

On October 9, 2001, a new force in energy emerged.

Our vision is to be *the* global energy company most admired for its people, partnership and performance.

2001 Supplement to the Annual Report

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2001 HIGHLIGHTS

- ▶ Completed merger on October 9 with Texaco Inc. becoming a wholly owned subsidiary of Chevron Corporation, which changed its name to ChevronTexaco Corporation. The new company is the second-largest U.S.-based energy business, ranking among the world's largest and most competitive in the industry.
- ▶ Reported net income of \$3.288 billion (\$3.09 per share – diluted) for the year. Earnings before special items and merger effects were \$6.810 billion (\$6.41 per share – diluted).

Upstream – Exploration and Production

- ▶ Added oil and gas reserves equal to 127 percent of worldwide oil-equivalent production for the year – marking the ninth consecutive year the company added more reserves than it produced.
- ▶ Increased production for the eighth consecutive year at the 50 percent-owned Tengizchevroil affiliate in Kazakhstan. Total field crude oil production averaged 268,000 barrels per day.
- ▶ Partnered with the company's downstream operations to complete the 15 percent-owned Caspian Pipeline, enabling transport of Tengiz crude oil to the Russian Black Sea port of Novorossiysk.
- ▶ Completed the Typhoon deepwater project in the Gulf of Mexico below budget and ahead of schedule. Net crude oil production averaged nearly 18,000 barrels per day in the fourth quarter.
- ▶ Continued development in the Block O area offshore Angola, with the installation of the North Nemba Platform, and in Block 14, with the initiation of production in the Kuito Phase 1C.
- ▶ Signed venture agreements in Nigeria for Phase 3 of the Escravos natural gas project and a separate gas-to-liquids conversion project.
- ▶ Initiated production in the fourth quarter at the 30 percent-owned Hamaca Field in Venezuela – a resource base containing an estimated 2.1 billion barrels of recoverable crude oil reserves.

Downstream – Refining, Marketing and Transportation

- ▶ Increased operating earnings in the United States 37 percent to \$1.3 billion. Branded motor gasoline sales volumes were up nearly 4 percent.
- ▶ Increased international operating earnings 14 percent to \$598 million in a period of weak demand for many of the business sectors.
- ▶ Operated the California refineries safely and reliably during a period of increasing threat of rolling electricity black-outs. Switched quickly to alternate fuels for refinery operations during a period of high cost for natural gas.
- ▶ Secured permits for a \$150 million project at the company's largest wholly owned refinery in Pascagoula, Mississippi, to produce lower sulfur motor gasoline and diesel.

Chemicals

- ▶ Increased sales volumes for fuels and lubricating additives at the Oronite division by 3 percent.
- ▶ Continued construction by the Chevron Phillips Chemical Co. affiliate of a world-scale olefins and polyolefins manufacturing plant in Qatar and a new high-density polyethylene facility at the Chevron Phillips Cedar Bayou chemical complex in Baytown, Texas.

GOALS

- ▶ Achieve the highest total stockholder return in the company's peer group for the five-year period 2000 through 2004. The company ranked No. 1 for the two years 2000 and 2001.
- ▶ Increase worldwide oil-equivalent production 1 percent in 2002 and an average of 2.5 to 3 percent for the five-year period 2002 through 2006.

This publication supplements ChevronTexaco Corporation's 2001 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.

FINANCIAL INFORMATION

FINANCIAL SUMMARY

REVIEW OF OPERATIONS 1998–2001

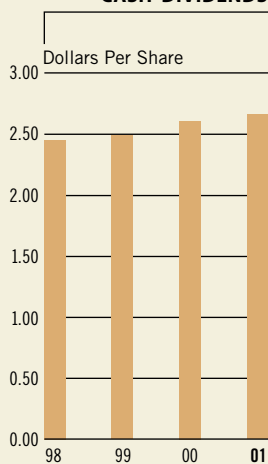
On October 9, 2001, Texaco Inc. (Texaco) became a wholly owned subsidiary of Chevron Corporation (Chevron) pursuant to a merger transaction, and Chevron changed its name to ChevronTexaco Corporation. The combination was accounted for as a pooling of interests.

In accordance with pooling-of-interests accounting, the combined financial information included in this document gives retroactive effect to the merger, with all periods presented as if Chevron and Texaco had always been combined. Certain reclassifications have been made to conform the presentation. These reclassifications had no impact on the amount of net income or stockholders' equity historically reported by Chevron and Texaco.

As a result of the merger, the accounts of certain operations that were jointly owned by the combining companies have been included in the information presented in this document. These operations are primarily those of the Caltex Group of Companies, which were previously owned 50 percent each by Chevron and Texaco.

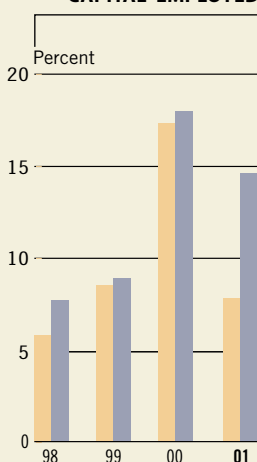
By early 2003, the company expects to realize annual pre-tax savings of approximately \$1.8 billion from merger synergies. Merger-related expenses through the end of 2002 are estimated at \$2 billion.

CASH DIVIDENDS*



* Chevron Pre-Merger

RETURN ON AVERAGE CAPITAL EMPLOYED



Using Net Income

Using Net Income Excluding Special Items and Merger Effects

FINANCIAL HIGHLIGHTS

Millions of Dollars, Except Per-Share Amounts

	2001	2000	1999	1998
Net Income	\$ 3,288	\$ 7,727	\$ 3,247	\$ 1,917
Earnings Excluding Special Items and Merger Effects ¹	\$ 6,810	\$ 8,105	\$ 3,438	\$ 2,788
Sales and Other Operating Revenues	104,409	117,095	84,004	71,937
Cash Dividends – Common Stock	2,733	2,664	2,589	2,548
Capital and Exploratory Expenditures ²	12,028 ³	9,520	10,137 ⁴	9,738
Cash Provided by Operating Activities	11,457	13,467	7,771	6,906
Common Shares Outstanding at December 31 (Millions) ⁵	1,060.1	1,057.6	1,075.2	1,057.6
Per-Share Data				
Net Income – Basic	\$ 3.10	\$ 7.23	\$ 3.01	\$ 1.76
– Diluted	3.09	7.21	3.00	1.75
Earnings Excluding Special Items and Merger Effects – Basic	6.42	7.58	3.19	2.58
– Diluted	6.41	7.57	3.18	2.57
Cash Dividends ⁶	2.65	2.60	2.48	2.44
Stockholders' Equity at December 31	32.03	31.55	27.71	27.29
Market Price at December 31	89.61	84.44	86.63	82.94
High	98.49	94.88	104.94	90.19
Low	78.44	69.94	73.13	67.75
Key Financial Ratios ⁷				
Current Ratio	0.9	1.1	1.0	0.9
Total Debt/Total Debt Plus Equity	33.9%	32.3%	39.2%	37.4%
Return on Average Stockholders' Equity	9.8%	24.5%	11.1%	6.5%
Return on Average Capital Employed	7.8%	17.3%	8.5%	5.8%
Return on Average Capital Employed Excluding Special Items and Merger Effects	14.7%	18.0%	8.9%	7.7%
Total Stockholder Return ⁶	9.2%	0.5%	7.3%	11.0%

¹ In 2001, includes Merger Effects consisting of employee severance and other benefits associated with work force reductions, professional service fees, employee and office relocations, facility closures costs, and other incremental costs to effect the merger and losses classified as "extraordinary" on the income statement (asset sales mandated by the U.S. Federal Trade Commission and disposition of other assets made duplicative by the merger).

² Equity Shares of Affiliates' Capital and Exploratory Expenditures includes \$1,712 million, \$1,229 million, \$1,105 million and \$1,448 million for 2001, 2000, 1999 and 1998, respectively.

³ Includes \$1.5 billion investment in Dynegy Inc. redeemable, convertible preferred stock.

⁴ Includes \$1.7 billion for acquisitions of Rutherford-Moran Oil Corporation in Thailand and Petrolera Argentina San Jorge S.A. in Argentina.

⁵ Excludes 7,084,000 shares held by the benefit trust not considered outstanding for earnings per share purposes.

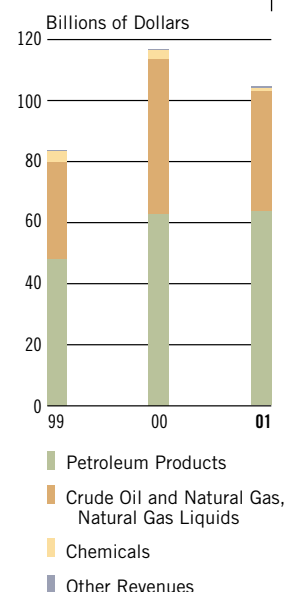
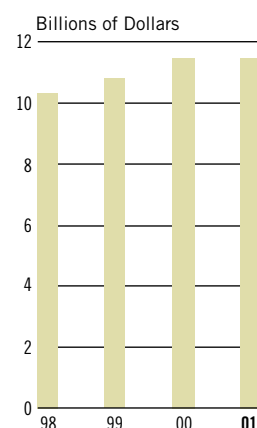
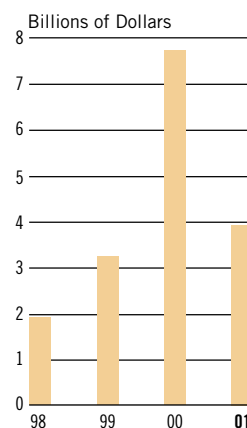
⁶ Chevron pre-merger.

⁷ Refer to page 61 for Financial Ratios definitions.

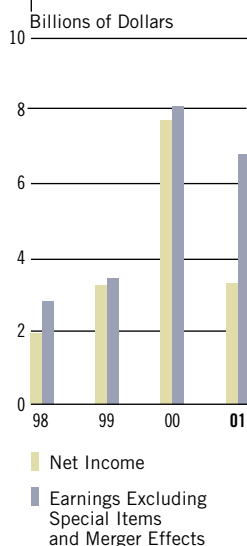
Consolidated Statement of Income and Comprehensive Income

CONSOLIDATED STATEMENT OF INCOME¹

Millions of Dollars	Year Ended December 31			
	2001	2000	1999	1998 ²
Revenues and Other Income				
Sales and Other Operating Revenues				
Gasolines	\$ 19,788	\$ 20,164	\$ 14,477	
Jet Fuel	7,110	7,762	4,258	
Gas Oils and Kerosene	11,471	13,050	8,509	
Residual Fuel Oils	5,393	5,732	4,219	
Other Refined Products	3,836	700	1,559	
Total Refined Products	47,598	47,408	33,022	
Crude Oil	26,981	37,698	24,151	
Natural Gas	10,514	10,075	5,472	
Natural Gas Liquids	1,901	3,147	2,199	
Other Petroleum Revenues	2,925	2,164	1,566	
Petroleum Taxes and Duties	6,473	6,914	7,072	
Petroleum Excise Taxes	6,534	6,574	6,544	
Total Petroleum	102,926	113,980	80,026	68,406
Chemicals	1,005	2,686	3,477	3,004
Chemicals Excise Taxes	12	27	30	40
Total Chemicals	1,017	2,713	3,507	3,044
All Other	466	402	471	487
Total Sales and Other Operating Revenues	\$104,409	\$117,095	\$ 84,004	\$ 71,937
Income From Equity Affiliates	1,144	1,077	896	634
Other Income	692	958	813	687
Total Revenues and Other Income	106,245	119,130	85,713	73,258
Costs and Other Deductions				
Purchased Crude Oil and Products	60,549	69,814	46,256	36,740
Operating Expenses	7,650	8,323	7,773	7,515
Selling, General and Administrative Expenses	3,984	3,626	3,222	4,183
Exploration Expenses	1,039	949	1,072	970
Depreciation, Depletion and Amortization ³	7,059	5,321	4,934	4,490
Merger-Related Expenses ⁴	1,563	—	—	—
Interest and Debt Expense	833	1,110	1,132	1,057
Taxes Other Than on Income				
Excise Taxes	6,546	6,601	6,029	6,494
Other Taxes	8,610	9,226	9,412	8,911
Minority Interests	121	111	71	62
Total Costs and Other Deductions	97,954	105,081	79,901	70,422
Income Before Income Tax Expense	8,291	14,049	5,812	2,836
Income Tax Expense	4,360	6,322	2,565	919
Net Income Before Extraordinary Item	\$ 3,931	\$ 7,727	\$ 3,247	\$ 1,917
Extraordinary Loss, Net of Income Tax ⁵	(643)	—	—	—
Net Income	\$ 3,288	\$ 7,727	\$ 3,247	\$ 1,917
Net Income	\$ 3,288	\$ 7,727	\$ 3,247	\$ 1,917
Net Unrealized Holding Gain (Loss) on Securities	3	(43)	2	7
Net Derivatives Gain on Hedge Transactions	3	—	—	—
Minimum Pension Liability Adjustment	9	(19)	(10)	(23)
Currency Translation Adjustment	(11)	(14)	(35)	(3)
Other Comprehensive Gain (Loss), Net of Tax	4	(76)	(43)	(19)
Comprehensive Income	\$ 3,292	\$ 7,651	\$ 3,204	\$ 1,898
Retained Earnings at January 1	\$ 32,206	\$ 27,148	\$ 26,503	\$ 27,172
Net Income	3,288	7,727	3,247	1,917
Cash Dividends	(2,739)	(2,681)	(2,617)	(2,603)
Tax Benefit From Dividends Paid on Unallocated ESOP Shares	12	12	15	17
Retained Earnings at December 31	\$ 32,767	\$ 32,206	\$ 27,148	\$ 26,503

