	4	1
Mississippi	–	–	9	1	1
New Mexico	49	60	61	89	102
Oklahoma	46	47	55	43	34
Texas – Onshore	323	331	371	394	411
– Offshore	2	38	20	54	41
Utah	6	7	8	8	9
Wyoming	170	181	166	162	145
Other States	10	9	13	8	1
Total United States	1,639	1,739	1,849	1,875	1,868
International					
Argentina	9	–	–	–	–
Australia	227	224	215	214	208
Canada	194	180	216	222	243
Netherlands	2	2	2	2	3
Nigeria	39	34	7	–	–
Thailand	39	–	–	–	–
United Kingdom	219	74	22	28	28
Other Countries	–	–	–	–	1
Total International	729	514	462	466	483
Total – Consolidated Companies	2,368	2,253	2,311	2,341	2,351
Equity Share in Affiliates					
Indonesia	70	82	46	49	40
Kazakhstan	75	58	68	69	42
Total – Worldwide	2,513	2,393	2,425	2,459	2,433

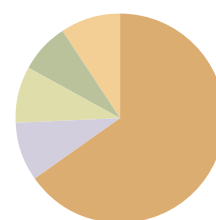
GROSS NATURAL GAS PRODUCTION

Millions of Cubic Feet Per Day					
United States	1,935	2,061	2,192	2,216	2,207
International	790	597	558	558	570
Total – Consolidated Companies	2,725	2,658	2,750	2,774	2,777
Equity Share in Affiliates					
Indonesia	70	82	47	49	40
Kazakhstan	75	58	68	69	42
Total – Worldwide	2,870	2,798	2,865	2,892	2,859

*Net natural gas production excludes royalty interests owned by others.

NET NATURAL GAS PRODUCTION BY COUNTRY FOR 1999

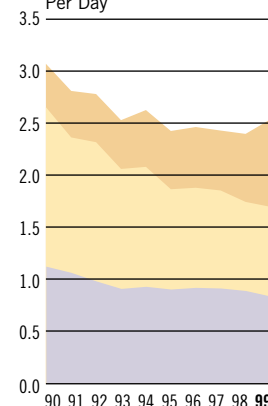
Percent



United States	65.2%
Australia	9.1%
United Kingdom	8.7%
Canada	7.7%
Other	9.3%

NET NATURAL GAS PRODUCTION

Billions of Cubic Feet Per Day



United States – Onshore	
United States – Offshore	
International (Including Affiliates)	

Natural Gas and Crude Oil Realizations

NATURAL GAS REALIZATIONS¹

	Year Ended December 31				
Dollars Per Thousand Cubic Feet	1999	1998	1997	1996	1995
United States	\$ 2.16	\$ 2.02	\$ 2.42	\$ 2.28	\$ 1.51
International	1.87	1.94	2.10	1.86	1.73

CRUDE OIL REALIZATIONS²

Dollars Per Barrel	1999	1998	1997	1996	1995
United States	\$ 16.11	\$ 11.42	\$ 17.68	\$ 18.80	\$ 15.34
International	17.31	11.77	17.97	19.48	16.10

NATURAL GAS SALES³

Millions of Cubic Feet Per Day	1999	1998	1997	1996	1995
United States	3,162	3,303	3,400	3,588	2,815
International	1,774	1,504	1,209	778	564
Total	4,936	4,807	4,609	4,366	3,379

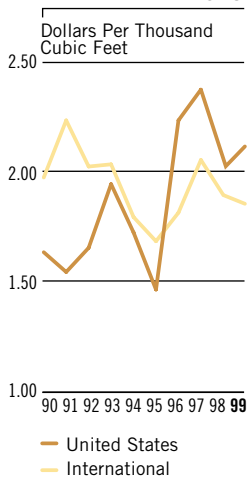
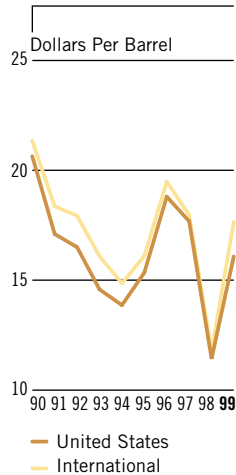
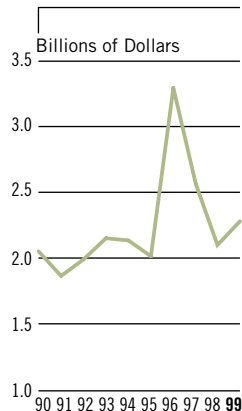
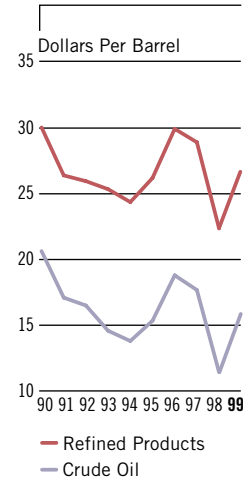
NATURAL GAS LIQUIDS SALES³

Thousands of Barrels Per Day	1999	1998	1997	1996	1995
United States	133	130	133	187	213
International	57	53	69	36	47
Total	190	183	202	223	260

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

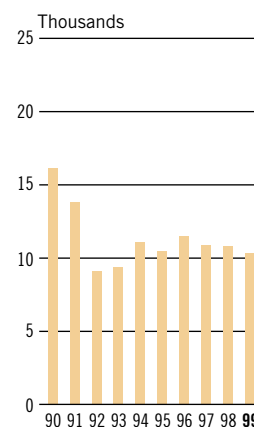
² U.S. realizations are based on crude oil revenues from net production and include intercompany sales at transfer prices that are at estimated market prices. International realizations are based on crude oil and natural gas liquids revenues from liftings. International realizations include equity in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

³ Beginning in 1996, includes equity share of sales by Dynegy.

NATURAL GAS REALIZATIONS**CRUDE OIL REALIZATIONS****NATURAL GAS REVENUES****U.S. CRUDE OIL REALIZATIONS VS. REFINED PRODUCT PRICES**

Net Wells Completed and Producing

		Year Ended December 31				
NET WELLS COMPLETED ^{1, 2, 3}		1999	1998	1997	1996	1995
United States						
Exploratory	– Oil	13	14	28	44	37
	– Gas	59	32	28	76	64
	– Dry	30	12	31	25	24
Total		102	58	87	145	125
Development	– Oil	335	262	487	306	250
	– Gas	76	62	130	179	31
	– Dry	7	5	6	8	6
Total		418	329	623	493	287
Total United States		520	387	710	638	412
International						
Exploratory	– Oil	4	9	10	20	13
	– Gas	4	6	7	15	12
	– Dry	11	10	7	24	31
Total		19	25	24	59	56
Development	– Oil	46	65	82	63	45
	– Gas	14	6	7	7	3
	– Dry	–	3	1	5	3
Total		60	74	90	75	51
Total International		79	99	114	134	107
Worldwide		599	486	824	772	519

NET U.S. WELLS
PRODUCING
AT DECEMBER 31EXPLORATION AND DEVELOPMENT COSTS ³

Millions of Dollars

Year Ended December 31

United States					
Exploration Costs	\$ 325	\$ 443	\$ 360	\$ 425	\$ 312
Development Costs	\$ 532	\$ 680	\$ 918	\$ 603	\$ 453
International					
Exploration Costs	\$ 337	\$ 428	\$ 420	\$ 372	\$ 345
Development Costs	\$ 893	\$ 972	\$ 990	\$ 1,059	\$ 1,208

NET PRODUCING WELLS ^{1, 3}

At December 31

United States						
Wells	– Oil	8,572	9,039	9,308	10,102	8,771
	– Gas	1,722	1,811	1,611	1,441	1,362
Total United States		10,294	10,850	10,919	11,543	10,133
International						
Wells	– Oil	1,783	1,506	1,599	1,417	1,429
	– Gas	198	160	206	154	145
Total International		1,981	1,666	1,805	1,571	1,574
Worldwide		12,275	12,516	12,724	13,114	11,707

¹ Net wells include all those wholly owned and the sum of fractional interests in those that are joint ventures, unit operations or similar wells.

Producing wells exclude shut-in wells.

² Indicates the number of wells completed during the year regardless of when drilling was initiated. Completion refers to the installation of permanent equipment for the production of oil or gas or, in the case of a dry well, the reporting of abandonment to the appropriate agency.³ Consolidated companies only.

One of the largest marketers of petroleum products in the United States, Chevron Products Company engages in the refining, marketing and transportation of petroleum products over much of the United States. In Canada, Chevron is a leading marketer in the British Columbia area. Chevron's downstream affiliate, Caltex Corporation, through its subsidiaries and affiliates, is involved in the downstream business in more than 60 countries in the Asia-Pacific region, Africa and the Middle East. Caltex is engaged in every aspect of the downstream business through its operations in refining, distribution, shipping, storage, marketing, supply and trading.

WORLDWIDE DOWNSTREAM Business Description

Chevron markets refined products through 8,100 retail outlets in the United States and Canada. In the United States, Chevron has a market share of 9 percent or more in 17 states in the West, Southwest and South. Branded gasoline sales continued to increase, growing 5 percent in 1999 to 545,000 barrels per day, a growth rate twice the U.S. industry average. Company-operated convenience stores sales were up a strong 25 percent. In Canada, Chevron maintained its position as British Columbia's No. 1 gasoline and jet fuel marketer in spite of increased competition. Chevron owns and operates six refineries in the United States and one refinery in Canada.