¹ 2000, 1999 and 1998 conformed to the 2001 presentation.² Product data was not readily available in this format.³ Includes \$2,296 million, \$707 million, \$422 million and \$222 million in 2001, 2000, 1999 and 1998, respectively, for asset impairment charges.⁴ Includes employee severance and other benefits associated with work force reductions, professional service fees, employee and office relocations, facility closures costs, and other incremental costs to effect the merger.⁵ Represents loss on asset sales mandated by the U.S. Federal Trade Commission and disposition of other assets made duplicative by the merger.**TOTAL SALES AND OTHER OPERATING REVENUES****OPERATING, SELLING, GENERAL AND ADMINISTRATIVE EXPENSES, ADJUSTED FOR SPECIAL CHARGES BEFORE TAX****NET INCOME BEFORE EXTRAORDINARY ITEM**

Income by Major Areas of Operation

NET INCOME
VS. EARNINGS
EXCLUDING
SPECIAL ITEMS AND
MERGER EFFECTSINCOME BY MAJOR AREAS OF OPERATION¹

Millions of Dollars	2001	2000	Year Ended December 31	
			1999	1998
Exploration and Production – United States	\$ 1,779	\$ 3,453	\$ 1,133	\$ 625
– International	2,533	3,702	1,450	837
– Total	4,312	7,155	2,583	1,462
Refining, Marketing and Transportation – United States	1,254	721	551	812
– International	560	414	546	402
– Total	1,814	1,135	1,097	1,214
Chemicals	(128)	40	109	122
All Other ²	(2,710)	(603)	(542)	(881)
Net Income	\$ 3,288	\$ 7,727	\$ 3,247	\$ 1,917

EARNINGS BY MAJOR AREAS OF OPERATION, EXCLUDING SPECIAL ITEMS AND MERGER EFFECTS^{1,3}

Millions of Dollars				
Exploration and Production – United States	\$ 2,890	\$ 3,736	\$ 1,390	\$ 794
– International	2,905	3,622	1,520	951
– Total	5,795	7,358	2,910	1,745
Refining, Marketing and Transportation – United States	1,332	974	638	826
– International	598	526	615	558
– Total	1,930	1,500	1,253	1,384
Chemicals	(32)	130	174	122
All Other ²	(883)	(883)	(899)	(463)
Earnings Excluding Special Items and Merger Effects	6,810	8,105	3,438	2,788
Total Special Items and Merger Effects ^{3,4}	(3,522)	(378)	(191)	(871)
Net Income	\$ 3,288	\$ 7,727	\$ 3,247	\$ 1,917

SUMMARY OF SPECIAL ITEMS AND MERGER EFFECTS³

Millions of Dollars				
Asset Dispositions, Net	\$ 49	\$ 72	\$ 111	\$ (56)
Asset Write-Offs and Revaluations	(1,709)	(378)	(377)	(211)
Environmental Remediation Provisions, Net	(78)	(264)	(40)	–
Prior-Year Tax Adjustments	(5)	107	228	203
Pre-Merger Restructurings and Reorganizations	–	–	(257)	(180)
Other, Net	–	85	144 ⁵	(627) ⁵
Total Special Items	\$ (1,743)	\$ (378)	\$ (191)	\$ (871)
Merger Effects ⁴				
Merger-Related Expenses	(1,136)	–	–	–
Extraordinary Loss on Merger-Related Asset Sales	(643)	–	–	–
Total Merger Effects	(1,779)	–	–	–
Total Special Items and Merger Effects	\$ (3,522)	\$ (378)	\$ (191)	\$ (871)

¹ 2000, 1999 and 1998 conformed to the 2001 presentation.

² Includes coal mining operations, the company's equity interests in Dynegy Inc., corporate administrative costs, worldwide cash management and debt financing activities, power and gasification ventures, technology investments, and real estate and insurance activities.

³ Net income is affected by transactions that are unrelated to or are not necessarily representative of the company's ongoing operations for the periods presented. These transactions, defined by ChevronTexaco management and designated "special items" and "merger effects," 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 income by major areas of operation to indicate the underlying trends of operational results.

⁴ Represents merger-related expenses (employee severance and other benefits associated with work force reductions, professional service fees, employee and office relocations, facility closures costs, and other incremental costs to effect the merger) and losses classified as "extraordinary" on the income statement (asset sales mandated by the U.S. Federal Trade Commission and disposition of other assets made duplicative by the merger).

⁵ Includes effects of Cities Service litigation.

Consolidated Balance Sheet

CONSOLIDATED BALANCE SHEET

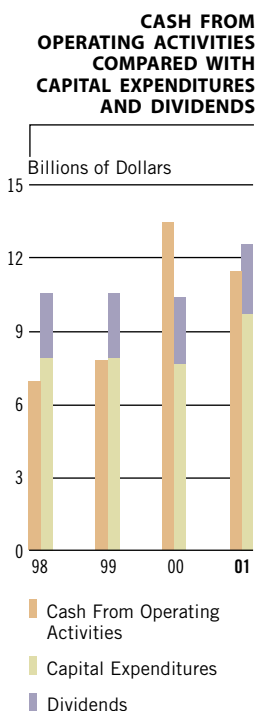
Millions of Dollars	At December 31			
	2001	2000	1999	1998
Assets				
Cash and Cash Equivalents	\$ 2,117	\$ 2,328	\$ 1,997	\$ 996
Marketable Securities	1,033	913	971	1,442
Accounts and Notes Receivable	8,279	10,763	9,205	7,627
Inventories				
Crude Oil and Petroleum Products	2,207	1,969	2,133	2,100
Chemicals	209	200	526	559
Materials, Supplies and Other	532	485	548	561
	2,948	2,654	3,207	3,220
Prepaid Expenses and Other Current Assets	1,769	1,255	1,663	872
Assets Held for Sale – Merger-Related	2,181	-	-	-
Total Current Assets	18,327	17,913	17,043	14,157
Long-Term Receivables, Net	1,225	1,218	1,234	1,170
Investments and Advances	12,252	11,764	8,482	8,487
Properties, Plant and Equipment, at Cost	99,943	95,568	100,991	96,453
Less: Accumulated Depreciation, Depletion and Amortization	56,710	51,249	54,504	52,590
Net Properties, Plant and Equipment	43,233	44,319	46,487	43,863
Deferred Charges and Other Assets	2,535	2,407	2,134	2,447
Total Assets	\$ 77,572	\$ 77,621	\$ 75,380	\$ 70,124
Liabilities and Stockholders' Equity				
Short-Term Debt	\$ 8,429	\$ 3,094	\$ 6,063	\$ 5,579
Accounts Payable	6,427	7,563	6,812	5,222
Accrued Liabilities	3,399	3,014	2,582	2,699
Federal and Other Taxes on Income	1,398	1,864	1,017	405
Other Taxes Payable	1,001	1,126	1,209	1,154
Total Current Liabilities	20,654	16,661	17,683	15,059
Long-Term Debt and Capital Lease Obligations	8,989	12,821	13,145	11,675
Deferred Credits and Other Noncurrent Obligations	4,394	4,303	4,251	5,185
Noncurrent Deferred Income Taxes	6,132	6,687	6,712	5,497
Reserves for Employee Benefit Plans	3,162	3,034	3,065	3,112
Minority Interests	283	746	733	729
Total Liabilities	43,614	44,252	45,589	41,257
Stockholders' Equity	33,958	33,369	29,791	28,867
Total Liabilities and Stockholders' Equity	\$ 77,572	\$ 77,621	\$ 75,380	\$ 70,124

SEGMENT ASSETS

Millions of Dollars			
Exploration and Production	\$ 36,895	\$ 37,679	\$ 35,009
Refining, Marketing and Transportation	25,328	29,152	28,798
Chemicals	2,760	3,077	4,223
All Other*	12,589	7,713	7,350
Total	\$ 77,572	\$ 77,621	\$ 75,380

* Includes coal mining operations, the company's equity interests in Dynegy Inc., corporate administrative costs, worldwide cash management and debt financing activities, power and gasification ventures, technology investments, and real estate and insurance activities, plus assets held for sale at year end 2001.

Consolidated Statement of Cash Flows

**CONSOLIDATED STATEMENT OF CASH FLOWS**

Millions of Dollars

Year Ended December 31

	2001	2000	1999	1998
Operating Activities				
Net Income	\$ 3,288	\$ 7,727	\$ 3,247	\$ 1,917
Adjustments				
Depreciation, Depletion and Amortization	7,059	5,321	4,934	4,490
Dry Hole Expense	646	462	583	361
Distributions (Less) Greater Than Income from Equity Affiliates	(489)	(26)	(288)	49
Net Before-Tax Gains on Asset Sales and Retirements	(116)	(371)	(542)	(104)
Net Foreign Currency (Gains) Losses	(122)	(130)	58	(28)
Deferred Income Tax (Credits) Charges	(768)	521	23	206
Extraordinary Before-Tax Loss on Merger-Related Asset Dispositions	787	—	—	—
Decrease (Increase) in Operating Working Capital Composed of				
Decrease (Increase) in Accounts and Notes Receivable	2,472	(2,162)	(2,057)	966
(Increase) Decrease in Inventories	(294)	120	32	(186)
(Increase) Decrease in Prepaid Expenses and Other Current Assets	(211)	73	(61)	(21)
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(742)	1,327	1,718	(723)
(Decrease) Increase in Income and Other Taxes Payable	(582)	733	634	(646)
Net Decrease (Increase) in Operating Working Capital	643	91	266	(610)
Minority Interest in Net Income	121	111	68	59
(Decrease) Increase in Cities Service Provision	—	—	(149)	924
Cash Settlement of Cities Service Litigation	—	—	(775)	—
Other, Net	408	(239)	346	(358)
Net Cash Provided by Operating Activities	11,457	13,467	7,771	6,906
Investing Activities				
Capital Expenditures	(9,713)	(7,629)	(7,895)	(7,903)
Proceeds from Asset Sales	298	1,229	1,578	840
Net (Purchases) Sales of Marketable Securities*	(183)	80	597	(36)
Net Sales (Purchases) of Other Short-Term Investments	56	(84)	—	—
Collection of Note/Formation Payments from U.S. Affiliate	—	—	101	612
Distribution from Chevron Phillips Chemical Company LLC	—	835	—	—
Other, Net	—	(73)	9	(230)
Net Cash Used for Investing Activities	(9,542)	(5,642)	(5,610)	(6,717)
Financing Activities				
Net Borrowings (Repayments) of Short-Term Obligations	3,830	(3,254)	542	2,331
Proceeds from Issuances of Long-Term Debt	412	1,293	2,383	2,146
Repayments of Long-Term Debt and Other Financing Obligations	(2,856)	(1,241)	(1,491)	(1,780)
Redemption of Market Auction Preferred Shares	(300)	—	—	—
Redemption of Subsidiary Preferred Stock	(463)	—	—	—
Issuance of Preferred Stock by Subsidiaries	12	—	—	—
Cash Dividends Paid	(2,858)	(2,789)	(2,672)	(2,655)
Cash Funding Provided by Minority Interests	—	—	—	17
Net Sales (Purchases) of Treasury Shares	128	(1,498)	108	(840)
Net Cash Used for Financing Activities	(2,095)	(7,489)	(1,130)	(781)
Effect of Foreign Currency Exchange Rate Changes on Cash and Cash Equivalents	(31)	(5)	(30)	(20)
Net Change in Cash and Cash Equivalents	(211)	331	1,001	(612)
Cash and Cash Equivalents at January 1	2,328	1,997	996	1,608
Cash and Cash Equivalents at December 31	\$ 2,117	\$ 2,328	\$ 1,997	\$ 996

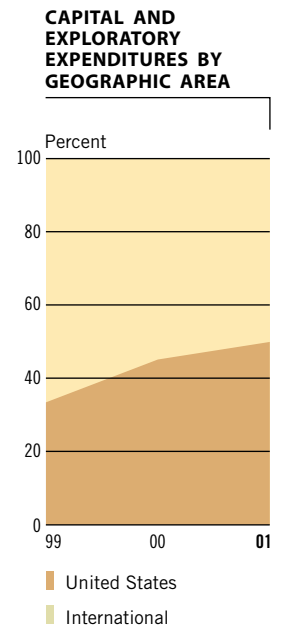
* Net (Purchases) Sales of Marketable Securities consist of the following gross amounts:

Marketable Securities Purchased	\$ (2,848)	\$ (6,671)	\$ (3,255)	\$ (3,650)
Marketable Securities Sold	2,665	6,751	3,852	3,614
Net (Purchases) Sales of Marketable Securities	\$ (183)	\$ 80	\$ 597	\$ (36)

CAPITAL AND EXPLORATORY EXPENDITURES – INCLUDES AFFILIATES

Year Ended December 31

Millions of Dollars	2001	2000	1999
United States			
Exploration	\$ 730	\$ 713	\$ 589
Production	1,690	1,641	1,222
Refining	355	305	426
Marketing	372	538	432
Transportation	146	76	88
Chemicals	145	135	326
All Other	2,570 ¹	891	311
Total United States	6,008	4,299	3,394
International			
Exploration	917	975	1,219
Production	3,792	2,922	4,260
Refining	314	235	185
Marketing	464	474	631
Transportation	446	380	187
Other Downstream	47	32	–
Chemicals	34	51	136
All Other	6	152	125
Total International	6,020	5,221	6,743
Worldwide			
Exploration	1,647	1,688	1,808
Production	5,482	4,563	5,482
Refining	669	540	611
Marketing	836	1,012	1,063
Transportation	592	456	275
Other Downstream	47	32	–
Chemicals	179	186	462
All Other	2,576	1,043	436
Total Worldwide	\$ 12,028	\$ 9,520	\$ 10,137
Memo: Affiliates' Expenditures Included Above	\$ 1,712	\$ 1,229	\$ 1,105



EXPLORATION EXPENSES²

Millions of Dollars

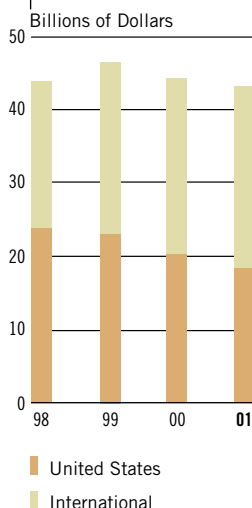
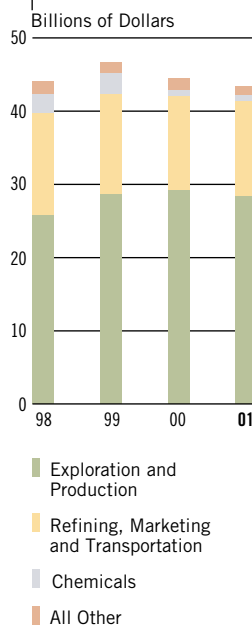
Geological and Geophysical	\$ 188	\$ 267	\$ 294
Unproductive Wells Drilled	646	462	583
Other ³	205	220	195
Total Exploration Expenses	\$ 1,039	\$ 949	\$ 1,072
Memo: United States	\$ 395	\$ 378	\$ 401
International	\$ 644	\$ 571	\$ 671

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

² Consolidated companies only. Excludes amortization of undeveloped leaseholds.

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

Properties, Plant and Equipment

NET PROPERTIES,
PLANT AND EQUIPMENT
BY GEOGRAPHIC AREANET PROPERTIES,
PLANT AND EQUIPMENT
BY FUNCTION

PROPERTIES, PLANT AND EQUIPMENT – INCLUDING CAPITAL LEASES

At December 31

Millions of Dollars

	2001	2000	1999	1998
Net Properties, Plant and Equipment at January 1	\$ 44,319	\$ 46,487	\$ 43,863	\$ 44,630
Additions at Cost				
Exploration and Production ¹	4,873	4,950	6,317	4,517
Refining, Marketing and Transportation	1,192	941	1,165	1,612
Chemicals	41	120	385	501
All Other ²	174	202	181	236
Total Additions at Cost	6,280	6,213	8,048	6,866
Depreciation, Depletion and Amortization Expense				
Exploration and Production	(5,593)	(3,925)	(3,478)	(3,217)
Refining, Marketing and Transportation	(1,031)	(1,167)	(1,081)	(1,003)
Chemicals	(41)	(95)	(194)	(118)
All Other ²	(394)	(134)	(181)	(133)
Total Depreciation, Depletion and Amortization Expense	(7,059)	(5,321)	(4,934)	(4,471)
Net Retirements and Sales				
Exploration and Production	26	(765)	(228)	(508)
Refining, Marketing and Transportation	(123)	(417)	(376)	(157)
Chemicals	(7)	(11)	(9)	2
All Other ²	(70)	(79)	(168)	(113)
Total Net Retirements and Sales	(174)	(1,272)	(781)	(776)
Net Intersegment Transfers and Other Changes				
Exploration and Production	(34)	301	213	238
Refining, Marketing and Transportation	5	30	86	(2,606)
Chemicals ³	(4)	(2,084)	–	–
All Other ²	(100)	(35)	(8)	(18)
Total Net Intersegment Transfers and Other Changes³	(133)	(1,788)	291	(2,386)
Net Properties, Plant and Equipment at December 31				
Exploration and Production ^{4, 5}	28,303	29,031	28,498	25,674
Refining, Marketing and Transportation	12,937	12,894	13,689	13,895
Chemicals	726	737	2,807	2,625
All Other ^{2, 4}	1,267	1,657	1,493	1,669
Total Net Properties, Plant and Equipment at December 31	\$ 43,233	\$ 44,319	\$ 46,487	\$ 43,863
Memo: Gross Properties, Plant and Equipment	\$ 99,943	\$ 95,568	\$ 100,991	\$ 96,453
Accumulated Depreciation, Depletion and Amortization	(56,710)	(51,249)	(54,504)	(52,590)
Net Properties, Plant and Equipment	\$ 43,233	\$ 44,319	\$ 46,487	\$ 43,863

¹ Net of exploratory well write-offs.² Principally includes real estate, power and gasification assets, coal assets, and management information systems.³ In 2000, includes net property, plant and equipment contributed to Chevron Phillips Chemical Company LLC.⁴ Includes reclassifications to/from other asset accounts.⁵ Includes net investment in unproved oil and gas properties.

\$ 2,027	\$ 2,546	\$ 2,669	\$ 1,778
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Miscellaneous Data

MISCELLANEOUS DATA		2001	2000	1999	1998
Financial Highlights					
(Millions of Dollars)					
At December 31	Working Capital	\$ (2,327)	\$ 1,252	\$ (640)	\$ (902)
	Total Assets	77,572	77,621	75,380	70,124
	Total Debt and Capital Lease Obligations	17,418	15,915	19,208	17,254
	Stockholders' Equity	33,958	33,369	29,791	28,867
Financial Ratios¹					
	Current Ratio	0.9	1.1	1.0	0.9
	Interest Coverage	9.6	12.5	6.0	3.6
	Total Debt/Total Debt Plus Equity	33.9%	32.3%	39.2%	37.4%
	Return on Average Stockholders' Equity	9.8%	24.5%	11.1%	6.5%
	Return on Average Capital Employed	7.8%	17.3%	8.5%	5.8%
	Return on Average Total Assets	4.2%	10.1%	4.5%	2.7%
	Return on Sales	3.4%	7.0%	4.2%	2.9%
	Cash Dividends/Net Income (Payout Ratio)	83.3%	34.7%	80.6%	135.8%
	Cash Dividends/Cash From Operations	23.9%	19.9%	33.7%	37.7%
Common Stock					
	Number of Shares Outstanding at December 31 (Millions) ²	1,060.1	1,057.6	1,075.2	1,057.6
	Weighted Average Shares Outstanding for the Year (Millions) ²	1,059.3	1,066.6	1,067.7	1,060.5
	Number of Stockholders of Record at December 31 (Thousands)	248	294	317	337
	Cash Dividends on Common Stock				
	Millions of Dollars	\$ 2,733	\$ 2,664	\$ 2,589	\$ 2,548
	Per Common Share ³	\$ 2.65	\$ 2.60	\$ 2.48	\$ 2.44
	Net Income (Loss) Per Common Share - Diluted				
	First Quarter	\$ 2.29	\$ 1.50	\$ 0.48	\$ 0.70
	Second Quarter	1.99	1.62	0.58	0.84
	Third Quarter	1.19	2.17	0.90	0.62
	Fourth Quarter	(2.38)	1.92	1.04	(0.41)
	Year	\$ 3.09	\$ 7.21	\$ 3.00	\$ 1.75
	Stockholders' Equity Per Common Share at December 31	\$ 32.03	\$ 31.55	\$ 27.71	\$ 27.29
Personnel, Payroll and Benefits⁴					
	Number of Employees at December 31 ⁵	67,569	69,265		
	Payroll Costs (Millions of Dollars) ⁶	\$ 3,070	\$ 2,934		
	Employee Benefit Costs (Millions of Dollars)	\$ 1,043	\$ 1,159		
	Investment Per Employee at December 31 (Thousands of Dollars) ⁷	\$ 765	\$ 722		
	Average Sales Per Employee (Thousands of Dollars) ⁸	\$ 1,430	\$ 1,634		
	Average Monthly Wage Per Employee	\$ 3,739	\$ 3,615		

¹ Refer to page 61 for Financial Ratios definitions.

² Excludes 7,084,000 shares held by the benefit trust not considered outstanding for earnings-per-share purposes.

³ Chevron dividend pre-merger.

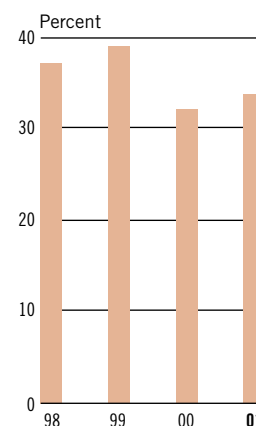
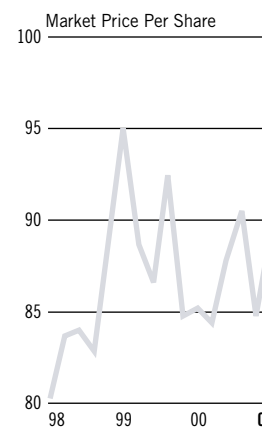
⁴ Consolidated companies only.

⁵ Includes service station personnel of 11,806 and 11,938 for 2001 and 2000, respectively. Included in the net change (decrease of about 1,600 employees) between periods was an addition of about 1,000 employees who had previously been classified as contractors in certain international operations.

⁶ Excludes 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).

TOTAL DEBT/
TOTAL DEBT
PLUS EQUITYSTOCK PRICE*
MOVEMENTS

* Chevron Pre-Merger

ChevronTexaco continued to grow its reserves of crude oil, natural gas liquids and natural gas. In 2001, the company replaced 127 percent of the oil-equivalent barrels it produced through discoveries, acquisitions and other additions. This marks the ninth consecutive year the company has added more reserves than it has produced.

WORLDWIDE UPSTREAM HIGHLIGHTS

2001 HIGHLIGHTS

- ▶ **Nigeria** Total production operated by ChevronTexaco in Nigeria averaged 479,000 barrels of oil per day, which includes partners' and royalty shares. Development activities continued on the Agbami deepwater project with final project sanctioning expected in 2002. The company signed venture agreements for the Escravos Gas Project Phase 3 and the Escravos Gas-to-Liquids Project. These projects are expected to begin production during 2005.
- ▶ **Angola** Operated production in Angola reached an average of 574,000 barrels per day. The installation of the North Nemba platform, Block O, where total production exceeded 30,000 barrels per day at year end, was completed. Production initiated from Kuito Phase 1C, in Block 14, during October. Front-end engineering design for the Benguela and Belize fields in Block 14 was completed. A significant commercial discovery, Tombua-1, in Block 14 was realized.
- ▶ **Chad - Cameroon** The one-third completion point was reached for the development of oil fields in Chad and a pipeline to the coast of Cameroon. The project, in which the company has a 25 percent ownership interest, is expected to produce approximately 1 billion barrels of oil over its 30-year life beginning in 2004.
- ▶ **Australia** Further expansion of the North West Shelf Liquefied Natural Gas (LNG) project was sanctioned. A mid-2004 start-up is scheduled, increasing LNG capacity by 50 percent. Two significant natural gas discoveries in offshore Western Australia, Io-1 and Callirhoe-1, were realized.
- ▶ **Canada** Construction on the Athabasca Oil Sands Project has continued. The project is expected to begin bitumen production for upgrading into a high-quality synthetic oil in late 2002 and reach peak production of 155,000 barrels per day in 2005.
- ▶ **Kazakhstan** Total crude production from Tengizchevroil increased to an average of 268,000 barrels per day. The company ownership is 50 percent. The Caspian Pipeline Consortium completed construction and commissioning of the pipeline and shipped the first oil during October. Company ownership is 15 percent.
- ▶ **Philippines** Construction of the Malampaya Field gas project was completed and commercial gas sales began during the fourth quarter.
- ▶ **United States** The Gulf of Mexico's deepwater Typhoon project was completed below budget and began initial production two months ahead of schedule. Typhoon average net production during the fourth quarter 2001 was 17,600 barrels of oil equivalent per day.
- ▶ **Venezuela** Oil production from the Hamaca project began during the fourth quarter. The heavy oil project has estimated reserves of 2.1 billion barrels of oil recoverable over its projected 34-year life. Company ownership is 30 percent.

UPSTREAM FINANCIAL AND OPERATING HIGHLIGHTS ¹	United States		International	
	2001	2000	2001	2000
Segment Income (Millions of Dollars)	\$ 1,779	\$ 3,453	\$ 2,533	\$ 3,702
Earnings Excluding Special Items and Merger Effects (Millions of Dollars)	\$ 2,890	\$ 3,736	\$ 2,905	\$ 3,622
Gross Liquids Production (Thousands of Barrels Per Day) ²	670	730	1,852	1,640
Net Liquids Production (Thousands of Barrels Per Day)	614	667	1,345	1,330
Gross Natural Gas Production (Millions of Cubic Feet Per Day) ²	3,167	3,485	1,949	1,867
Net Natural Gas Production (Millions of Cubic Feet Per Day)	2,706	2,910	1,711	1,556
Gross Proved Liquids Reserves (Millions of Barrels) ²	2,486	2,828	7,953	8,039
Net Proved Liquids Reserves (Millions of Barrels)	2,301	2,614	6,223	5,905
Gross Proved Natural Gas Reserves (Billions of Cubic Feet) ²	8,614	9,312	12,974	11,118
Net Proved Natural Gas Reserves (Billions of Cubic Feet)	7,387	7,923	12,023	9,921
Natural Gas Sales (Millions of Cubic Feet Per Day)	7,830	7,302	2,675	2,398
Natural Gas Liquids Sales (Thousands of Barrels Per Day)	340	373	90	67
Net Exploratory Oil and Gas Wells Completed ³	101	69	45	24
Net Development Oil and Gas Wells Completed ³	866	919	686	653
Net Wells Productive at Year End ⁴	32,401	33,098	9,795	8,874
Net Proved and Unproved Acreage (Thousands of Acres) ³	11,614	11,634	62,832	71,005
Exploration Expenditures (Millions of Dollars)	\$ 730	\$ 713	\$ 917	\$ 975
Production Expenditures (Millions of Dollars)	\$ 1,690	\$ 1,641	\$ 3,792	\$ 2,922

¹ Includes equity share of affiliates, unless otherwise noted.

² Company's share of total production after deducting partners' equity share, but before deducting royalties. Net production is after deducting royalties.

³ Consolidated companies only.

⁴ Net wells include all those wholly owned and the sum of the fractional interests in those that are joint ventures, unit operations or similar wells. Includes wells producing or capable of producing and injection wells temporarily functioning as producing wells. Wells that produce oil and gas are classified as oil wells.

NORTH AMERICA

BUSINESS STRATEGIES

- ▶ Operate as a leader in safe and environmentally sound operations.
- ▶ Achieve integration synergies and aggressively capture benefits of merging Chevron and Texaco portfolios.
- ▶ Minimize field production declines and maximize reserves replacement to help achieve the company's target of a 2.5 to 3 percent growth rate in worldwide production over the next five years.
- ▶ Achieve top financial performance from producing assets in the Gulf of Mexico Shelf, the San Joaquin Valley, Mid-Continent, the Permian Basin and Canada.
- ▶ Continue to focus on exploration growth prospects in the Gulf of Mexico Deep Water, East Coast Canada and Alaska.