Caltex participates in its markets through a system of 7,800 retail outlets and interests in 11 refineries, located mostly in the Asia-Pacific region. Caltex completed a major reorganization in 1999, reducing its work force by more than 10 percent and organizing its business along functional rather than geographic lines. The company also relocated its headquarters to Singapore and opened a shared service center in the Philippines to provide human resources and finance support for the new organization. The focus will continue on stimulating retail growth, reimagining existing sites and investing in frontier markets such as China, India and Vietnam.

Chevron purchases, sells, trades and transports crude oil, liquefied petroleum gas (LPG), liquefied natural gas (LNG), and refined and other products by vessels and pipeline. Chevron operates a fleet of 33 vessels, which continued its excellent safety record in 1999. The company owns interests in 9,800 miles of crude oil, natural gas and petroleum product pipelines.

WORLDWIDE DOWNSTREAM FINANCIAL AND OPERATING HIGHLIGHTS

(Excludes Equity Interest in Caltex Corporation)¹

	1999	1998
Reported Net Income (Millions of Dollars)	\$ 375	\$ 636
Net Income Excluding Special Items (Millions of Dollars)	\$ 398	\$ 710
Fuel Refinery Inputs (Thousands of Barrels Per Day) ²	956	867
Average Fuel Refinery Capacity (Thousands of Barrels Per Day) ^{2, 3}	995	994
Percentage of Refining Capacity Utilized	96	87
U.S. Mogas/Jet Yields (Percent of U.S. Refinery Production)	61	65
Refined Product Sales (Thousands of Barrels Per Day)	1,398	1,431
Motor Gasoline Sales (Thousands of Barrels Per Day)	696	684
Number of Service Stations at December 31	8,116	8,110
Total Number of Controlled Seagoing Vessels	33	35
Cargo Transported by Controlled Vessels (Millions of Barrels)	223	258
Total Net Pipeline Mileage	9,628	11,341
Refining Capital Expenditures (Millions of Dollars)	\$ 248	\$ 283
Marketing Capital Expenditures (Millions of Dollars)	\$ 245	\$ 366
Transportation Capital Expenditures (Millions of Dollars)	\$ 205	\$ 97

¹ Discussion of Caltex Corporation operations can be found on Pages 38–40.

² Refinery input and capacity represent volumes at fuel refineries only.

³ Average capacity is based on capacity at the beginning and end of year, adjusted for sales and closures of refineries.

DOWNSTREAM OBJECTIVES

UNITED STATES

Achieve top financial performance in downstream by being customer driven. Strive to be

- ▶ The customer's choice for quality gasoline and other convenience goods in the West and Sunbelt.
- ▶ A leading global marketer of high-value branded lubricants.
- ▶ The preferred supplier of aviation fuels and diesel.
- ▶ An industry leader in acquiring, refining and distributing products in a safe, reliable, competitive and environmentally responsible manner.

CANADA

Achieve top financial performance by

- ▶ Operating all aspects of the business incident free.
- ▶ Effectively managing costs.
- ▶ Using capital efficiently.
- ▶ Growing branded gasoline, jet and diesel sales and increasing earnings from Town Pantry convenience stores.
- ▶ Meeting customers' needs now and in the future by anticipating changing needs and capitalizing on our ability to evaluate and implement faster than our competitors.
- ▶ Being a good neighbor by reducing operational impacts on our community.

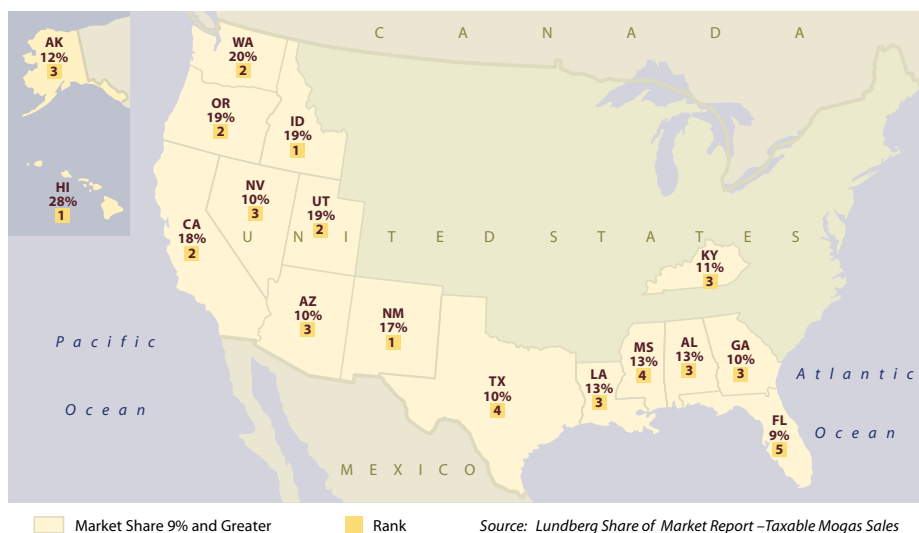
MARKETING – UNITED STATES

COMPETITIVE POSITION

- ▶ Ranks among the top three gasoline marketers in 15 states.
- ▶ Top supplier of jet fuel and aviation gasoline in the western United States.
- ▶ Primary retail markets are located in the fastest-growing areas of the United States - the West, Southwest, and South.
- ▶ Generated increases in mogas volume and store sales at a higher pace than the industry.

BUSINESS STRATEGIES

- ▶ Committed to becoming the leading branded marketer and convenience retailer in the West and the Sun Belt.
- ▶ Strive to be the preferred supplier of aviation fuels and diesel.
- ▶ Recognize and encourage unique individual talents possessed by each employee and as a result, help Chevron and our employees reach their full potential.
- ▶ Earn the respect of our customers, suppliers and neighbors by achieving superior performance in the area of safety, reliability and incident-free operations.
- ▶ Embrace new technology and design new work processes that promote a higher level of performance than our competitors.



CHEVRON MOTOR GASOLINE SALES – MARKET SHARE PERCENT AND RANKING

MARKETING – UNITED STATES

1999 ACCOMPLISHMENTS

- ▶ Introduced the Chevron Retailer Alliance, an improved way for Chevron to do business with our retailers. We utilize Internet technology, a state-of-the-art call center and Chevron's employees to most effectively serve our retailers' needs and help them grow their businesses.
- ▶ Redesigned our business processes around the Chevron Retailer Alliance, allowing us to provide improved support to our retailers at a lower overall cost.
- ▶ Rationalized our network by investing in larger, more profitable stores and divesting smaller under-performing sites.
- ▶ Continued to develop cobranded facilities with McDonald's. More than 120 sites now open.
- ▶ Opened 11 Extra Mile Markets, which are designed to provide an expanded consumer offering and an enhanced customer experience.
- ▶ Achieved a strong 5 percent increase in branded gasoline sales, more than double the industry growth.
- ▶ Continued to focus on the growing demand for convenience goods and services. Same-store and overall nonfuel sales increased significantly for the second year in a row.
- ▶ Continued expense-reduction initiatives to increase profitability of the retail network. Retail growth was obtained with a less than 2 percent increase in total expense compared with 1998.
- ▶ Continued to implement new strategies to increase financial returns and improve customer service for credit cards, while maintaining expense levels. Developed additional revenue opportunities from direct mail marketing of quality services and goods to the largest active credit card base in the petroleum industry.
- ▶ Winner of the 1999 Supplier of the Year Award from Qantas Airways Ltd. Chevron was chosen over six other major fuel suppliers because the company excels in areas such as technical support, innovation and delivery.
- ▶ Expanded implementation of an incident-prevention program focused on reinforcing safe behaviors and prevention of incidents.
- ▶ Partnered with Disneyland to re-theme one of the original Disneyland attractions - Autopia. Construction began in 1999, and the attraction is scheduled to reopen in the summer of 2000.

MARKETING – CANADA

COMPETITIVE POSITION

- ▶ Chevron Canada Limited markets primarily in British Columbia.
- ▶ Market leader in transportation fuels in British Columbia through branded proprietary retail and cardlock facilities.
- ▶ Network of Town Pantry gasoline convenience stores is the largest in British Columbia.
- ▶ Retail network of approximately 175 stations has the highest per-station throughput in British Columbia.

BUSINESS STRATEGIES

- ▶ Operate incident-free in all aspects of the business.
- ▶ Continue to effectively manage costs.
- ▶ Grow high-value branded transportation fuel sales and increase revenues by offering top-quality products and services.
- ▶ Strengthen and grow the Town Pantry convenience store network. Build Town Pantry awareness and expand offerings at the stores.

1999 ACCOMPLISHMENTS

- ▶ Increased overall sales volumes by 2 percent with a 3 percent growth in retail gasoline, a 13 percent increase in jet fuel and a 2 percent increase in diesel.
- ▶ Reduced operating expenses by 7 percent.
- ▶ Maintained No.1 position in retail gasoline and jet fuel market share in British Columbia.
- ▶ Improved service station efficiency, achieving 15 percent higher throughput volumes and 12 percent lower unit operating costs compared with equivalent competitor stations (M.J. Ervin survey).
- ▶ Continued to expand and upgrade the Town Pantry convenience store network. An agreement with Bread Garden, for deli and pastry offerings, and a new store image resulted in increased brand awareness



REFINING-UNITED STATES

COMPETITIVE POSITION

- ▶ One of the largest crude oil refiners in the United States. Refining capacity is generally located in regions experiencing growth in demand for refined products, particularly the West and the Southeast.
- ▶ Pascagoula, El Segundo and Richmond, Chevron's three larger refineries, are complex, highly efficient and strong competitors in their respective areas. The West Coast facilities are configured to reliably produce large volumes of high-value California cleaner burning gasoline and diesel fuel.
- ▶ El Paso, Hawaii and Salt Lake, the three smaller refineries, are well positioned to take advantage of growing and niche markets.