2001 ACCOMPLISHMENTS

- ▶ Created the largest oil and gas producer in both the Gulf of Mexico Shelf and the San Joaquin Valley as a result of the merger.
- ▶ Generated \$3.2 billion of operating earnings and \$2.7 billion of cash flow, net of capital investments.
- ▶ Completed Gulf of Mexico's deepwater Typhoon project and commenced production.
- ▶ Increased total production at the Hibernia Field, offshore eastern Canada, where the company has a 27 percent working interest, averaging 151,000 barrels of oil equivalent per day.
- ▶ Completed successful bids on 53 tracts in the Gulf of Mexico OCS Lease Sale 178.
- ▶ Received the Secretary of the Interior's Mineral Revenues Stewardship Award for fiscal year 2000.
- ▶ Received the Texas Parks and Wildlife Commission's Lone Star Land Steward Award for the Permian Business Unit's innovative Earth-smart practices to conserve the habitats of the state's animals, birds and plants.

INTERNATIONAL

BUSINESS STRATEGIES

- ▶ Achieve world-class safety and environmental performance.
- ▶ Build organizational capability through an empowered, diverse and global work force.
- ▶ Profitably expand the international upstream portfolio and capture significant new opportunities to help achieve the company's target of a 2.5 to 3 percent growth rate in worldwide production over the next five years.
- ▶ Enhance international partner-of-choice capabilities and reputation through application of the 4+1 strategic intents.
- ▶ Complete merger integration activities and capture significant synergies of merged operations.

2001 ACCOMPLISHMENTS

- ▶ The Caspian Pipeline Consortium completed construction and commissioning of the pipeline and shipped the first oil in October 2001.
- ▶ Achieved first oil from Kuito Phase 1C and completed the North Nemba Platform in Angola.
- ▶ Signed new deepwater license for OPL-250 block and foundation agreements for the Escravos Gas Project Phase 3 and Escravos Gas-to-Liquids project in Nigeria.
- ▶ Realized first oil from the Hamaca project in Venezuela during November 2001.
- ▶ Completed expansion of Captain Field facilities in Europe, achieving record production rates during December 2001.
- ▶ Sanctioned further expansion of the North West Shelf LNG project in Australia.
- ▶ Supplied first gas to Singapore from Natuna Block B in August 2001 and signed additional supply contract with Malaysia.
- ▶ Completed construction of Malampaya Field facilities in the Philippines and commenced commercial gas sales during the fourth quarter.
- ▶ Completed development of the first two of six platforms in QHD-32, in China, with first production during October 2001.
- ▶ Realized significant commercial discoveries, including Tombua-1 in Angola's Block 14, Io-1 in Australia and Block BS-4 in Brazil.

UNITED STATES

United States exploration and production activities are concentrated in nearly 850 fields located in the Gulf of Mexico, Texas, the Rocky Mountains, California and Alaska.



* CCR - Chevron Canada Resources

GULF OF MEXICO - SHELF

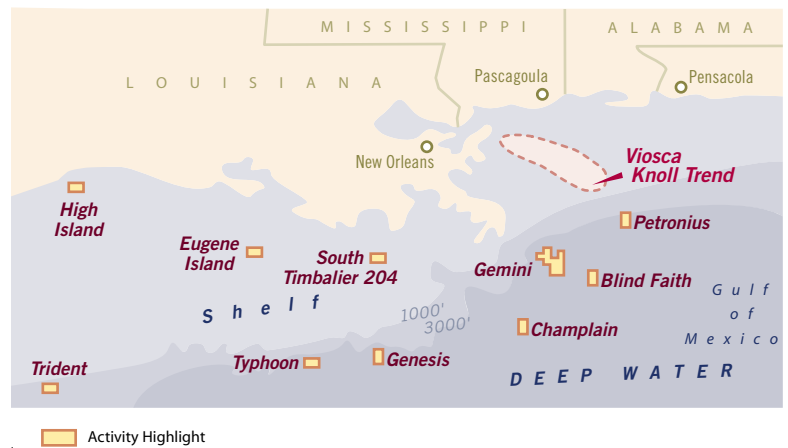
ChevronTexaco solidified its position as the largest producer of oil and gas in the Gulf of Mexico Shelf. The company drilled 189 wells during the year and maintained average net production rates of 142,000 barrels of oil, 1.2 billion cubic feet of gas and 14,200 barrels of natural gas liquids per day. Additional opportunities include two areas in the early stages of development: Elsie (Eugene Island 252) and Cyrus (High Island A-582). The first two of six wells have been drilled and completed in January 2002 for the Elsie project. The company ownership is 100 percent. Production from all six wells is anticipated in late April 2002 with an estimated total production of 30 million cubic feet of natural gas per day. The Cyrus project, located 300

miles southwest of New Orleans in more than 400 feet of water, should have facilities completed and initial production occurring in the second half of 2002. The company's interest is 45 percent.

ChevronTexaco acquired 100 percent of the Main Pass 30 and 37 fields that are producing 2,500 barrels of oil equivalent per day. Plans in 2002 are to drill four or five additional wells, increasing total production by approximately 2,000 barrels of oil equivalent per day.

Viosca Knoll ChevronTexaco's exploration and development in the Viosca Knoll Carbonate Trend continues to be aggressive. During the year, discoveries were made in two new fields, along with a successful long offset delineation well in an existing field. Total production peaked at 250 million cubic feet of natural gas per day and has leveled off to 200 million cubic feet of natural gas per day (150 million net cubic feet). Production at VK 384 is planned at a rate of 35 million cubic feet of natural gas per day (27 million cubic feet net) by mid-2002.

South Timbalier 204 Eight wells were drilled and completed in 2001. The company has a 25 percent working interest in these wells. Total production increased to 305 million cubic feet of natural gas and 26,500 barrels of oil per day (19,100 barrels of oil equivalent per day net), making South Timbalier 204 one of the largest discoveries on the shelf in the last decade. The deep subsea gas-condensate reservoir, 18,000 feet, is capable of very high rates, with the B6 well producing 106 million cubic feet of natural gas and 7,350 barrels of oil per day (6,250 barrels of oil equivalent per day net) – a record production rate for a Gulf of Mexico Shelf well. The 2002 program includes drilling and completing two more development wells and the installation of an oil treating facility to bring total capacity to 400 million cubic feet of natural gas per day and 30,000 barrels of oil per day.



GULF OF MEXICO – DEEP WATER

Genesis ChevronTexaco's first deepwater operation – at a water depth of 2,600 feet – continued to demonstrate outstanding safety performance. No company incidents have occurred for more than three years and no Minerals Management Service incidents of non-compliance have been reported for more than two years. Genesis total production averaged 52,000 barrels of oil and 88 million cubic feet of natural gas per day during the year (33,000 barrels of oil equivalent per day net). ChevronTexaco is the unit operator with a 57 percent interest.

Typhoon The development project, at a water depth of 2,000 feet, was completed below budget while maintaining an outstanding safety record during installation and production. Initial production occurred during July 2001, two months ahead of schedule. Typhoon's average net production in the fourth quarter 2001 was 17,600 barrels of oil equivalent per day. ChevronTexaco is the operator with a 50 percent interest.

Petronius An active drilling program and aggressive reservoir management in Viosca Knoll 786, at a water depth of 1,800 feet, allowed production to remain above forecast levels throughout the year, averaging 48,000 barrels of oil and 53 million cubic feet of natural gas per day (27,000 barrels of oil equivalent per day net). ChevronTexaco is the operator with a 50 percent interest.

Exploration The company participated in 12 exploratory wells in 2001. These programs resulted in discoveries at Trident, Boris and Blind Faith and successful confirmation of the 2000 Champlain discovery. The appraisal of the Trident discovery, in which the company has a 15 percent interest, is ongoing.

MID-CONTINENT

ChevronTexaco's Mid-Continent operations continued to provide strong earnings and cash flows in 2001. Net natural gas production averaged 930 million cubic feet per day while daily production of crude oil and natural gas liquids averaged 31,000 barrels. Capital spending was focused on natural gas development with major programs in East Texas, South Texas and the Rockies. Development also continued on ChevronTexaco's significant coal-bed methane portfolio.

Coal-bed Methane ChevronTexaco's coal-bed methane activity is located in the San Juan Basin and the Ferron play in northeast Utah. The portfolio was expanded in late 2000 with the acquisition of the EnerVest San Juan properties. This purchase added net production of 22 million cubic feet of natural gas per day and provided additional development opportunities. Development continued in 2001 with the drilling of 45 company-operated wells and 100 nonoperated wells. This, along with an aggressive workover program, increased net production to 200 million cubic feet of natural gas per day and facilitated the addition of more than 100 billion cubic feet of net proved reserves. ChevronTexaco plans to continue similar levels of coal-bed methane development activity in 2002.

East Texas ChevronTexaco continued to develop reserves in the East Texas Area by drilling 52 natural gas wells concentrating in the Cotton Valley, Travis Peak and Bossier Sand formations. At the end of the year, net natural gas production averaged 115 million cubic feet per day. Plans for 2002 include drilling 30 development gas wells.

South Texas The company continued to develop natural gas reserves in South Texas, drilling 40 gas wells in 2001, resulting in more than 300 producing wells in the area. Successful development along the Lobo, Wilcox and Vicksburg trends contributed to overall net production of 225 million cubic feet of natural gas per day.

Wyoming ChevronTexaco drilled 37 wells during 2001. Successful development programs in the Overthrust Area and the Wind River and Green River basins enabled ChevronTexaco to maintain net production levels of 232 million cubic feet of natural gas and 11,000 barrels of crude oil and natural gas liquids per day. During 2001, Carter Creek continued excellence in safety with no lost work-day incidents or reportable injuries for the third consecutive year. In 2002, significant plant modifications at the Carter Creek Gas Plant will result in improved efficiency and lower operating costs. In addition, the company plans to drill 30 wells during 2002.

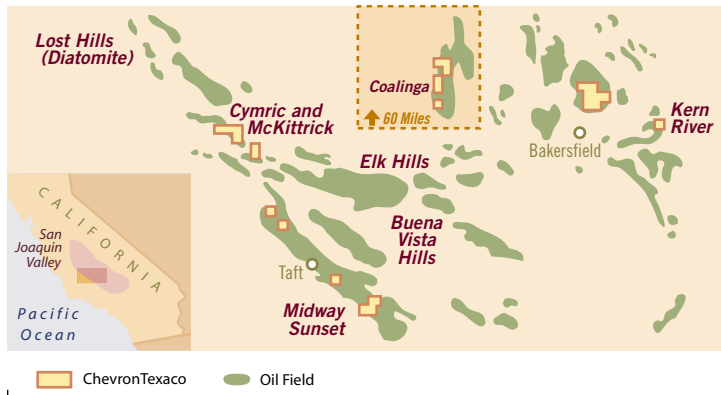
PERMIAN BASIN

As a result of the merger, ChevronTexaco is the second-largest producer in the Permian Basin. In 2001, net production averaged 163,000 barrels of oil equivalent production per day, consisting of 117,500 barrels of oil and natural gas liquids and 275 million cubic feet of natural gas. The company drilled 182 wells in the Permian Basin during 2001.

The company has a significant acreage position (2.5 million acres) in West Texas in the gas-rich Delaware Basin, as well as long-lived carbon dioxide (CO₂) reserves in both company-operated and non-operated projects in New Mexico, Texas, Colorado and Utah.

ChevronTexaco was awarded the Texas Parks and Wildlife Commission Lone Star Land Steward Award for the company's innovative Earth-smart practices to conserve the habitats for the state's animals, birds and plants.

In addition, the Hispanic Chamber of Commerce has selected ChevronTexaco as the Permian Basin Corporation of the Year for 2001.



CALIFORNIA

San Joaquin Valley In 2001, the San Joaquin Valley average net daily production was 245,100 barrels of oil, 116 million cubic feet of natural gas and 3,900 barrels of natural gas liquids.

Approximately 210,000 barrels per day of the oil production was heavy oil. Steam management was a major focus for the company's heavy oil assets. Despite high fuel prices, the steam reductions helped control operating expenses.

Net production from the three major San Joaquin Valley heavy oil fields – Kern River, Midway Sunset and Cymric – contributed a combined heavy oil net production rate of 196,000 barrels per day. Drilling programs in Cymric contributed an additional 2,200 barrels of oil per day net.

Lost Hills Diatomite The company drilled 53 wells – 27 producers and 26 injectors – in 2001. Net production for the field averaged 19,200 barrels of oil equivalent per day. A long-standing alliance was expanded to further exploit new technology in the central Lost Hills Water Flood Area. This led to improved production and may lead to increased recovery of the original 2.2 billion barrels of oil in place.

Elk Hills ChevronTexaco continued an active natural gas sales strategy in the nonoperated Elk Hills Field. Total natural gas sales continued at a level of more than 335 million cubic feet per day. Occidental, as operator, drilled 208 development wells to maintain oil and natural gas production. ChevronTexaco's average interest in three of the unit zones was 23 percent. During 2001, net daily production was 12,800 barrels of oil, 77 million cubic feet of natural gas and 3,000 barrels of natural gas liquids.

ALASKA

North Slope Development Development for the Point Thomson unit gas project continued with first production targeted for early 2007. The Point Thomson Field is a large high-pressure gas-condensate reservoir on the eastern North Slope that has been delineated with 13 wells. Initial total production is forecasted to exceed 70,000 barrels of oil equivalent per day. ChevronTexaco has a 25 percent working interest in the unit.

The company and its partners are continuing alignment of interest discussions in the Greater Prudhoe Bay area. ChevronTexaco will participate in two or three wells during 2002 to test the commercial viability of the Orion satellite. This is expected to facilitate overall alignment negotiations.

North Slope Exploration The company is the third-largest leaseholder on the Alaska North Slope and is currently participating in two exploration wells. The company also holds interests in other drill-ready prospects that could be drilled in subsequent seasons.

CANADA

In 2001, Chevron Canada Resources (CCR) continued the evaluation of its significant position in Canada's East Coast offshore region; continued construction on the Athabasca Oil Sands Project (AOSP); maintained focus on core production areas in western Canada; and pursued opportunities in the Mackenzie Delta region.

WESTERN CANADA

Western Canadian operations continued to provide strong cash flow in 2001 while maintaining first quartile operating costs. Successful horizontal drilling in mature fields such as Virden, along with development program activities throughout Alberta, allowed CCR to produce 24,300 barrels of crude oil and natural gas liquids per day net and 163 million cubic feet of natural gas per day net.

CCR's substantial new growth opportunity lies in the Mackenzie Delta region in northern Canada. The company's land holdings in the area include a federal exploration lease with partners BP and Burlington Resources Canada Energy Ltd. and a 33 percent interest in additional Burlington exploration leases.

The joint venture partnership of CCR, BP and Burlington Resources Canada Energy Ltd. continues to evaluate extensive land holdings totaling more than 1 million gross acres. During 2001, 3-D and 2-D seismic surveys were completed. Plans for 2002 include both a 2-D survey as well as three additional 3-D seismic programs on the existing acreage to evaluate future drilling locations.

OIL SANDS PROJECT

Construction continued on the state-of-the-art mining, extraction and upgrading facilities for the \$3.5 billion AOSP. The project is expected to begin bitumen production in late 2002 and reach 155,000 barrels of bitumen per day at peak production. The bitumen will be upgraded into high quality synthetic oil using hydroprocessing technology at the synthetic crude unit, which will start up by late 2002. The company has a 20 percent working interest in the project. This project provides ChevronTexaco with the opportunity to participate in future development of Shell's oil sands leases in the Athabasca area, which are estimated to be able to support three additional projects of similar size.



EASTERN CANADA

On the East Coast of Canada, eight additional development wells were completed in 2001 in the Hibernia Field, where CCR owns a 26.875 percent working interest. In addition to operating efficiencies and a successful well workover, the incremental production from these wells resulted in an average total production rate of 151,000 barrels of oil per day. The Hibernia reservoir continues to supply the majority of field production. Two of the eight wells tested successfully in the Ben-Nevis Avalon formation, thus enhancing the long-term potential of this reservoir.

During 2001, work continued on the selection of a development concept for the Hebron project, where CCR has a 28 percent working interest and is the operator. In February 2002, the joint venture partners determined not to move forward at this time. The company views the Hebron assets as a significant future resource that has long-range development potential.

Evaluation of offshore leases in Nova Scotia and Newfoundland continued in 2001. The South Flemish Pass 3-D survey was completed in offshore Newfoundland. The Shell-operated Thrumcap 3-D survey was completed in the Nova Scotia Slope area. Technical evaluation of potential in South Flemish Pass is nearing completion, while technical evaluation of the Nova Scotia Slope potential is proceeding. The company's first Nova Scotia Slope deepwater exploratory well in the Mahone Block is planned for 2002. Additional exploration offshore Nova Scotia is targeted for 2003 and 2004.

AFRICA

NIGERIA

ChevronTexaco's principal subsidiary in Nigeria, Chevron Nigeria Limited (CNL), operates and holds a 40 percent interest in 11 concessions that include 2.3 million acres, predominantly in the swamp and near-offshore regions of the Niger Delta. CNL operates under a joint venture arrangement through the Nigerian National Petroleum Corporation (NNPC), which owns the remaining 60 percent interest. ChevronTexaco subsidiaries Chevron Oil Company Nigeria Limited (COCNL) and Texaco Overseas Nigeria Petroleum Company Unlimited (TOPCON) each hold a 20 percent interest in six concessions totaling 600,000 acres. TOPCON operates under a joint venture agreement with the NNPC that owns the remaining 60 percent interest.

Production In 2001, net production from the 33 CNL-operated fields averaged 143,000 barrels of oil per day and 2,700 barrels of liquefied petroleum gas (LPG) per day. During 2001, net production from the six TOPCON-operated fields averaged 12,400 barrels of oil per day.



Tubu Field Project The company is developing the Tubu Field located in OML-52. Production will be phased, with initial production scheduled in early 2003. Estimated field production is about 25,000 barrels of oil per day. The company's interest is 40 percent.

Olero Creek The company is developing Olero Creek, located in OML-49 in the swamp region onshore and holds a 40 percent interest. Initial production from this phased development occurred in 1996. Current total production is 70,000 barrels of oil per day, and peak production is estimated to reach 120,000 barrels of oil per day in late 2003.

South Offshore Water Injection Project The company is implementing this enhanced recovery project located in OML-90, offshore Nigeria, where the company holds a 40 percent interest. The development will enhance production in the south offshore area. Peak incremental total production is estimated to be 38,000 barrels of oil per day in 2006.

Shelf Exploration In 2001, CNL drilled three exploration wells in the Niger Delta Shelf. Significant new reservoirs were discovered and are currently being evaluated. One of the wells, located in lease OML-90, is a deep-pool test for condensate-rich gas 3,000 feet below the productive depth of the Okan Field. This is one of the largest fields in the company's operation. CNL and TOPCON will continue to acquire specialized seismic data as required to support exploration activities in 2002.

Deepwater Exploration As a result of the merger and the award of Block 250 as operator, the company holds the largest net-acreage position, in excess of 2 million net acres distributed over seven blocks, in the highly prospective Nigerian deepwater trend. In late 2001, the Aparo-1 well discovered hydrocarbons in Block 213.

Deepwater Development - Agbami This field lies in 4,800 feet of water, 70 miles off the coast in the central Niger Delta. The structure spans an area of 45,000 acres and extends Block 216 to Block 217. The appraisal program was completed in 2001 and confirms total potential recoverable reserves of 1 billion barrels of oil equivalent.

Technical bids for all major contracts are currently being evaluated, with commercial bids and contract awards planned for 2002. Initial net production of 86,000 barrels of oil per day is expected to start in the first half of 2006. A peak net production rate of 132,000 barrels of oil per day is expected to be reached within 12 to 18 months following start-up. ChevronTexaco's expected net interest in Agbami is 59 percent.



Deepwater Development - Nnwa

This deepwater natural gas discovery in Nigeria could become a significant new business opportunity by adding offshore natural gas development to the company's existing portfolio. The Nnwa project, utilizing subsea completions and a gas gathering system, is expected to supply one of the many liquefied natural gas (LNG) development options that are currently being studied. Initial production for the natural gas field could occur in 2008 after unitization with operators in the adjacent deepwater blocks. The company would hold a 20 percent interest in this large natural gas development project with estimated reserves of 10 trillion cubic feet of gas.

Nigeria LNG Plant ChevronTexaco is evaluating LNG development concepts in Nigeria: to provide an alternative for the disposition of the company's natural gas resource base in Escravos and Nnwa; for the use of flared natural gas from TOPCON; and for the associated natural gas to be produced from the Agbami Field. The feasibility plan reflects a start date in 2008 after unitization with operators. ChevronTexaco is part of a joint study team evaluating the feasibility of a second LNG plant in Nigeria. The study will be completed in 2002.

Escravos Gas Project Upon the successful completion of Phase 2, in the first quarter of 2001, LPG and condensate exports increased by approximately 3,600 barrels of oil equivalent per day net. Processing capacity at the plant increased to

285 million cubic feet per day. Preliminary design for Phase 3, which includes adding a second gas plant and expanding processing capacity to 680 million cubic feet per day, started in the third quarter of 2001. Upon completion, total LPG and condensate exports will increase to about 40,000 barrels of oil equivalent per day (16,000 barrels per day net). The project entered the front-end engineering and design phase in the third quarter of 2001, with estimated completion in 2005. ChevronTexaco holds a 40 percent working interest in this gas project.

Escravos Gas-to-Liquids Project Feasibility engineering and preliminary technical evaluations have been completed for the proposed gas-to-liquids (GTL) plant at Escravos, in which the company has a 37.5 percent interest. Front-end engineering and design started in March 2001. The proposed 33,000-barrel-per-day (12,000 barrels net) GTL project is the first to use the Sasol Chevron Global Joint Venture's technology and operational expertise. Project start-up is expected in 2005.

West Africa Gas Pipeline Project

ChevronTexaco is the managing sponsor of a consortium that includes the Nigerian National Petroleum Corporation, Shell, Soci  t   Beninoise de Gaz, Soci  t   Togolese de Gaz and the Volta River Authority. The consortium is working to develop new natural gas markets with power generators and industrial customers in Benin, Togo and Ghana. Subject to completing commercial and licensing negotiations in 2003, the consortium anticipates the construction of a 600-mile-gas pipeline to serve these customers with commercial operations commencing in 2005.

ANGOLA

ChevronTexaco is the largest producer in Angola and the first to produce in the deepwater. The company's wholly owned subsidiary, Cabinda Gulf Oil Company Limited (CABGOC), is operator of two concessions in Angola, 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, in which CABGOC has a 31 percent interest, is a 1,560-square-mile deepwater concession located west of Block 0.

Texaco Panama Angola Inc. (TEXPAN), also a wholly owned subsidiary, is operator of and has a 20 percent interest in Block 2, which is a 160-square-mile concession adjacent to the northwestern part of Angola's coast, south of the Congo river. TEXPAN also has a 16.33 percent nonoperated interest in the 600-square-mile onshore concession FST (TotalFinaElf, Sonangol and Texaco) located in northwest Angola.

The company operates and has a 40 percent interest in two offshore exploration blocks, 9 and 22, which encompass approximately 2,000 square miles each and are located south of Luanda.

Production – Block 0 Block 0 is divided into three areas: A, B and C. Area A includes 23 major fields, with 15 producing. In 2001, net production from Area A averaged 96,400 barrels of oil per day. Area B includes six major fields, with the Kokongo, Lomba and southern part of the Nemba Field currently producing. Area B net production averaged 32,500 barrels of oil per day. Area C includes seven major fields with average net production of 10,500 barrels of oil per day during 2001. The N'Dola and Sanha fields are currently producing in Area C. LPG net production from Block 0 averaged 1,400 barrels of oil equivalent per day.

Development – Block 0 Twenty-six development wells were completed in Block 0 during 2001. Implementation of the Area A Waterflood Project, Phase 1, was completed during 2001 in the Kungulo and Vuko fields. Incremental total production of approximately 27,000 barrels of oil per day (approximately 8,500 barrels per day net) was achieved through infill drilling and waterflood response. Water injection began in early 2001 for a new pilot project in Malongo North reservoir.

The application of multilateral well technology continues to provide encouraging results in the development of the Mesa and Lago reservoirs in the Greater Takula Area. These projects, coupled with ongoing reservoir management and the continued application of new technology, are critical to maintaining production levels in Area A.

In Area B, the North Nemba production and gas injection platform was installed in March 2001, with hookup and commissioning activities completed in June 2001. At year end 2001, total oil production exceeded 30,000 barrels per day (approximately 9,400 barrels per day net). The North Nemba drilling program will continue in 2002.

Implementation of a major gas utilization project in Area C (Sanha Condensate/Bomboco Project) is being pursued. The project involves producing condensate and LPG from the large Sanha gas cap and reinjecting Sanha gas and flared gas from Areas B and C.

Exploration – Block 0 One appraisal well, 106-4X, was drilled in Area A during 2001. The well flowed at a combined rate of 6,500 barrels of oil per day from two separate zones. Drilling commenced on an exploration well, 109-5X, in Area A during December 2001 and was unsuccessful. No exploration wells were drilled in Areas B and C in 2001.

Production – Block 2 Production from Block 2 includes 16 major fields that produced an average of 6,900 barrels of oil per day net in 2001. Joint terminaling operations began in Block 3 and are expected to reduce annual operating expenses significantly. The central fields' gas compression project will be completed in the second half of 2002. Incremental net production from this project is expected to approach 1,400 barrels per day.

Development – Block 2 Three development wells were drilled and completed in Block 2.

Production – FST Production from FST includes 14 major fields that produced an average of 2,000 barrels per day net. No development wells were drilled during 2001.

Production – Block 14 The Kuito Field, Angola's first deepwater production, averaged more than 18,800 barrels of oil per day net in 2001. Production of the Kuito Field is by subsea well clusters that flow into a floating production storage and offloading vessel. The third phase of development, Kuito Phase 1C, produced first oil in the fourth quarter of 2001. An additional development phase is planned for completion in early 2003 that will increase throughput capacities.

Development – Block 14 The front-end engineering for the central facilities for the Benguela and Belize fields was completed at the end of 2001, with the development of engineering, procurement, construction and installation construction tenders. The facility is expected to serve as a production center for the nearby satellite fields, including the Lobito and Tomboco fields, discovered in 2000. Conceptual development studies for the Lobito and Tomboco fields have started, and front-end engineering is expected to begin in 2002.

Exploration – Block 14 The 2001 exploration program consisted of three wells: Tombua 1, Tombua 2 and Landana 2A. The Tombua 1 discovery well, located 19 miles south of Kuito, was drilled in 925 feet of water. The well had a total maximum combined flow rate of 10,000 barrels per day (3,100 barrels per day net) of high-quality crude oil from two separate zones.

The follow-up Tombua 2 appraisal well was drilled in 1,118 feet of water, approximately three miles northwest of the Tombua 1 discovery. The well successfully encountered oil and was suspended without testing, since similar constrained flow rates would be achieved.

The Landana 2A appraisal well, drilled in 1,289 feet of water, encountered hydrocarbon in three separate zones. This well was not tested, as samples taken from the well indicate that these reservoirs will produce high-quality oil at similar rates to the original discovery.

Angola LNG ChevronTexaco has joined with Sonangol and the Angolan National Oil Company, to evaluate the construction of a natural gas liquefaction plant in Angola. The project would utilize gas associated with current oil production and new deepwater oil developments, as well as previously discovered, yet undeveloped, offshore gas fields.

REPUBLIC OF CONGO

The company has interests in the Haute Mer license area, and in the Kitina and Sounda exploration permits in the previous Marine VII license area. ChevronTexaco has a 30 percent interest in the Haute Mer exploration permit and a 29.25 percent interest in the Kitina and Sounda exploration permits. The company's interest in the deepwater Mer Profonde Sud license area was relinquished in 2001.

Production Net production from concessions in the Republic of Congo averaged 20,000 barrels of oil per day in 2001. Net production from the Kitina Field averaged 4,700 barrels per day. In Haute Mer, net daily production from the Nkossa Field averaged 15,300 barrels of oil and LPG.