BUSINESS STRATEGIES

- ▶ Lead the industry in safety, reliability, and incident-free operations while achieving predictability in all operations.
- ▶ Develop loyal customers by continuously improving the quality of our products.
- ▶ Utilize the existing refining system to supply our growing customer demands with minimal capital additions.
- ▶ Increase earnings by reliably operating facilities at economic utilization levels, increasing yields of the highest-valued products and reducing feedstock costs.
- ▶ Continue to reduce operating expenses to lowest sustainable levels. Leverage efforts throughout the refinery system to take advantage of economies of scale. Identify and incorporate best practices in all operations.

1999 ACCOMPLISHMENTS

- ▶ Continued to improve safety performance.
- ▶ Pascagoula Refinery fully recovered from the devastating impact of Hurricane Georges which shut down the refinery for most of the fourth quarter 1998. The refinery set new records for refinery reliability and throughput in 1999. In addition, an expansion project for the production of petrochemicals was successfully completed and brought online.
- ▶ Refinery nonfuel operating expenses were reduced by \$79 million from 1998 and overall energy efficiency continued to improve.

REFINING - CANADA

COMPETITIVE POSITION

- ▶ The Burnaby Refinery is a low-cost producer of petroleum products and the only refinery in Chevron Canada Limited's primary marketing area.

BUSINESS STRATEGIES

- ▶ Contribute to the company goal of achieving top financial performance by optimizing raw materials and improving throughput, yield and reliability while effectively managing costs and using capital efficiently.

1999 ACCOMPLISHMENTS

- ▶ Processed a record 51,800 barrels per day of crude, up 4 percent from previous best, while reducing operating expense.
- ▶ Began production of British Columbia-mandated cleaner gasoline on January 1, 1999.
- ▶ Neared completion of a vapor recovery unit, which will reduce hydrocarbon emissions during loading of ships and barges.
- ▶ The 50 percent-owned Alberta Envirofuels oxygenate plant in Edmonton, Alberta, achieved record high production levels while attaining a perfect safety and environmental record.

CHEVRON'S REFINERIES (EXCLUDING CALTEX)

PASCAGOULA, MISSISSIPPI

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

EL SEGUNDO, CALIFORNIA

The El Segundo Refinery is a modern, complex coking refinery with a rated capacity of 260,000 barrels per day. It is located in the Los Angeles Basin, the world's largest gasoline market. Approximately \$700 million in investments were made in 1995 to allow the refinery to produce California-mandated cleaner burning motor gasoline and diesel fuel. Further upgrades included a new continuous catalytic reformer, a new alkylation plant, and modifications to the fluid catalytic cracker.

RICHMOND, CALIFORNIA

The Richmond Refinery is able to process 225,000 barrels per day of crude oil using one modern crude unit. Cogeneration improves the facility's energy efficiency and makes the refinery nearly self-sufficient in electric power. State-of-the-art lube oil facilities allow the manufacture of high-quality, lube oil base stocks. The refinery spent \$700 million to upgrade and expand the facility's alkylation and fluid catalytic cracker units in 1996 to enable the production of California-mandated cleaner burning gasoline. The new units are also more efficient and cost-effective to operate.

EL PASO, TEXAS

The El Paso Refinery has a capacity of 90,000 barrels per day through integration with the former El Paso Refining Company facilities (Chevron's share is 65,000 barrels per day). The facility's reliability, operational efficiency, safety and environmental performance have continued to improve. The refinery is positioning itself to effectively compete with growing product imports from the East.

HONOLULU, HAWAII

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

CHEVRON'S REFINERIES (CONTD.)

SALT LAKE CITY, UTAH

The Salt Lake Refinery has a rated capacity of 45,000 barrels per day and processes low-cost, high-sulfur crude oil into valuable light products. Recently completed projects have allowed the refinery to be a low-cost producer of low-sulfur diesel and gasoline and improved the efficiency and reliability of the crude unit furnaces. Of the 17 refineries competing in the region, the Salt Lake Refinery is one of only five to operate coking facilities. The coking facility enables Salt Lake to produce in excess of 90 percent premium high-value products from total input.

BURNABY, BRITISH COLUMBIA, CANADA

The Burnaby Refinery processes 52,000 barrels per day of crude oil into light products and asphalt for the British Columbia market. Work completed in 1998 enabled the refinery to produce British Columbia-mandated cleaner burning gasoline effective January 1, 1999. Installation of a new vapor recovery unit was completed in early 2000. This unit significantly reduces hydrocarbon emissions during loading of ships and barges. The 50 percent-owned Alberta Envirofuels oxygenate plant in Edmonton, Alberta, produced an all-time high 18,770 barrels per day while achieving a perfect safety and environmental record. Chevron's share of production is transported by pipeline to the Burnaby Refinery for shipment to the California market.

GLOBAL LUBRICANTS AND SPECIALTY PRODUCTS

BUSINESS STRATEGIES

- ▶ Continue to grow the size and profitability of the North American finished lubricants business.
- ▶ Continue to expand global presence to serve a growing global customer base.
- ▶ Use our leadership position in base oils to create value for our finished lubricant customers.
- ▶ Expand our catalyst and technology licensing businesses.
- ▶ Continue to grow the size and profitability of our wax business.
- ▶ Grow the size and profitability of our asphalt business.
- ▶ Leverage electronic commerce technology in all businesses.

1999 ACCOMPLISHMENTS

- ▶ Fully integrated the Amoco lubricants business into North American finished lubricants.
- ▶ Introduced a new formulation, Delo 400 MG (heavy-duty motor oil) that exceeds all industry standards.
- ▶ Completed formation of the new marine fuels and lubricants joint venture with Texaco.

CALTEX

Caltex Corporation (Caltex), Chevron's 50 percent-owned international downstream affiliate, has an operating area that includes more than 60 countries in the Asia-Pacific region, Africa and the Middle East. Caltex, which refines crude oil and markets petroleum and convenience products through its subsidiaries and affiliates, is also involved in distribution, shipping, storage, supply and trading operations. Caltex sales of refined products were 1.4 million barrels per day in 1999. The company maintains a strong marketing presence through 7,800 retail outlets, of which about 4,700 are controlled by the company. Caltex also operates more than 650 Star Mart convenience stores. Caltex has interests in 11 fuel refineries with equity refinery capacity of nearly 850,000 barrels per day. Additionally, it has interests in two lubricant refineries, six asphalt plants, 17 lube oil blending plants, and more than 500 ocean terminals and depots. Caltex continues to be a major supplier of refined products through its large refiner-

ies in South Korea, Singapore and Thailand. Its trading organization provides 24-hour service to the Caltex system and third parties that require crude oil, feedstock, base oils and refined products.

Caltex completed its reorganization along functional business units – Manufacturing Supply and Trading, Marketing, Lubricants, New Business Development, Asia Middle East and Pakistan (AMEP), and Business Support Group. The new organization is flatter and has improved channels of communication to manage and allocate resources more effectively. Additionally, Caltex has completed the relocation of its executive leadership team from Dallas to Singapore to be closer to its customers. The business units for Manufacturing Supply and Trading, Marketing, Lubricants, and New Business Development are also based in Singapore.

BUSINESS STRATEGIES

- ▶ Operational Excellence and Cost Reduction - Doing everything more productively than the competition, reducing costs and increasing cash flow.
- ▶ Capital Stewardship and Profitable Growth - Portfolio management to achieve an optimum portfolio of businesses.
- ▶ Building the Brand - Providing goods and services to achieve superior customer satisfaction.
- ▶ Organization Capability and Motivation - Aligning the organization along the company's strategy and motivating employees through accountability and rewards to achieve outstanding execution.

1999 ACCOMPLISHMENTS

- ▶ Completed transforming Caltex from a geographically focused organization to one operating along functional business lines.
- ▶ Completed the relocation of the executive leadership team to Singapore to be closer to Caltex's customers and main operating areas.
- ▶ Restructured manpower, achieving a more than 10 percent reduction in overall workforce and approximately a 40 percent reduction in the number of expatriates.
- ▶ Established a Shared Services Center in Manila and regional data processing centers to achieve greater synergies and economies of scale.

MANUFACTURING SUPPLY AND TRADING BUSINESS UNITS

Caltex Refining is a major refiner of crude oil and manufacturer of petroleum products for markets in much of the Eastern Hemisphere. It has equity interest in 11 refineries, many with joint venture partners. Caltex continually upgrades its refineries and plants. Such enhancements increase the versatility and productivity of these facilities, enabling Caltex to meet the needs of its customers and capitalize on new business opportunities.

Caltex's largest refineries are located in South Korea, Thailand and Singapore. The refinery in South Korea owned by LG-Caltex Oil Corporation, a Caltex 50 percent joint venture with the LG group, is the largest refinery in the Caltex system. It is located in Yosu and has an overall capacity of 650,000 barrels per day. In South Korea, Caltex is also active in converting lower-value refinery output into products such as polypropylene, benzene and paraxylene, enabling the company to market a wider range of higher-value products.

Caltex holds a 64 percent equity ownership interest in Star Refinery at Map Ta Phut, Thailand. In 1999, Caltex formed the Alliance Refining Company, an operating alliance between its Star refinery and the nearby Shell refinery. The combined plant has a capacity of 300,000 barrels per day. It is one of the most efficient refining complexes in Southeast Asia. By integrating the two operations under one management, Caltex reduced operating costs, enhanced efficiency and realized annual savings of approximately \$20 million.

Caltex has a one-third interest in the Singapore Refining Company, which operates a 285,000-barrel-per-day refinery. In the Philippines, the company operates a wholly owned 72,000-barrel-per-day refinery at Batangas.

In Australia, Caltex has a 50 percent equity ownership interest in Caltex Australia Limited, which is the largest oil company in Australia. Caltex Australia owns and operates fuel refineries in Sydney and Brisbane with a total crude oil processing capacity of 220,000 barrels per day.

In Cape Town, South Africa, Caltex operates a wholly owned 112,000-barrel-per-day refinery. Refining investments in South Africa are directed at increasing efficiency, maintaining safe operations and reducing emissions.

Caltex Trading manages the trading and transportation of petroleum products produced by Caltex and others. Caltex Trading provides 24-hour-a-day service to the Caltex system and to third parties that require crude oil, feedstock, base oils and refined products. It also negotiates product purchases and trades and coordinates shipping with Chevron and Texaco.



Caltex Trading purchases and distributes liquefied petroleum gas (LPG) to its operating companies. Caltex owns and operates terminal facilities to allow the importation of product. The company also owns and operates storage facilities, cylinder filling facilities and transport fleets for bulk and cylinder delivery.

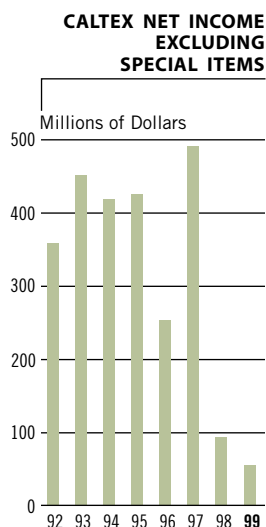
MARKETING BUSINESS UNIT

The Marketing Business Unit handles marketing and aviation fuel activities throughout the company. This unit sets policies and guidelines for marketing areas, including for retail fuel and convenience stores. It also assists in positioning the brand.

Drawing on knowledge and methods from both within and outside the oil industry, the Marketing Business Unit develops best practices and provides functional expertise in areas such as location and network planning, branding, retail automation and credit card marketing.

In 1999, the Caltex Marketing Business Unit launched several initiatives. An enhanced brand positioning program included campaigns such as the "... one stop worth making" campaign. The company introduced loyalty programs in several countries, including Singapore and Malaysia. These and other programs are aimed at reinforcing the global nature of the Caltex brand. Caltex is focusing on converting its retail sites to become the brand of choice for petroleum products and services.

Caltex has an extensive network of retail outlets and convenience stores in Southeast Asia. In the Philippines, Thailand, Malaysia, Hong Kong and Singapore, Caltex has a large number of retail outlets and a significant market share. Through LG-Caltex, Caltex is one of South Korea's largest marketers, with 2,700 service stations and a retail market share of about 28 percent.



In Australia, Caltex has a retail market share of 29 percent. Caltex markets petroleum products in all Australian states and territories through three principal channels of distribution: retail, wholesale and commercial. Caltex's service station network consists of Caltex and Ampol branded sites, of which 915 are owned or leased by Caltex and 720 are independent. At the end of 1999, the company had 110 convenience store sites. The company has commenced a program to rebrand these sites as Star Marts. Caltex plans to expand the Star Mart network to about 200 stores over the next few years.

In South Africa, Caltex has been a leading marketer of gasoline for many years. Here, the company has about 1,000 retail outlets. Caltex is focusing on protecting its market share by renovating and reimagining existing sites in South Africa.

LUBRICANTS BUSINESS UNIT

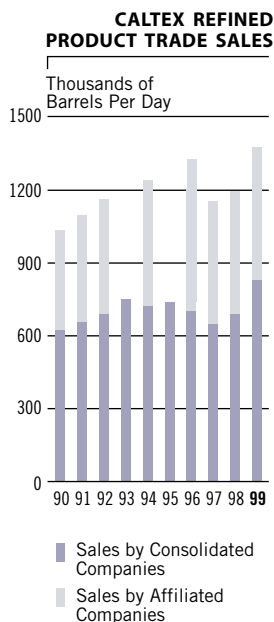
The Caltex Lubricants Business Unit focuses on enhancing competency in marketing lubricants, greases and specialty products. It provides expertise in the areas of product development, brand management and manufacturing technology. This business unit also coordinates quality assurance systems, marketing programs and communication processes.

Caltex Lubricants had a successful year in 1999. It launched a new grade of passenger car motor oil under the Caltex Havoline Energy brand. The launch of this grade in the Philippines, Thailand, Singapore, India and South Africa has been very successful. Caltex's Revtex motorcycle oil was also launched during 1999.

Caltex Lubricants is building the brand with its Delo 400 lubricants. Caltex Delo multigrade has been launched as a worldwide premium diesel engine oil. Caltex is working toward building on Chevron's Delo brand strength.

Product line management and brand building is a key aspect of Caltex Lubricant's strategy for generating higher revenue. Caltex has established alliances with GM, Jaguar and Volvo. The company is building on its association with these automobile companies for its lubricants marketing.

The company has taken a number of aggressive cost control measures in the lubricants business through supply chain management and asset rationalization. The increased focus on accountability for cost and increasing productivity has led to a significant reduction in the cost of goods sold.



NEW BUSINESS DEVELOPMENT

Caltex New Business Development manages the company's long-term investment in new geographic areas and business segments. Caltex continuously seeks new business opportunities in countries such as China, Vietnam and India. The New Business Development strategy is to build a strong market presence in these areas through the sale of LPG, lubricants and asphalt with the intent of eventually expanding into the retail motor fuel sector when permitted.

The most significant venture of the New Business Development in 1999 was the acquisition of Kukdong City Gas Company in Seoul, South Korea. Kukdong City Gas liquefied natural gas (LNG) is a preferred fuel due to its convenience, safety and stable supply. LNG is used in households, restaurants, business buildings, factories and cogeneration plants. Kukdong City Gas supplies to nine districts in the central area of Seoul. This acquisition propels Caltex into the fast-growing natural gas market and sets the stage for entering the LNG import, transportation, wholesale and retail business.

Caltex's current focus in China is to participate in the retail, LPG and lube markets. Caltex operates approximately 50 gasoline service stations in China, primarily in the southern province of Guangdong near Hong Kong. The company also has a 99 percent equity share in a joint venture for LPG and a dedicated deepwater jetty capable of receiving refrigerated LPG near the southern China city of Shantou. This joint venture is expected to capture a large share of the LPG market in the Shantou region.

Caltex is participating in the lubricants market in China with a lube oil blending plant in Tianjin. This plant will supply Caltex markets in China.

Caltex's plans in Vietnam continue to focus on development of markets for lubricants, LPG and asphalt. Caltex is currently marketing lubricants in Vietnam through more than 700 branded points of sale catering mainly to motorcycles. The company operates a lube oil blending and grease manufacturing plant in Haiphong, a major port in northern Vietnam about 60 miles southwest of Hanoi.

Caltex entered the LPG market in India by purchasing a 50 percent interest in an existing marketer of LPG, Southern Petrochemical Industries Corporation, in southern India. Caltex today is the largest marketer of LPG in the four southern Indian states. In order to pursue lubricants marketing opportunities aggressively, Caltex purchased its partner's share of their lubricant joint venture and is now the sole owner of the business Caltex Lubricants India Limited.

SHIPPING

Chevron Shipping Company provides marine transportation and services to the Chevron group of companies. Chevron operates a fleet of 33 controlled vessels, which are either owned by the company, operated under long-term leases, or on long-term charters. Chevron also has 30 to 40 more vessels chartered at any given time on a single-voyage basis.

MARINE TRANSPORTATION

The vessels deliver crude oil from the Middle East, the Far East and South America to Chevron U.S. refineries. The vessels also distribute product to coastal U.S. and Far East locations and company-marketed crude oil to customers worldwide. Chevron Shipping also provides marine transportation services to affiliates Caltex and Tengizchevroil.

In 1999, Chevron took delivery of the second and third in a series of four 308,500-deadweight-ton double-hull tankers to be operated under eight-year operating leases with options to retain use for up to 18 years. The fourth vessel was delivered in early 2000. These vessels will deliver crude oil from the Middle East to the U.S. West Coast and Gulf Coast.

MARINE SERVICES

Chevron Shipping provides a variety of services in support of Chevron's offshore oil production. This includes design, engineering and operation of floating production, storage and offtake vessels; commercial negotiation of shuttle tankers used in offshore oil projects; and operation of offshore terminals around the world.

In 1999, Chevron Shipping provided key project management technical staff and operations support to assist in bringing the deepwater Kuito Field, in Block 14, offshore Angola, on production. Chevron Shipping personnel participated in the construction and commissioning phases of the floating production storage and offloading vessel.

SAFETY AND ENVIRONMENTAL PERFORMANCE

Chevron's tankers maintained their exemplary environmental records in 1999. Also the OSHA recordable injury rate was substantially reduced to 1.4 and no serious injuries occurred during the year.

The company continues to play a leadership role in many worldwide organizations directed toward improving industry safety and environmental standards as well as supporting worldwide oil spill response capability.