Development Field development studies continue for the deepwater Moho and Bilondo discoveries in Haute Mer, and drilling of an appraisal well started in late 2001 and was successfully completed in early 2002.

DEMOCRATIC REPUBLIC OF CONGO

ChevronTexaco has a 50 percent interest in and operates a 390-square-mile concession off the coast of the Democratic Republic of Congo.

Production Net crude oil production from eight offshore fields averaged 8,900 barrels per day in 2001.

Development During 2001, one development well was completed in the Tshiala Field, and five delineation wells were completed – one each in Libwa, Lukami and Misato fields and two wells in the GCO Field.

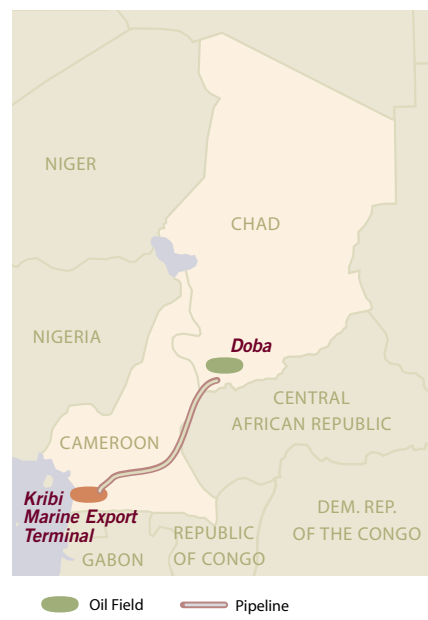
EQUATORIAL GUINEA

In May 2000, Chevron Equatorial Guinea Ltd. entered into a production-sharing contract with the Republic of Equatorial Guinea for Block L, located off the coast of the island of Bioko. The first 3-D seismic survey was completed in February 2001. An additional 2-D seismic survey was completed in October 2001, and the results are currently being evaluated. An exploratory well is scheduled to be drilled in late 2002. ChevronTexaco is operator with a 65 percent interest.

CHAD/CAMEROON

ChevronTexaco is a 25 percent partner in a consortium comprised of affiliates ExxonMobil (operator) and Petronas. The project will develop landlocked oil fields in southern Chad and transport the crude oil 650 miles by underground pipeline to the coast of Cameroon for export to world markets. Over its 30-year life, the project is expected to produce approximately 1 billion barrels of oil. The project will cost approximately \$3.5 billion. First production is expected in 2004, with peak production estimated at 225,000 barrels of oil per day (56,000 barrels net).

At the end of 2001, the project was about one-third complete. Pipeline construction began and exploration drilling was initiated in the fourth quarter of 2001. At the end of the second quarter of 2002, three drilling and two completion rigs will be fully utilized. An offshore floating storage and offloading facility was purchased in late 2001 and is currently being upgraded for service.



NAMIBIA

ChevronTexaco has a 15 percent nonoperated interest in a 1,500-square mile license area offshore Namibia north of the South African border. To date, five wells have been drilled in the main Kudu Field which have either tested or identified natural gas reserves. A 3-D seismic program was completed in 2001, and one or more appraisal wells are anticipated in 2002. The partnership is reviewing a number of commercial opportunities.

EUROPE

ChevronTexaco holds producing interests in 24 fields in Denmark, Norway and the United Kingdom, which had a combined net average year end 2001 daily production of 204,000 barrels of oil and 533 million cubic feet of natural gas. There are opportunities to develop areas within the Atlantic Margin, where the company holds complementary exploration acreage.

UNITED KINGDOM AND IRELAND

ChevronTexaco has interests in nine producing fields in the United Kingdom, with a total average daily net production of 115,000 barrels of oil and 350 million cubic feet of natural gas in 2001.

Production

Alba The Alba Field, where ChevronTexaco is operator and holds a 21.17 percent interest, produced an average of 79,400 barrels of oil per day (16,800 barrels net) and 10 million cubic feet of natural gas per day (2.8 million cubic feet net).

Britannia ChevronTexaco holds a 32.38 percent interest in this field and shares operatorship with Conoco. Total production averaged 30,650 barrels of crude oil and condensate per day (9,590 barrels net) and 666 million cubic feet of gas per day (208 million cubic feet net). Britannia has an expected 25-year life, from its initial production in 1998, with estimated net recoverable reserves of 970 billion cubic feet of natural gas and 42.7 million barrels of condensate.

Captain Total production averaged 57,600 barrels of oil per day (49,000 barrels net) during 2001. ChevronTexaco is operator and holds an 85 percent interest. Peak production of 79,100 barrels of oil per day was reached during December. The Captain expansion project facilities – including a new bridge-linked platform, gas export, and a subsea template and pipelines – were successfully commissioned. A development well program was initiated during 2001, with expected completion in late 2002. In 2001, an appraisal well was drilled in the eastern part of the field in Area C to assist in the evaluation of development options for the eastern area of the Captain reservoirs.

Elgin/Franklin The Elgin/Franklin Field, located in the central North Sea, is one of the largest high pressure, high temperature (HP/HT) developments ever undertaken. Initial production began during the first quarter of 2001 and is expected to exceed 6,800 barrels of oil equivalent per day net in 2002. The company holds a 3.9 percent interest.

Erskine Erskine is the first HP/HT gas condensate field developed in the North Sea. During 2001, average daily production was 8,920 barrels of natural gas liquids and 44.4 million cubic feet of natural gas net. ChevronTexaco is operator and holds a 50 percent interest.

Galley ChevronTexaco is operator of this field and holds a 67.4 percent interest. Net daily production in 2001 averaged 16,250 barrels of liquids and 19.5 million cubic feet of natural gas. During 2001, a horizontal well was successfully drilled, producing approximately 6,000 barrels of oil per day.

Strathspey Net daily production in 2001 averaged 5,200 barrels of oil and 27.3 million cubic feet of natural gas. ChevronTexaco is operator and holds a 67 percent interest. An infill producing well, expected to double the field's production in 2002, was drilled and completed in the Brent reservoir during 2001.

Statfjord ChevronTexaco holds a 4.84 percent interest. Total field production during 2001 was 191,200 barrels of oil per day.

Development

Alba Extreme South and Caledonia

Projects The U.K. government has approved the development of the Alba Extreme South and Caledonia projects. Alba Extreme South will be developed as a subsea tieback to the existing Alba Northern Platform by means of a 3-mile pipeline bundle. Production will start late in 2002 and will maintain Alba's average total production of 80,000 barrels of oil per day. ChevronTexaco is operator and holds a 21.17 percent interest.

Caledonia Phase 1 consists of a single production well tied back to the Britannia Platform by a seabed manifold and a 3.5-mile pipeline. Production will begin in late 2002, reaching a total peak production rate of 13,000 barrels of oil per day in 2003. ChevronTexaco holds a 27.37 percent interest in this project.

Clair The U.K. government has approved Phase 1 of the Clair Field development. ChevronTexaco holds a 19.42 percent interest. The development contains net recoverable oil of almost 49 million barrels. Initial net production of 11,000 to 12,000 barrels of oil per day is expected to begin in 2004.

Jade This is an HP/HT field in which the company holds a 19.93 percent interest. In 2001, a platform and pipelines were installed and modifications to the host platform completed. Production began in 2002, and will reach approximately 6,850 barrels of oil equivalent per day net in 2003.

Exploration ChevronTexaco acquired interest in four licenses consisting of seven blocks of acreage (298,000 gross acres, 218,000 net) in the U.K. 19th licensing round. The company is operator of five blocks. The blocks are located in the U.K. Atlantic Margin, and the exploration term covers a six-year period. The company's interests range from 32.5 to 100 percent. Drilling is expected to begin in 2002.

Successful appraisal wells were drilled in the Kappa oil and gas field, 15/29b and 21/4a N, and the Spectre Gas Field, 21/3a and 21/3b, in 2000. Synergies will be realized by developing both fields simultaneously as subsea tiebacks to the Britannia Platform. Project approvals will be sought in late 2002, and first oil and gas production is expected late in 2004. The Kappa and Spectre fields are yet to be unitized.

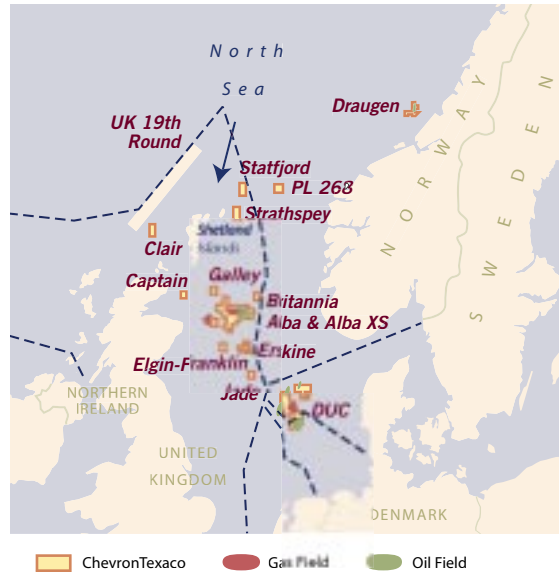
The Arundel prospect, Block 16/23 South, which the company operates and holds a 66.67 percent interest was drilled in September 2000. The reserves were less than predrill estimates. The 3-D seismic data is currently being reprocessed, and a decision will be made in 2002 whether to drill an appraisal well.

ChevronTexaco participated in four exploratory wells in the United Kingdom and Ireland during 2001, and all were unsuccessful. Block relinquishments of nonprospective acreage were made in the North Sea and Ireland.

DENMARK

ChevronTexaco holds a 15 percent interest in the Danish Underground Consortium (DUC), currently producing oil and natural gas from 14 fields in the Danish North Sea, and in nine exploration licenses with a company interest ranging from 12 to 26.7 percent.

Production During the year, ChevronTexaco's net daily share of DUC production averaged 38,700 barrels of liquids and 90 million cubic feet of natural gas per day.



Development Development of the Halfdan Field continued during 2001. Eleven horizontal wells were drilled and facility upgrades were started that will increase ChevronTexaco's net production from a 2001 average of 7,000 barrels of oil per day to 13,300 barrels of oil per day in 2004.

The Tyra SE wellhead platform was installed, and drilling commenced in late 2001. Production commenced in March 2002.

Exploration In 2001, four horizontal appraisal wells were drilled in the Dan, Roar, Svend and Valdemar fields. Dan, Roar and Valdemar wells were successfully brought onto production during 2001 and contributed net production of 2,800 barrels of oil equivalent per day. The appraisal well in the Svend Field was unsuccessful.

NORWAY

Production Average net daily production from the Draugen Field was 15,500 barrels of oil and 3.8 million cubic feet of natural gas. The company holds a 7.56 percent interest in the field.

Exploration ChevronTexaco was awarded a 30 percent interest in PL 268, during the North Sea licensing round. One well will be drilled during 2002. Exploratory wells were drilled on PL 252, PL 259 and PL 263 during 2001 without commercial success.



ASIA PACIFIC

INDONESIA

ChevronTexaco's interests in Indonesia are managed by two wholly owned subsidiaries, P.T. Caltex Pacific Indonesia (CPI) and Amoseas Indonesia (AI).

CPI accounts for approximately 50 percent of Indonesia's total crude oil output and holds an interest in six production-sharing contracts. AI is a power generation company that operates the Darajat geothermal contract area in West Java and a cogeneration facility in support of CPI's operation in North Duri.

Production CPI's net share of production during 2001 averaged 320,000 barrels of crude oil and condensate per day. In 2002, CPI will achieve a production milestone of 10 billion barrels of crude oil and condensate.

Natuna Block B Projects CPI holds a 25 percent interest in the Natuna Sea Block B, comprised of the Belida oil field and the West Natuna Group (WNG) natural gas project. The Belida Field has been producing oil since 1992. WNG began selling gas to Singapore in June 2001. ChevronTexaco's net share of production averaged 13,000 barrels of oil equivalent per day from the Belida Field during 2001. A new gas supply agreement with Malaysia has been signed for 1.5 trillion cubic feet of natural gas from Block B production. Construction of a pipeline and processing facility is under way. Production is expected to begin in September 2002. Conoco Indonesia, with a 40 percent interest, is operator of the project.

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, under steamflood since 1985, is the largest steamflood project in the world. Currently nine of 13 areas are under steam injection, with total production averaging 260,000 barrels of oil per day during 2001 (150,000 barrels per day net). Area 10 is currently under development and will be placed on injection in the second quarter of 2002.

CPI also focused on waterflood surveillance efforts to sustain production of the Minas and other fields in the Rokan Block during 2001. Additionally, several tertiary recovery pilots are in the final stages of evaluation.

CPI was awarded a new production-sharing contract for the Kisaran Block in 2001. The block is located in a gas prospective basin adjacent to the Rokan Block. A seismic review is now under way.

Amoseas Indonesia Projects AI's geothermal field continued to provide steam to PLN, the national power company 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, is producing and selling power at or above its design capacity. Further expansion of the Darajat geothermal reservoir complex is possible, as the reservoir has proved reserves of steam to generate 350 MW for 30 years. ChevronTexaco holds a 95 percent interest in the Darajat facility.

During the year, the North Duri Cogeneration Plant supplied 300 MW to CPI's power grids and 100,000 barrels of steam per day to support the Duri steamflood projects. The plant is 95 percent owned by ChevronTexaco and operated by AI for P.T. Mandau Cipta Tenaga Nusantara.

AUSTRALASIA

ChevronTexaco's primary interests in Australasia involve four major joint ventures: (1) a one-sixth interest in the North West Shelf (NWS) Project offshore Western Australia; (2) 50 to 57 percent interest in the ChevronTexaco-operated Barrow Island and Thevenard Island oil fields and the significant Gorgon area gas fields; (3) 10 to 19.4 percent interest in the ChevronTexaco-operated Kutubu, Gobe and Moran oil projects in Papua New Guinea; and (4) 45 percent interest in the recently developed Malampaya gas field in the Philippines. In addition, ChevronTexaco has other offshore Western Australia interests in the northern Browse Basin and three deepwater exploration permits in the offshore Canning Basin, where the company's interests vary from 16.7 to 25 percent.