VESSELS	At December 31									
	1999		1998		1997		1996		1995	
	U.S.	Int'l	U.S.	Int'l	U.S.	Int'l	U.S.	Int'l	U.S.	Int'l
Number of Controlled Seagoing Vessels by Size, DWT^{1, 2}										
Company-Operated³										
25,000 – 45,000	3	3	3	6	4	6	5	6	5	6
45,000 – 80,000	1	2	1	2	1	2	1	2	1	2
80,000 – 160,000	–	13	–	14	–	14	–	14	–	14
VLCCs: 160,000 – 320,000	–	9	–	7	–	6	–	6	–	6
ULCCs: Above 320,000	–	1	–	1	–	1	–	1	–	1
Total Company-Operated	4	28	4	30	5	29	6	29	6	29
Time-Chartered										
Up to 25,000	–	–	–	–	–	1	–	3	–	3
25,000 – 45,000	–	–	–	–	–	–	–	–	–	–
45,000 – 80,000	–	1	–	1	–	1	–	2	–	2
80,000 – 160,000	–	–	–	–	–	1	–	1	–	1
Total Time-Chartered	–	1	–	1	–	3	–	6	–	6
Total Controlled Seagoing Vessels	4	29	4	31	5	32	6	35	6	35

CARGO TRANSPORTED^{2,4}

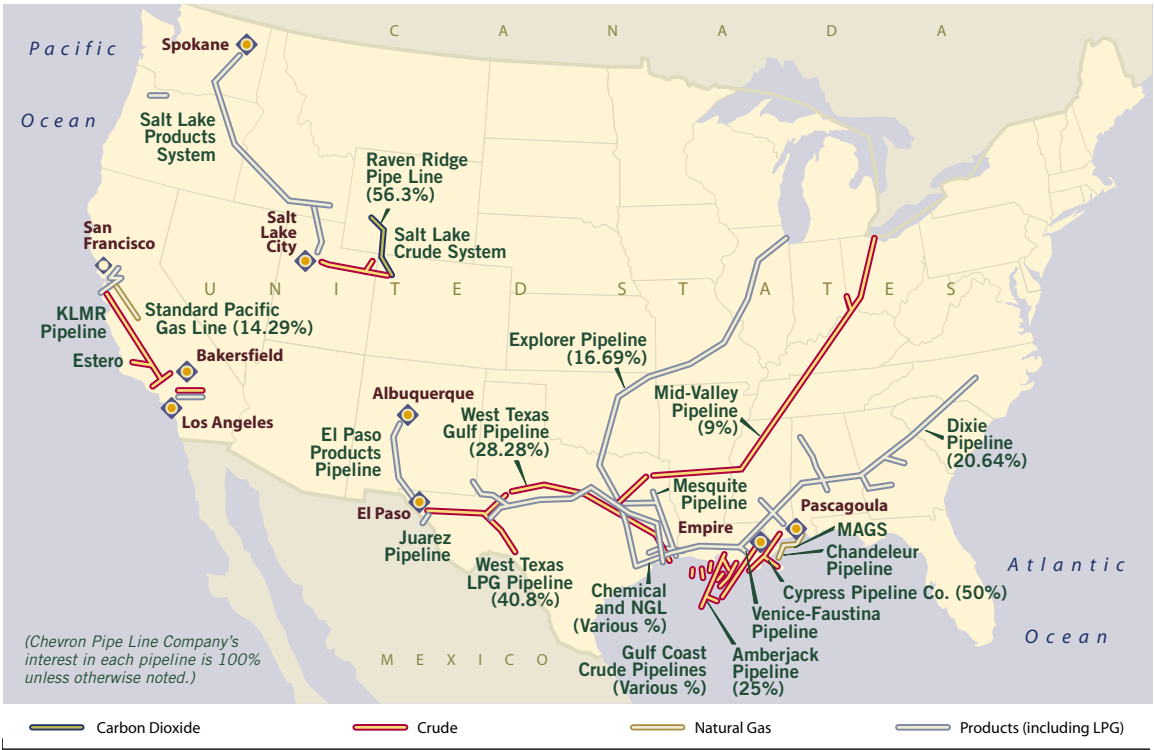
	Year Ended December 31									
Millions of Barrels	44	179	59	199	69	229	71	241	70	248
Thousands of Barrels Per Day	120	491	162	545	189	627	194	657	191	680
Billions of Ton-Miles	5	201	6	185	5	180	7	186	7	176

¹ Consolidated companies only.

² Excludes vessels jointly owned/operated by Chevron and partners: eight LNG vessels employed in the Australian North West Shelf Project, one vessel at Hibernia and two vessels chartered by Tengizchevroil. Also excludes vessels chartered on behalf of Caltex.

³ Includes owned and bareboat-chartered.

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



CHEVRON PIPE LINE COMPANY OWNED AND/OR OPERATED PIPELINES

NET PIPELINE MILEAGE ^{1, 2}	At December 31				
	1999	1998	1997	1996	1995
Includes Equity in Affiliates (except Dynegy Inc.)					
Crude Oil Lines					
United States	3,228	4,096	4,139	4,333	5,794
International	950	1,038	1,009	801	772
Worldwide – Crude Oil Lines	4,178	5,134	5,148	5,134	6,566
Natural Gas Lines					
United States	636	642	615	594	437
International	325	275	265	227	228
Worldwide – Natural Gas Lines	961	917	880	821	665
Product Lines					
United States	4,042	4,711	4,698	4,845	5,737
International	587	720	104	98	96
Worldwide – Product Lines	4,629	5,431	4,802	4,943	5,833
Total Pipeline Mileage	9,768	11,482	10,830	10,898	13,064

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. production function.

Refining Capacities and Inputs

REFINING CAPACITIES AND INPUTS

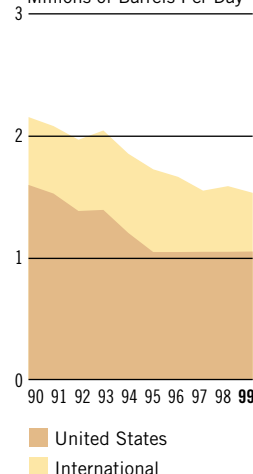
(Includes Equity in Affiliates)

Thousands of Barrels Per Day	Capacity	Refinery Inputs				
	12/31/99	1999	1998	1997	1996	1995
United States – Fuel Refineries						
El Paso, Texas ¹	65.0	64.6	61.7	59.9	60.4	57.6
El Segundo, California	260.0	211.3	218.4	203.4	222.9	220.8
Honolulu, Hawaii	54.0	50.6	48.9	53.4	53.9	54.7
Pascagoula, Mississippi ²	295.0	328.2	246.1	312.5	312.9	281.8
Richmond, California	225.0	207.0	201.1	219.6	220.3	202.4
Salt Lake City, Utah	45.0	42.9	40.3	40.8	39.6	40.9
Port Arthur, Texas ³	–	–	–	–	–	26.1
Total United States – Fuel Refineries	944.0	904.6	816.5	889.6	910.0	884.3
United States – Asphalt Plants						
Perth Amboy, New Jersey	80.0	39.6	40.4	34.1	32.1	32.6
Portland, Oregon	16.0	6.9	7.8	6.1	6.1	5.3
Richmond Beach, Washington	6.2	4.1	3.8	3.0	2.8	2.6
Total United States – Asphalt Plants	102.2	50.6	52.0	43.2	41.0	40.5
Total United States	1,046.2	955.2	868.5	932.8	951.0	924.8
International						
Burnaby, British Columbia, Canada	52.0	51.8	50.0	48.7	48.7	46.7
Milford Haven, Wales, United Kingdom ⁴	–	–	–	100.8	116.7	100.1
Total International	52.0	51.8	50.0	149.5	165.4	146.8
Caltex Refineries⁵						
Australia-Brisbane [50%] ⁶	50.0	43.0	43.9	34.1	33.8	23.3
Australia-Sydney [50%] ⁷	58.4	55.6	57.7	43.7	44.4	52.3
Japan-Marifu [50%] ⁸	–	42.8	52.8	55.0	50.7	55.8
Japan-Osaka [50%] ⁸	–	30.1	46.7	38.5	39.3	38.0
Kenya-Mombasa [16%] ⁹	14.4	6.0	5.6	4.2	4.2	4.4
New Zealand-Whangarei [12.69%]	13.3	12.9	13.6	11.9	10.5	9.5
Pakistan-Karachi [12%]	5.2	5.6	5.6	5.9	5.6	6.0
Philippines-Batangas [100%]	71.9	70.4	65.0	69.4	69.0	66.3
Singapore-Pualau Merlimau [33.3%] ¹⁰	95.0	78.8	92.1	101.9	101.3	71.9
South Africa-Cape Town [100%]	112.0	72.6	85.6	85.6	63.6	67.8
South Korea-Yocheon [50%]	325.0	309.7	288.2	285.6	186.7	179.2
Thailand-Map Ta Phut [64%]	96.0	97.5	83.6	86.1	39.4	–
Thailand-Sriracha [4.75%]	10.5	8.3	9.4	10.0	9.4	10.3
Bahrain [40%] ¹¹	–	–	–	–	26.6	100.4
Japan-Muroran [50%] ¹²	–	–	–	–	19.2	59.3
Japan-Negishi [50%] ¹²	–	–	–	–	39.4	158.3
Total Caltex	851.7	833.3	849.8	831.9	743.1	902.8
Equity in Caltex Refineries	425.9	416.7	424.9	416.0	371.6	451.4
Total Worldwide	1,524.1	1,423.7	1,343.4	1,498.3	1,488.0	1,523.0

¹ The El Paso Refinery capacity and input represent only the Chevron share.² The Pascagoula Refinery operations were disrupted in the fourth quarter 1998 due to damages from Hurricane Georges.³ The Port Arthur Refinery was sold in 1995.⁴ The Milford Haven Refinery ceased processing operations in December 1997.⁵ Figures in brackets denote Caltex's ownership percentage at December 31. Only Caltex's equity share of capacity and inputs is shown.⁶ Refinery acquired in 1995 merger. Caltex equity share increased from 37.5% to 50% in 1998.⁷ Caltex equity share increased from 37.5% to 50% in 1998.⁸ Caltex equity share sold in 1999.⁹ Caltex equity share increased from 11.75% to 16% in 1998.¹⁰ Caltex equity reflects 33.3% interest in original refinery capacity (220,000 barrels per day) and 50% interest in Residuum Fluid Catalytic Cracking Unit capacity (65,000 barrels per day).¹¹ In April 1996, Caltex ceded its throughput rights in the Bahrain Refinery. Caltex interest in the refinery was sold April 1, 1997.¹² The Muroran and Negishi refineries were sold in April 1996.

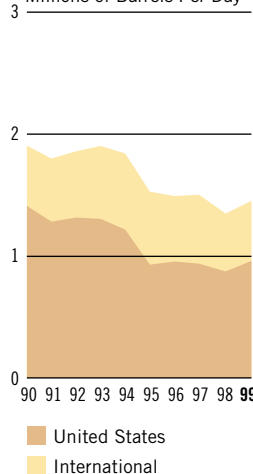
REFINERY CAPACITY

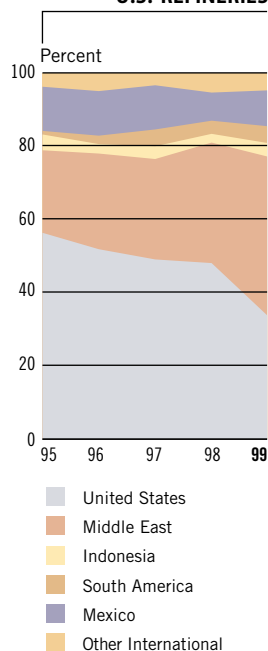
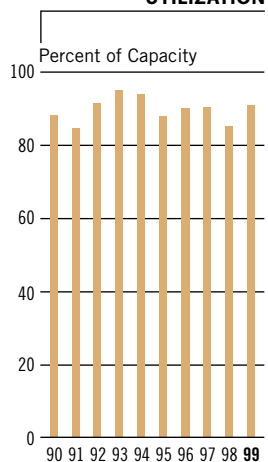
Millions of Barrels Per Day



REFINERY INPUTS

Millions of Barrels Per Day



SOURCES OF CRUDE OIL INPUT FOR U.S. REFINERIES

WORLDWIDE REFINERY UTILIZATION

REFINERY UTILIZATION ¹

Percent of Capacity	Year Ended December 31				
	1999	1998	1997	1996	1995
United States – Fuel Refineries	95.8	86.3	94.3	96.5	92.0
Canada	101.6	100.0	97.4	97.4	93.4
Caltex	89.2	90.3	92.0	84.9	89.8
Worldwide ²	91.0	85.6	90.7	90.4	88.1

UTILIZATION OF CRACKING AND COKING FACILITIES ³

Percent of Capacity	1999	1998	1997	1996	1995
United States	78.3	74.5	80.3	82.3	79.0

SOURCES OF CRUDE OIL INPUT FOR U.S. REFINERIES

Percent of Total Input	1999	1998	1997	1996	1995
Alaska North Slope	17.3	29.0	31.5	31.8	31.9
United States – Other	16.7	19.2	17.7	20.2	24.6
Middle East	43.5	33.0	27.5	26.2	22.6
Indonesia	3.7	2.4	3.5	2.6	4.3
South America	4.6	3.6	4.6	2.3	1.0
Mexico	9.8	7.7	12.1	12.2	12.1
Other International	4.4	5.1	3.1	4.7	3.5
Total	100.0	100.0	100.0	100.0	100.0

U.S. REFINERY PRODUCTION OF FINISHED PRODUCTS

Thousands of Barrels Per Day	1999	1998	1997	1996	1995
Mogas	431.3	404.5	414.1	417.0	398.2
Jet Fuel	180.1	175.5	200.1	218.6	195.4
Gas Oil	181.6	149.9	162.0	165.2	164.3
Fuel Oil	61.9	61.1	58.8	63.1	59.1
Other	148.2	106.1	118.4	111.6	133.8
Total	1,003.1	897.1	953.4	975.5	950.8

PETROLEUM INVENTORIES

Millions of Barrels ^{4, 5}	At December 31				
Raw Stocks	40	39	33	35	41
Unfinished Stocks	17	17	20	18	17
Finished Products	24	25	26	30	35
Total	81	81	79	83	93

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

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.

⁴ Consolidated companies only.

⁵ On an "owned" inventories basis (i.e., physical inventory adjusted for volumes payable to or receivable from others).

Refined Product Sales and Realizations

REFINED PRODUCT SALES

	Year Ended December 31				
Thousands of Barrels Per Day	1999	1998	1997	1996	1995
United States					
Gasoline	667	653	591	556	552
Jet Fuel	234	247	249	255	241
Gas Oils and Kerosene	236	198	204	186	196
Residual Fuel Oil	64	56	60	39	38
Other	101	89	89	86	90
Total United States	1,302	1,243	1,193	1,122	1,117
International					
Gasoline	29	31	88	89	83
Jet Fuel	26	27	37	36	39
Gas Oils and Kerosene	27	53	98	113	101
Residual Fuel Oil	5	68	77	100	77
Other	9	9	9	12	12
	96	188	309	350	312
Equity Share of Affiliate	796	597	577	594	657
Total International	892	785	886	944	969
Worldwide					
Gasoline	696	684	679	645	635
Jet Fuel	260	274	286	291	280
Gas Oils and Kerosene	263	251	302	299	297
Residual Fuel Oil	69	124	137	139	115
Other	110	98	98	98	102
Total Consolidated Companies	1,398	1,431	1,502	1,472	1,429
Equity Share of Affiliate	796	597	577	594	657
Total Worldwide	2,194	2,028	2,079	2,066	2,086

TOTAL REFINED PRODUCT REALIZATIONS*

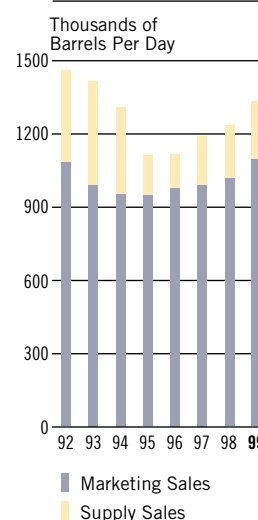
Dollars Per Barrel					
United States	\$ 26.86	\$ 22.37	\$ 28.93	\$ 29.94	\$ 26.19
International	27.97	19.13	26.55	27.26	24.49
Worldwide	26.93	21.94	28.43	29.30	25.82

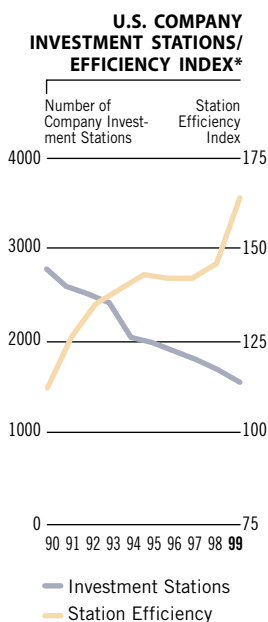
MAJOR REFINED PRODUCT REALIZATIONS*

Dollars Per Barrel					
United States					
Gasoline	\$ 30.35	\$ 24.67	\$ 32.16	\$ 32.68	\$ 29.13
Jet Fuel	23.78	19.24	26.42	27.87	23.35
Gas Oils and Kerosene	23.11	18.79	25.69	27.54	22.56
Residual Fuel Oil	14.47	11.65	17.09	17.66	15.67
International					
Gasoline	\$ 34.42	\$ 27.52	\$ 31.06	\$ 30.55	\$ 28.79
Jet Fuel	26.47	23.23	30.20	31.18	26.62
Gas Oils and Kerosene	22.97	18.36	26.20	28.05	23.28
Residual Fuel Oil	17.32	11.30	16.46	18.29	16.31
Worldwide					
Gasoline	\$ 30.52	\$ 24.80	\$ 32.02	\$ 32.39	\$ 29.09
Jet Fuel	24.05	19.62	26.91	28.28	23.80
Gas Oils and Kerosene	23.09	18.70	25.85	27.73	22.80
Residual Fuel Oil	14.68	11.46	16.74	18.11	16.10

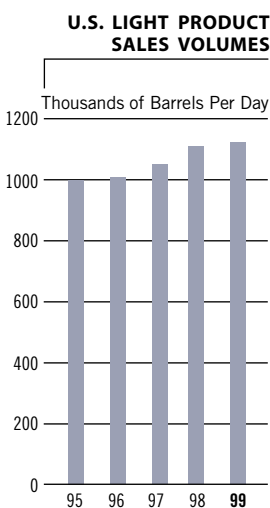
*Consolidated companies only; excludes excise taxes.

U.S. REFINED PRODUCT SALES





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



OUTLETS ¹	1999		1998		1997		1996		At December 31 1995	
	Company	Other	Company	Other	Company	Other	Company	Other	Company	Other
Service Stations²										
United States	1,517	6,420	1,637	6,280	1,736	6,016	1,854	5,892	1,920	5,868
Canada	177	—	191	—	187	—	189	—	193	—
Kazakhstan	2	—	2	—	—	—	—	—	—	—
United Kingdom	—	—	—	—	—	—	194	260	208	315
Total Service Stations	1,696	6,420	1,830	6,280	1,923	6,016	2,237	6,152	2,321	6,183
Aircraft and Marine										
United States	—	566	—	559	—	524	—	599	—	638
Canada	—	6	—	11	—	11	—	13	—	13
Total Aircraft and Marine	—	572	—	570	—	535	—	612	—	651

¹ Consolidated companies only.