AUSTRALIA

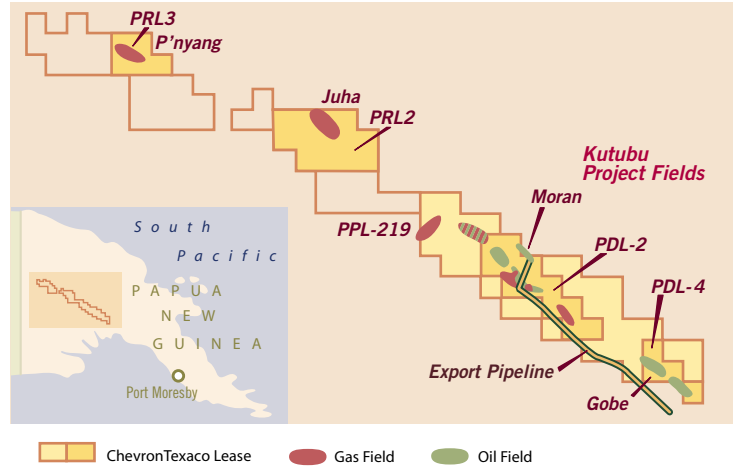
North West Shelf (NWS) Average daily net production from the large North Rankin, Goodwyn and Perseus gas and condensate fields was 230 million cubic feet of natural gas and 16,000 barrels of condensate during 2001. Approximately 62 percent of the gas was sold in the form of LNG, primarily under long-term contracts, to major utilities in Japan. The remaining gas was sold to the Western Australia domestic gas market.

Net oil production from the Wanaea, Cossack, Lambert and Hermes fields averaged 17,000 barrels per day. Net LPG production averaged 4,000 barrels per day.

In 2001, ChevronTexaco approved the development for a LNG expansion project. A mid-2004 start-up is scheduled, increasing LNG capacity by about 50 percent. The project encompasses three major segments: (1) construction of a fourth LNG train; (2) installation of an additional 80-mile pipeline from the operated offshore gas fields to shore; and (3) design and construction of the ninth LNG carrier for the NWS-controlled fleet. The NWS Venture LNG sellers secured Letters of Intent with several Japanese customers. A 25-year LNG sale and purchase agreement was signed by Tokyo Gas and Toho Gas in October 2001.

Barrow Island and Thevenard Island

ChevronTexaco operates a producing facility on Barrow Island and Thevenard Island, both located approximately 100 miles southwest of the NWS fields. Net oil production from the two facilities averaged 9,700 barrels per day during 2001.



Gorgon Area Development The company holds a 57.1 percent interest in the significant Gorgon gas field off the northwest coast of Australia. As operator of the venture, ChevronTexaco is actively pursuing gas sales to industrial customers in Australia and in international LNG markets, including China, Korea and the West Coast of North America. In 2001, ChevronTexaco signed a Memorandum of Understanding with the Chinese National Offshore Oil Company (CNOOC) to further discuss equity acquisitions by CNOOC in the Gorgon area and to develop markets for the gas in coastal China.

Exploration ChevronTexaco made two significant natural gas discoveries, Io-1 and Callirhoe-1, offshore Western Australia in 2001. Both are located in permit area WA-267-P, where ChevronTexaco is operator and holds a 50 percent interest.

PAPUA NEW GUINEA

ChevronTexaco's subsidiary, Chevron Niugini Limited is operator for the Kutubu, Moran and Gobe oil fields. ChevronTexaco holds a 19.38 percent interest in PDL-2 which includes the Kutubu Field and 45 percent of the Moran Field. The company also has a 19.38 percent interest in Gobe Main and a 7.95 percent interest in South East Gobe through participation in PDL-4.

Production Net oil production from Papua New Guinea averaged 7,500 barrels per day in 2001. The oil is processed at a joint Gobe facility and exported through the Kutubu system.

Development The Moran Field straddles the license boundary of PDL-2 and PDL-5. The PDL-2 and PDL-5 participants are developing the Moran Field on a unitized basis with ChevronTexaco designated as the Moran Unit operator. The field development is expected to produce 24,000 barrels of oil per day (2,100 barrels net) beginning in mid-2002.

During 2001, operatorship of the proposed Papua New Guinea to Queensland, Australia, gas pipeline was transferred to ExxonMobil. ChevronTexaco continues to support this project, which will enable commercialization of natural gas reserves and recovery of substantial quantities of natural gas liquids.

Exploration A seismic program with components in PDL-2, PDL-4 and PPL-219 continued during the year.

PHILIPPINES

ChevronTexaco holds a 45 percent interest in the Malampaya gas field, located about 50 miles offshore Palawan Island in water depths of approximately 2,800 feet. The gas development project represents the largest single foreign investment in the Philippines and is viewed as the national flagship project by the Philippine government's Department of Energy. The estimated recoverable reserves include 2.7 trillion cubic feet of natural gas and 120 million barrels of condensate. Development includes an offshore platform and a 314-mile pipeline from the offshore platform to the Batangas onshore gas plant.

The Malampaya development was successfully completed during 2001. In late September 2001, production commenced and processed natural gas was delivered to the Santa Rita power plant. Total daily production for 2001 was about 5,900 barrels of crude oil and condensate and 95.8 million cubic feet of natural gas. Current gas customers include three power plants with a total generating capacity of 2,700 megawatts.



CHINA

ChevronTexaco has an interest in three areas of China. In the South China Sea, the company has production and exploration activity in two offshore blocks (16/08 and 16/19). In the North China Basin, the company has exploration activity in three offshore blocks in the Bohai Gulf (02/31, 06/17 and 11/19) and production in a fourth block (QHD 32-6). In the Ordos Basin, ChevronTexaco has interests in four coal-bed methane projects.



Production ChevronTexaco has a 32.7 percent interest in Block 16/08, located in the Pearl River Mouth Basin. Six fields produced an average of 24,100 barrels of oil per day net in 2001.

The company has a 24.5 percent interest in QHD 32-6, which began production in October 2001 with the start-up of platforms A and B, averaging 18,100 barrels of oil per day (3,800 barrels net). Platforms C and D are expected to be brought on production during July 2002, followed by platforms E and F in October, increasing average field production to 65,000 barrels per day.

Exploration The company drilled six exploration wells on its three blocks in the Bohai Gulf during 2001 with encouraging results. Further geologic analysis is in process. Additional exploration drilling is planned during 2002.

In the South China Sea, three exploration wells were drilled on Block 16/19. Results from the exploration wells were positive, and studies are under way for a possible multiple field development. Further exploration drilling is planned in 2002.



THAILAND

ChevronTexaco operates Block B8/32 in the Gulf of Thailand, holding a 51.66 percent interest. The company holds a 33.33 percent interest in adjacent exploration Blocks 7, 8 and 9, which are currently inactive pending resolution of border issues between Thailand and Cambodia.

Production Block B8/32 produces oil and natural gas from three fields: Tantawan, Maliwan and Benchamas. In December 2001, net production from the Tantawan field averaged 25 million cubic feet of natural gas and 3,400 barrels of oil per day. Initial production from the Maliwan Field began in October 2001. Net production for the Benchamas and Maliwan fields during December 2001 averaged 53 million cubic feet of natural gas and 15,200 barrels of oil per day.

ChevronTexaco continues a production well drilling campaign primarily in the Benchamas Field. The Benchamas waterflood, which is showing excellent reservoir response, had injection increased to 55,000 barrels of water per day starting in July 2001.

The company continued to reduce production costs during the year. Block B8/32 operating costs were reduced by 15 percent from 2000. All Block B8/32 gas production is sold to PTT Plc., the recently privatized Thai Oil and Gas Company, under a long-term sales contract.

Development In mid-2002, the Benchamas Field will go through a major processing upgrade to bring total field production levels up to 60,000 barrels of oil per day. The upgrade supports production and injection for eight additional wellhead platforms planned for the field.

In 2002, development of the Maliwan Field will continue. Production from multiple platforms is expected to begin in 2005.

Exploration Nine of the 11 exploration wells drilled in 2001 were successful. The discoveries have extended the productive areas in Block B8/32 significantly. During 2002, an exploration program is planned to evaluate the remaining portions of the concession.

BANGLADESH

In April 2001, ChevronTexaco was awarded a 60 percent interest in the 1.7 million-acre Block 9 onshore tract in Bangladesh, east of Dhaka. Block 9 surrounds the Bakhraabad Gas Field and is adjacent to other major gas-producing areas.

Exploration Efforts during 2001 were focused on concluding the necessary contractual agreements and preparing to award the seismic programs. The seismic studies will begin in the first quarter of 2002, with initial drilling to occur in late 2002 or early 2003.



EURASIA

KAZAKHSTAN

Tengizchevroil The Tengizchevroil (TCO) partnership, formed in 1993, includes the giant Tengiz and Korolev oil fields located in western Kazakhstan. In January 2001, ChevronTexaco purchased an additional 5 percent stake in TCO, increasing its ownership interest to 50 percent.

In 2001, total crude oil production from TCO increased for the eighth consecutive year, averaging 268,000 barrels of oil per day, mainly from Tengiz. Engineering is currently under way for TCO's next major expansion, expected to begin during 2005.

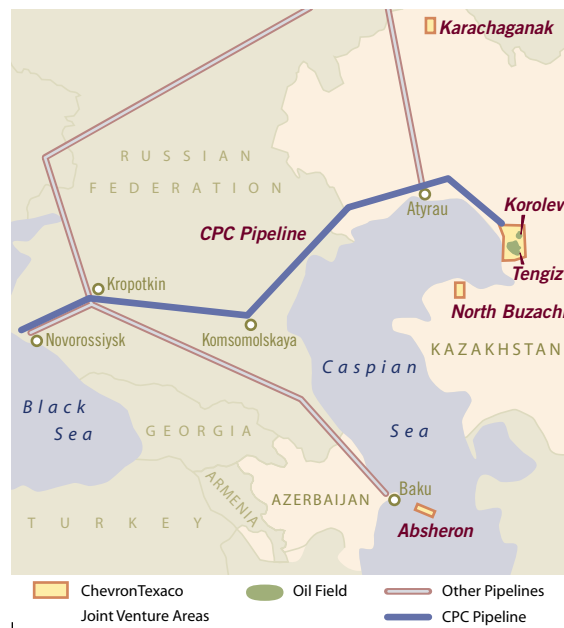
A milestone in TCO's growth occurred in 2001 as TCO began exporting crude through the Caspian Pipeline Consortium's (CPC) pipeline from Atyrau to Novorossiysk. In addition, TCO completed a multi-year project in 2001 that allows TCO to process and sell all of its produced gas and to export European grade LPG.

TCO is also developing the Korolev Field, located near Tengiz. Production began in November 2001. Crude oil from the Korolev Field is very similar to crude oil produced at Tengiz and is routed to existing facilities at Tengiz through an extension of a gathering system.

TCO added a third large drilling rig in 2001 to continue its appraisal and development program. Additionally, a large seismic survey program was completed in 2001 that could lead to future exploratory drilling.

Karachaganak Project Karachaganak is a world-class gas and condensate field located in northwest Kazakhstan that was discovered in 1979. In 1996, the government of the Republic of Kazakhstan approved Texaco's entry into the project. ChevronTexaco holds a 20 percent interest.

During 2001, Phase 2 construction reached 50 percent completion. Phase 2 includes the building of processing facilities and liquid export capability to be completed by the end of 2003. Net daily production for 2001 was 14,300 barrels of condensate and 67 million cubic feet of natural gas.



The Karachaganak Integrated Operation (KIO) added five drilling rigs during the year to continue the aggressive development drilling and workover program supporting the Phase 2 development plan. The CPC route for Karachaganak's liquids will enable the field to reach Phase 2 net production capacities of 42,000 barrels of condensate and 126 million cubic feet of natural gas per day in early 2004.

North Buzachi The North Buzachi Field is located in western Kazakhstan. Significant quantities of recoverable oil have been identified in the license area, but remain undeveloped. ChevronTexaco holds a 65 percent working interest and is the operator of the field.

During 2001, the second phase of appraisal and delineation was completed. Appraisal of the field continues to be encouraging. Planned work activity includes continued reservoir testing and assessment of further development potential. A decision on full investment is expected in late 2002.

Caspian Pipeline Consortium The Caspian Pipeline Consortium (CPC) was formed to construct a crude oil export pipeline from the Tengiz oil field to the Russian Black Sea port of Novorossiysk at a projected cost of \$2.6 billion. The company has a 15 percent ownership interest.

CPC started initial operations in the fourth quarter of 2001, with the first delivery of Tengizchevroil crude oil from the CPC terminal occurring in October. By the second quarter of 2002, the CPC system's capacity will be 600,000 barrels of oil per day. The pipeline system will be expandable to 1.5 million barrels per day with additional pump stations and tankage.

AZERBAIJAN

Absheron ChevronTexaco holds 30 percent interest in the Absheron block and is partnered with TotalFinaElf and the State Oil Company of the Azerbaijan Republic. The first well was drilled on the ChevronTexaco-operated Absheron exploration block, from December 2000 to July 2001, and discovered hydrocarbons in subcommercial quantities. The partnership is currently reviewing the well results.



MIDDLE EAST

PARTITIONED NEUTRAL ZONE

ChevronTexaco holds a 60-year concession, originally signed in 1949, with the Kingdom of Saudi Arabia to produce onshore crude oil from the Partitioned Neutral Zone (PNZ). The Kingdom of Saudi Arabia and the State of Kuwait each jointly share the PNZ hydrocarbon resources on a 50 percent basis. During 2001, record production was achieved from the four producing fields, averaging 144,000 barrels per day net. Planned development drilling, workover and facilities enhancement programs during the next few years are expected to maintain production at similar levels.

QATAR

A multiwell exploratory drilling program was initiated in onshore Block 2 in 2001. The first well of the drilling program, which is required under a five-year Exploration and Production Sharing Agreement (EPSA), was completed in late 2001 but did not establish commercial reserves. The remaining commitment wells will be completed by mid-2002. ChevronTexaco holds a 70 percent interest.