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

LIGHT PRODUCT SALES ^{1, 2}	Year Ended December 31				
	1999	1998	1997	1996	1995
Sales Revenues (Millions of Dollars)					
United States	\$ 11,411	\$ 8,976	\$ 11,248	\$ 11,127	\$ 9,534
International	841	894	2,340	2,567	2,109
Total Sales Revenues	\$ 12,252	\$ 9,870	\$ 13,588	\$ 13,694	\$ 11,643
Sales Volumes (Thousands of Barrels Per Day)					
United States	1,137	1,098	1,044	997	989
International	82	111	223	238	223
Total Sales Volumes	1,219	1,209	1,267	1,235	1,212

¹ Consolidated companies only.

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

Chevron Chemical Company LLC produces primarily commodity petrochemicals, plastics, and additives in plants in nine U.S. states and in Mexico, Brazil, France, Japan and Singapore. The company markets its products worldwide. The major operating groups are the Petrochemical & Plastics and Oronite divisions.

CHEMICALS

Business Description

In 1999, the Oronite Division commenced commercial operation of a fuel and lubricant additives plant in Singapore, catapulting Chevron's Oronite Division to No. 1 in Asia Pacific market share. Oronite also constructed a polyisobutylene plant in the United States at Belle Chasse, Louisiana, assimilated purchase of Exxon's Paratone viscosity index improver business and began sale of the Oronite D-TECT® product identifier line. The Petrochemical & Plastics Division completed a benzene and cyclohexane plant in Saudi Arabia, expanded high-density polyethylene capacity at Orange, Texas, and completed an ethylbenzene project at Pascagoula, Mississippi. These expansions position the company to take advantage of future demand anticipated with the next upturn in the chemicals industry as well as to further reduce unit operating costs.

Chevron Chemical will continue to grow in 2000 with completion of a grassroots normal alpha olefins plant at Cedar Bayou, Texas, expansion of our Plexco Pipe subsidiary into Kazakhstan and start-up of the first privately owned polystyrene plant in Zhangjiagang, China.

In February 2000, Chevron and Phillips Petroleum signed a letter of intent and exclusivity agreement to combine both companies' worldwide olefins, polymers and aromatics businesses into a 50/50 joint venture. The transaction is expected to close by mid-2000, following final approval by the companies' boards, the signing of definitive agreements and regulatory review.

COMPETITIVE POSITION

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

BUSINESS STRATEGIES

- ▶ Focus on improving financial performance in core business segments, which are petrochemicals, plastics and additives.
- ▶ Improve efficiency, take advantage of overhead synergies and aggressively manage costs in all aspects of the business.
- ▶ Seek growth opportunities that strengthen our low-cost position based on technology, infrastructure and feedstocks.
- ▶ Continue to strengthen technology position in core products.
- ▶ Continue to monitor and improve customer satisfaction and improve product offerings.

1999 ACCOMPLISHMENTS

- ▶ Achieved double-digit growth in earnings, sales realization and volumes over 1998 while achieving record low operating costs per barrel.
- ▶ Restructured the business with a global focus, relocating the headquarters to Houston, Texas, closer to operations.
- ▶ Commenced commercial operation in January 1999 of a \$213 million plant in Singapore to manufacture and blend additives for fuels and lubricating oils worldwide. The plant is now shipping to customers throughout the Asia Pacific region. This plant has achieved an outstanding safety record with no recordable incidents in its first year of operation.
- ▶ Completed expansions to increase high-density polyethylene production at Orange, Texas, and to make ethylbenzene at Pascagoula, Mississippi.
- ▶ Completed construction of a 480,000-tons-per-year benzene, and a 220,000 tons-per-year cyclohexane plant in Saudi Arabia. The 50/50 joint venture with the Saudi Industrial Venture Capital Group began deliveries in January 2000 and also achieved an outstanding safety record with only one lost time injury in more than 13 million man-hours.

1999 ACCOMPLISHMENTS (CONTD.)

- ▶ Construction on a new normal alpha olefins plant at Cedar Bayou, Texas, that will double production capacity using the latest technological improvements is under budget with completion scheduled for summer 2000.
- ▶ Commenced commercial operation in 1999 of new sulfonate, cogeneration and polyisobutylene facilities at Oronite's Oak Point plant in Belle Chasse, Louisiana. These new facilities represent a combined investment of \$110 million.
- ▶ Increased trade sales volumes by approximately 10 percent.
- ▶ Achieved record low cost on operating-expense-per-barrel basis.
- ▶ Neared completion of a 100,000-tons-per-year general purpose and high-impact polystyrene plant in Zhangjiagang, China. The plant is scheduled to begin production by midyear 2000.
- ▶ Completed a joint feasibility study for the development of an integrated aromatics project in Venezuela. Chevron's technology coupled with Petroleos de Venezuela, S.A.'s feedstock position would provide the basis for a cost-competitive petrochemical complex.
- ▶ Assimilated the purchase of Exxon's Paratone viscosity index improver business, which positions Chevron as a leader in the viscosity index improver market and accelerates growth plans in the automotive engine-oil additives business.
- ▶ Proved market feasibility of a proprietary oxygen-scavenging polymer for use in food packaging. This new polymer will position us as a leader in the emerging field of active packaging for food, medical and pharmaceutical applications.

MAJOR OPERATING DIVISIONS**PETROCHEMICAL & PLASTICS**

The Petrochemical & Plastics Division manufactures, markets, and distributes petrochemicals and petrochemical-based products for consumer and industrial use. These products include olefins (ethylene and propylene) and derivatives, such as normal alpha olefins used in plasticizers, synthetic motor oils, lubricants, automotive additives and household detergents. Additionally, key ethylene derivatives (high and low-density polyethylene) are used in food packaging, film and molding applications and fabricated products such as rigid and flexible packaging, high performance plastic pipe, and fittings. Aromatic products include benzene, paraxylene, styrene, polystyrene and fiber intermediates. The ultimate consumer products derived from these chemical intermediates include plastics, adhesives and synthetic fibers.

The Petrochemical & Plastics Division operates through 13 manufacturing facilities in the United States, one in Mexico and a 50 percent joint venture facility in Saudi Arabia. A new polystyrene plant in China will be completed in May 2000 while a new plant producing normal alpha olefins will be added at the Cedar Bayou, Texas, facility in the summer of 2000. Discussions continue with a potential partner in Venezuela to create a joint venture to produce aromatic chemicals.

ORONITE ADDITIVES

The Oronite Additives Division develops, manufactures, markets and distributes specially tailored chemical additives for fuels and lubricants worldwide. These additives improve performance in many types of engines by controlling deposits and by providing improved lubricant performance. Ultimate consumer products include deposit-inhibiting gasoline and lubricant products.

The division operates two manufacturing facilities in the United States and one each in Japan, Brazil, France and Singapore. The new state-of-the-art additives plant in Singapore began production in January 1999. The recent purchase of Exxon's Paratone viscosity index improver business positions Oronite as a leader in this market and strengthens plans to grow the automotive engine-oil business.

MANUFACTURING LOCATIONS (WHOLLY OWNED)

United States

Location	Products	Location	Products
Colton, CA	Polymers	Marietta, OH	Polymers
Richmond, CA	Other Chemicals	Abbeville, SC	Polymers
Bloomfield, IA	Polymers	Knoxville, TN	Polymers
Fairfield, IA	Polymers	Cedar Bayou, TX	Olefins and Aromatics, Polymers
Belle Chasse, LA	Other Chemicals	Port Arthur, TX	Olefins and Aromatics
St. James, LA	Olefins and Aromatics	Orange, TX	Polymers
Pascagoula, MS	Olefins and Aromatics	Waxahachie, TX	Polymers
Reno, NV	Polymers		

International

Location	Products
Sao Paulo, Brazil	Other Chemicals
Gonfreville, France	Other Chemicals
Omaezaki, Japan	Other Chemicals
Queretaro, Mexico	Polymers
Pulau Sakra, Singapore	Other Chemicals

NET INCOME, EXCLUDING SPECIAL ITEMS¹

Millions of Dollars	Year Ended December 31				
	1999	1998	1997	1996	1995
United States	\$ 140	\$ 89	\$ 167	\$ 175	\$ 459
International	65	62	57	53	65
Total Worldwide	\$ 205	\$ 151	\$ 224	\$ 228	\$ 524

SALES BY GEOGRAPHIC AREA²

Millions of Dollars					
United States	\$ 2,958	\$ 2,591	\$ 3,045	\$ 2,936	\$ 3,332
International	779	625	602	605	621
Total Worldwide	\$ 3,737	\$ 3,216	\$ 3,647	\$ 3,541	\$ 3,953

SALES VOLUMES^{2, 3}

Millions of Pounds					
United States	13,313	11,800	10,717	10,309	10,219
International	1,993	1,672	1,550	794	633
Total Worldwide	15,306	13,472	12,267	11,103	10,852

¹ See Page 5 for reported net income.

² Includes third-party sales and sales to other Chevron companies.

³ 1998 and prior years' amounts restated to conform with 1999 presentation.

COAL

Business Description

COMPETITIVE POSITION

- ▶ The Pittsburgh & Midway Coal Mining Co. (P&M), a wholly owned Chevron subsidiary, ranks among the top 15 coal producing companies in the United States.
- ▶ About 80 percent of P&M's sales are made to electric utilities. Twenty percent of the sales have terms of 10 years or longer, with the balance having terms of less than 10 years.
- ▶ P&M holds low-sulfur coal reserves in major U. S. coal producing regions.

BUSINESS STRATEGIES

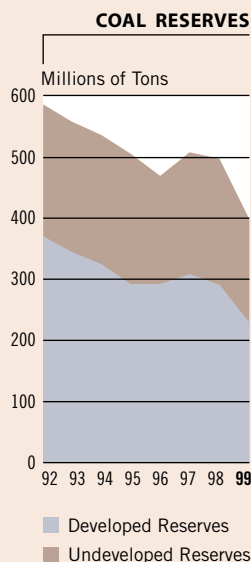
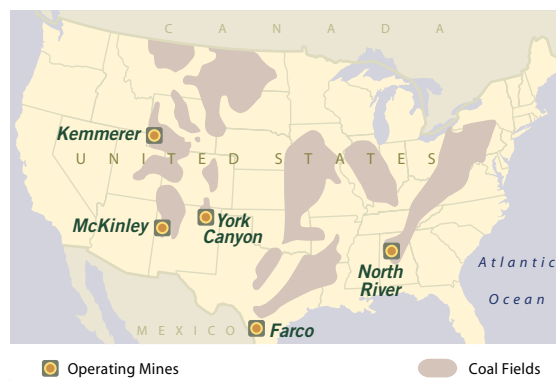
- ▶ P&M's goal is to maximize return to the Corporation. Commitments to achieve this goal include
 - Continuing to mine coal in a safe and environmentally responsible manner
 - Continuing to improve productivity and reduce costs
 - Strengthening long-term relationships with customers.

1999 ACCOMPLISHMENTS

- ▶ Achieved the best safety record in P&M's history and continued to lead key competitors in safety performance.
- ▶ Geared up York Canyon Mine for conversion from a dragline operation to an efficient new truck-and-shovel mining system in conjunction with the opening of a new mining area. Conversion completed first quarter 2000.
- ▶ Reduced overhead costs by streamlining headquarters structure.
- ▶ Reached agreement to extend for five years the sales contract with P&M's largest customer.
- ▶ Sold P&M's interest in Black Beauty Coal Company.
- ▶ Increased cash generation from nonproducing properties by selling timber rights and methane royalties.

U. S. COAL BUSINESS ENVIRONMENT

- ▶ U. S. coal markets are dominated by electric utilities, which consumed more than 80 percent of the coal produced in 1999. Deregulation of the electric utility industry places a premium on low-cost power generation and could potentially increase coal demand.
- ▶ Tightening sulfur dioxide emissions standards are increasing demand for low-sulfur coals, largely from western mines.
- ▶ Coal prices have declined in the 1990s, driven by excess productive capacity in the industry.
- ▶ Industry consolidation continues as coal suppliers position themselves for competitive pressures.



P & M OPERATIONS

Mine Name	State/ Country	Principal Operation	Sulfur Content	Estimated Annual Capacity ¹	Annual Sales ¹				
					1999	1998	1997	1996	1995
Kemmerer	WY	Truck-and-Shovel	Low	5.0	4.3	4.7	4.4	3.7	3.6
McKinley	NM	Dragline/T&S	Low	7.0	7.2	6.9	6.6	5.3	6.8
North River ¹	AL	Longwall	Medium	2.5	2.4	2.4	2.1	2.2	1.9
Sebree ²	KY	Continuous Miner	High	1.0	–	0.9	1.0	0.9	0.5
York Canyon ³	NM	Dragline	Low	1.4	1.1	1.3	1.2	1.3	2.0
Farco/Port Services ⁴	TX	Truck-and-Shovel	Medium	0.3	0.2	0.1	–	–	–
Black Beauty (33.3%) ⁵	IN/IL	T&S/Continuous Miner	Various	–	–	5.7	4.2	2.6	2.5
Inter-American Coal (29.8%) ⁶	Venezuela	Truck-and-Shovel	Low	0.3	0.8	1.1	0.1	–	–
Closed Mines/Brokered Sales	Various	–	–	–	–	0.2	–	–	–
Total Sales					17.5	16.0	23.3	19.6	17.3

¹ Millions of Tons.

² Idled November 1998.

³ One of the two York Canyon mines was closed in late 1995. Principal operation changed from dragline to truck-and-shovel first quarter 2000.

⁴ Acquired August 1998.

⁵ Sales and capacity are P&M's share; sold 1999.

⁶ Acquired interest in September 1997, sales and capacity represents P&M's share.

GLOSSARY

Oil and Gas Terms

Acreage Land leased for oil and gas exploration and production.

Additives Chemicals added to fuels and lubricants to control deposits and improve lubricating performance.

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

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

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

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

Petrochemicals Chemicals derived from petroleum and natural gas. Major petrochemical operations within Chevron include: **Aromatics** – used in the manufacture of plastics, adhesives, synthetic fibers and household detergents; **Olefins** – used in the manufacture of packaging, plastic pipes, tires, batteries, household detergents and synthetic motor oils.

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

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

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

Reservoir An underground formation containing an accumulation of oil and/or gas enclosed or surrounded by layers of less permeable or impervious rock.

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 oil or gas production exists. **Delineation** wells are exploratory wells drilled to determine the boundaries of a productive formation or to delineate the extent of a find.

Development wells are wells drilled in an existing reservoir in a proved oil or gas producing area. **Completed** wells are wells in which drilling work has been completed and that are capable of producing. **Dry** wells are wells completed as dry holes – wells not capable of producing in commercial quantities.

Major Chevron Organizations

ORGANIZATIONS	PRINCIPAL BUSINESS	PRINCIPAL AREAS OF ACTIVITY
Operating		
Chevron U.S.A. Production Company	Exploration and Production	United States
Chevron Products Company	Refining and Marketing; Sale/ Trading of Crude Oil and Refined Products	Worldwide
Chevron Asiatic Limited	Exploration and Production	International
Chevron Canada Limited	Refining and Marketing	Western Canada
Chevron Canada Resources	Exploration and Production	Canada
Chevron Chemical Company LLC	Industrial Chemicals	Worldwide
Chevron Chemical S.A.	Industrial Chemicals	International
Chevron International Limited	Exploration and Financing	International
Chevron Nigeria Limited	Exploration and Production	Nigeria
Chevron Overseas Petroleum Inc.	Exploration and Production	International
Chevron Pipe Line Company	Crude Oil, Petroleum Products and Natural Gas Transportation	United States
Chevron Shipping Company LLC	Marine Management	Worldwide
Chevron Transport Corporation Limited	Marine Transportation, Commercial Paper Issuer	Worldwide
Chevron U.K. Limited	Exploration and Production	North Sea
Cabinda Gulf Oil Company Limited	Exploration and Production	Angola
The Pittsburg & Midway Coal Mining Company	Coal	Worldwide
Amoseas Indonesia Inc. (50%)	Exploration and Production	Indonesia
Caltex Corporation (50%)	Refining and Marketing	International
P.T. Caltex Pacific Indonesia (50%)	Exploration and Production	Indonesia
Tengizchevroil (45%)	Exploration and Production	Kazakhstan
Dynegy Inc. (28%)	Midstream Operations	Worldwide
Service		
Chevron Environmental Management Company	Environmental Remediation	United States
Chevron Information Technology Company	Communications, Data Processing and Advanced Office Systems	Worldwide
Chevron Petroleum Technology Company	Oil Field Technical Services, Research and Development	Worldwide
Chevron Real Estate Management Company	Property Management	Worldwide
Chevron Research and Technology Company	Engineering, Research, Development and Technical Services for Refining, Supply and Distribution	Worldwide
Chevron Services Company	Administrative Services	Worldwide
Finance		
Chevron Canada Enterprises Limited	Commercial Paper Issuer	Canada
Chevron Capital U.S.A. Inc.	Debt Financing	United States
Chevron U.S.A. Inc.	Commercial Paper Issuer	United States
Chevron U.K. Investment PLC	Commercial Paper Issuer	United States
e-Business		
Petrocosm Marketplace	Internet Hosted Procurement	Worldwide
RetailersMarketXchange.com	Internet-Based Full Service Marketplace	Worldwide

Chevron Corporation has ownership interests in approximately 500 subsidiaries, branches, divisions, partnerships and affiliates operating in about 100 countries. The above listing represents the most significant of the company's operations. Chevron's interest is 100 percent unless otherwise noted in parentheses.

March 2000 This report has been issued solely for the purpose of providing additional Chevron financial and statistical data. It is not a circular or prospectus regarding any security or stock of the company, nor is it issued in connection with any sale, offer for sale of, or solicitation of any offer to buy any securities.

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

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

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

Forward-Looking Statements This Supplement to the Annual Report contains forward-looking statements relating to Chevron's operations that are based on management's current expectations, estimates and projections about the petroleum and chemicals industries. Words such as "expects," "intends," "plans," "projects," "believes," "estimates" and similar expressions are used to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecast in such forward-looking statements.

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 the company's aromatics, olefins and additives products; inability 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 oil and gas development projects; potential delays in the development, construction or start-up of planned projects; potential disruption or interruption of the company's production or manufacturing facilities due to accidents or political events; potential liability for remedial actions under existing or future environmental regulations that may result in higher costs; significant investment or product changes under existing or future environmental and litigation regulations including, particularly, regulations and litigation dealing with gasoline composition and characteristics; and potential liability resulting from pending or future litigation. 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. Chevron undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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