BAHRAIN

In November 2001, ChevronTexaco signed an EPSA with the Kingdom of Bahrain to explore for oil in offshore Block 5, which covers 151 square miles. During the initial three-year exploration period, the program will include processing and interpretation of 3-D seismic data and the drilling of exploration wells, the first of which is scheduled for late 2002. Bahrain offshore Blocks 1, 2 and 3 were relinquished in February 2002.

KUWAIT

ChevronTexaco currently has a Technical Service Agreement with Kuwait Oil Company (KOC). This agreement, first established in 1994, was renewed in 2001 for another three years. The agreement calls for ChevronTexaco to lend technical and professional employees to KOC for the transfer of technology, the development of Kuwaiti employees and the modernization of Kuwait's oil industry.

LATIN AMERICA

VENEZUELA

ChevronTexaco operates the Boscan oil field under an operating service agreement (no net working interest). The company also operates the LL-652 Field under a risked service agreement and maintains a 27 percent ownership interest. In addition, the company holds a 30 percent interest in the Hamaca integrated oil production and upgrading project located near Puerto La Cruz. A joint venture operating agent, Petrolera Ameriven, serves as operator for the Hamaca Project.

Boscan Development drilling continued with 32 wells completed during 2001.

Subject to Venezuela's OPEC production restrictions, which started during February 2001, Boscan oil production averaged 104,800 barrels of oil per day. Even at this reduced level, ChevronTexaco was the largest private oil field operator in Venezuela in terms of daily production. Evaluation continued on a 3-D seismic program covering 109,000 acres. Horizontal and infill drilling opportunities designed to improve ultimate recovery will be pursued in 2002.

LL-652 Net production during 2001 averaged 4,900 barrels of oil per day, up from 4,000 barrels of oil per day in 2000. Field performance during 2001 indicated slower-than-anticipated repressurization of the reservoir by water injection. Further expansion of the water injection project will be deferred until reservoir response from repressurization is achieved. In 2001, 12 oil-producing and 11 injection wells were drilled and completed. Water injection continued at 110,000 barrels per day, and gas injection was temporarily suspended.

Hamaca The heavy oil project, located in Venezuela's Orinoco Belt, has estimated recoverable reserves of 2.1 billion barrels of oil during the project's estimated 34-year production life.

Development drilling and major facility construction continued throughout 2001. By year end, the project was 51 percent complete, on schedule and on budget. Production began in October at a net rate of 9,000 barrels of oil per day. At the completion of the crude oil upgrading facilities in the first half of 2004, total production will increase to 190,000 barrels of oil per day and will be upgraded to lighter, high-value crude oil.



ARGENTINA

ChevronTexaco operates in Argentina as Chevron San Jorge S.R.L. (CSJ). CSJ holds more than 6.1 million exploration and production acres in the Neuquén and Austral basins of Argentina, with working interests ranging from 18.75 to 100 percent in operated license areas. In addition, CSJ holds a 14 percent interest in Oleoductos del Valle S.A., a major oil export pipeline from the Neuquén producing area to the Atlantic coast.

Production Producing properties in the Neuquén and Austral areas experienced record oil and gas production, averaging more than 66,000 barrels of oil equivalent per day net, an increase of more than 11 percent from the prior year's average production levels. New gas plants increased gas-processing capacity by 50 percent, including the Las Bases gas development, CSJ's first gas development in the prolific Neuquén basin.

Exploration CSJ's exploration program in 2001 resulted in three oil discoveries.

COLOMBIA

ChevronTexaco's subsidiary in Colombia, the Texas Petroleum Company (Texpet), operates and holds interest in one producing and three exploration blocks. In the Guajira Association Area A producing acreage, Texpet operates the Chuchupa Field under a 50-50 joint venture agreement with the Colombian National Oil Company (Ecopetrol). The area will revert to the government in December 2004, but Texpet will continue administering the fields until 2016, according to the terms of a November 1995 build, operate, maintain and transfer agreement with Ecopetrol. During 2001, net production averaged 211 million cubic feet of natural gas and approximately 35,000 barrels of oil equivalent per day.

TRINIDAD

ChevronTexaco owns a 50 percent interest in the producing Dolphin Gas Field and two discoveries – Dolphin Deep and Starfish. British Gas serves as the operator and owns the remaining 50 percent interest. The licensed areas are governed by production sharing contracts with the Trinidad Ministry of Energy.

Production Net production from the Dolphin Field was 97 million cubic feet of gas per day in 2001. Production rates are based on a take-or-pay gas sales contract that terminates in 2015.

Development Dolphin Deep and Starfish are 1998 discoveries located in blocks adjacent to the Dolphin Field. The fields will be developed by means of a subsea tieback to the existing Dolphin platform. Gas production will be liquefied and shipped to the United States. Development drilling and facility installation will occur during 2003 and 2004, with first natural gas production planned in 2005.

BRAZIL – DEEPWATER EXPLORATION

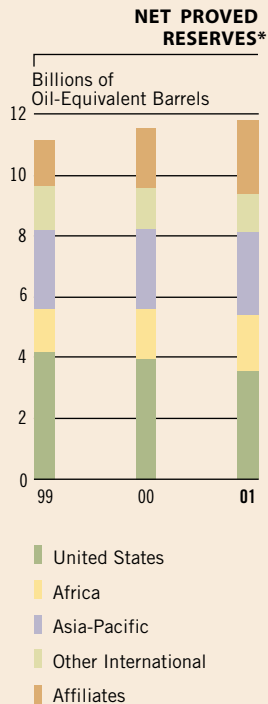
ChevronTexaco holds a working interest in nine blocks totaling approximately 9.2 million acres (4.6 million net acres). Deepwater exploration is concentrated in the Campos, Santos and Espirito Santo basins.

The Frade Field lies in approximately 3,700 feet of water, 230 miles northeast of Rio de Janeiro in the Campos Basin. During 2001, the company drilled two successful appraisal wells. One well flow-tested a reservoir interval in the field at a rate of more than 1,000 barrels of crude oil per day. ChevronTexaco's interest is 42.5 percent.

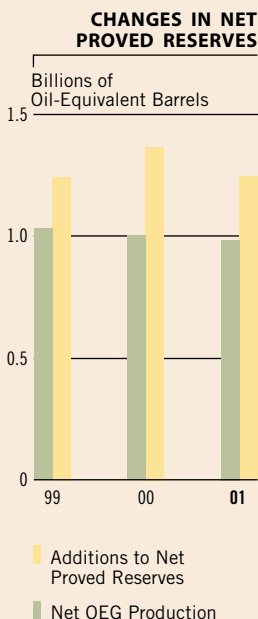
In the Shell-operated Block BS-4, in which ChevronTexaco holds a 20 percent interest, two exploratory wells were drilled during 2001. One well resulted in a discovery at the "NE" prospect. By year end, an additional appraisal well was drilled and tested. This appraisal well has demonstrated flow performance potential in excess of 3,000 barrels of oil per day and confirmed a field with recoverable reserves between 300 million to 500 million barrels of crude oil. The second exploratory well was unsuccessful.

UPSTREAM OPERATING DATA

PROVED RESERVES



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



PROVED RESERVES – CRUDE OIL AND NATURAL GAS LIQUIDS¹

Millions of Barrels

At December 31

	2001	2000	1999
Gross Crude Oil and Natural Gas Liquids			
United States	2,486	2,828	3,084
Africa	1,808	1,779	1,608
Asia-Pacific	2,939	3,376	3,458
Other International ²	797	882	1,022
Total – Consolidated Companies	8,030	8,865	9,172
Equity Share in Affiliates			
Hamaca	561	431	–
TCO	1,848	1,571	1,478
Total – Gross Reserves	10,439	10,867	10,650
Net Crude Oil and Natural Gas Liquids			
United States	2,301	2,614	2,854
Africa	1,544	1,505	1,344
Asia-Pacific	1,906	1,894	1,887
Other International ²	745	822	946
Total – Consolidated Companies	6,496	6,835	7,031
Equity Share in Affiliates			
Hamaca	487	374	–
TCO	1,541	1,310	1,233
Total – Net Reserves	8,524	8,519	8,264

PROVED RESERVES – NATURAL GAS¹

Billions of Cubic Feet

Gross Natural Gas			
United States	8,614	9,312	9,297
Africa	1,881	780	326
Asia-Pacific	5,054	5,000	4,626
Other International ²	3,279	3,282	3,495
Total – Consolidated Companies	18,828	18,374	17,744
Equity Share in Affiliates			
Hamaca	49	38	–
TCO	2,711	2,018	1,895
Total – Gross Reserves	21,588	20,430	19,639
Net Natural Gas			
United States	7,387	7,923	7,993
Africa	1,872	772	326
Asia-Pacific	4,759	4,442	4,088
Other International ²	3,088	2,991	3,175
Total – Consolidated Companies	17,106	16,128	15,582
Equity Share in Affiliates			
Hamaca	42	33	–
TCO	2,262	1,683	1,581
Total – Net Reserves	19,410	17,844	17,163

¹ Proved reserves are estimated by the company's asset teams, composed of earth scientists and reservoir engineers. These proved reserve estimates are reviewed annually by the company's Reserves Advisory Committee to ensure that rigorous professional standards and the reserves definitions prescribed by the Securities and Exchange Commission are consistently applied throughout the company. 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 ChevronTexaco operates under a risked service agreement in Venezuela's Block LL-652, located in the northeast section of Lake Maracaibo. ChevronTexaco is accounting for LL-652 as an oil and gas activity. No reserve quantities have been recorded for the company's other service agreements – the Boscan Field in Venezuela and a long-term purchase agreement associated with a service agreement for the Chuchupa Field in Colombia during the period 2005–2016.

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

Thousands of Acres	2001	2000	At December 31 1999
United States			
Onshore			
Alaska	607	549	517
California	325	246	361
Colorado	167	166	216
Kansas	83	77	89
Louisiana	666	638	768
Michigan	63	76	89
Montana	12	36	40
New Mexico	363	353	393
Oklahoma	281	265	287
Texas	3,917	3,805	4,056
Utah	199	272	278
Wyoming	352	392	417
Other States	159	157	175
Total Onshore	7,194	7,032	7,686
Offshore			
Alaska Coast	47	67	61
Atlantic Coast	—	35	31
Gulf Coast	4,362	4,477	5,245
Pacific Coast	11	23	19
Total Offshore	4,420	4,602	5,356
Total United States	11,614	11,634	13,042
Africa			
Angola	1,837	1,944	3,133
Chad	2,556	2,556	—
Democratic Republic of Congo	124	124	124
Equatorial Guinea	683	1,051	—
Nigeria	3,338	3,639	7,190
Republic of Congo	185	372	185
Nambia	144	201	201
Total Africa	8,867	9,887	10,833
Asia-Pacific			
Australia	7,177	7,178	6,886
Azerbaijan	30	30	30
Bangladesh	1,020	—	—
Bahrain	912	815	1,359
China	5,161	7,872	7,953
Indonesia	6,990	6,925	8,599
Kazakhstan	36	36	37
Papua New Guinea	322	322	322
Partitioned Neutral Zone	786	786	786
Philippines	183	93	93
Qatar	1,879	2,684	3,796
Thailand	1,227	1,227	1,238
Turkey	251	251	251
Total Asia-Pacific	25,974	28,219	31,350
Other International			
Argentina	3,297	3,231	2,727
Bolivia	—	123	123
Brazil	4,590	5,538	2,774
Canada	14,003	15,064	14,228
Colombia	2,774	5,441	6,944
Denmark	199	202	170
Ecuador	247	247	247
Germany	123	—	—
Netherlands	27	27	27
Norway	308	267	93
Poland	1,400	1,400	1,400
Trinidad	83	283	361
United Kingdom	934	1,070	1,390
Venezuela	6	6	55
Total Other International	27,991	32,899	30,539
Total International	62,832	71,005	72,722
Worldwide Oil and Gas Net Acreage	74,446	82,639	85,764

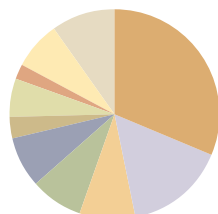
¹ Consolidated companies only.

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

Liquids Production

NET LIQUIDS PRODUCTION BY COUNTRY

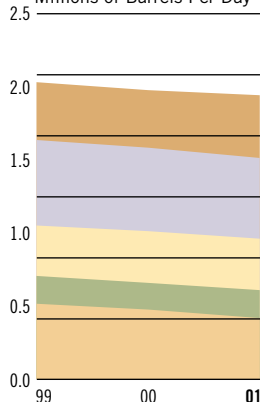
Percent



United States	31.3%
Indonesia	15.5%
Angola	8.6%
Nigeria	8.1%
Kazakhstan	7.8%
Partitioned Neutral Zone	7.4%
United Kingdom	5.9%
Canada	3.3%
Australia	2.3%
Others	9.8%

NET LIQUIDS PRODUCTION

Millions of Barrels Per Day



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

NET CRUDE OIL AND NATURAL GAS LIQUIDS PRODUCTION*

Thousands of Barrels Per Day

Year Ended December 31

2001 2000 1999

Consolidated Companies

United States

Alaska	5	5	5
California - Onshore	246	263	269
- Offshore	3	3	9
Colorado	11	11	11
Louisiana - Onshore	18	20	21
- Offshore	187	179	182
New Mexico	29	35	36
Oklahoma	5	12	18
Texas	87	110	130
Utah	4	5	6
Wyoming	11	15	17
Other States	8	9	8

Total United States

614 667 712

Africa

Angola	168	169	159
Democratic Republic of Congo	9	8	9
Nigeria	158	155	151
Republic of Congo	20	25	29

Total Africa

355 357 348

Asia-Pacific

Australia	45	48	38
China	24	28	28
Indonesia	304	319	368
Kazakhstan	17	17	13
Partitioned Neutral Zone	144	139	124
Papua New Guinea	7	11	15
Philippines	1	-	-
Thailand	16	14	4

Total Asia-Pacific

558 576 590

Other International

Argentina	57	51	13
Canada	64	66	65
Colombia	-	1	11
Denmark	39	39	35
Norway	17	15	16
Trinidad	-	8	11
United Kingdom	115	117	154
Venezuela	4	4	3

Total Other International

296 301 308

Total International

1,209 1,234 1,246

Total - Consolidated Companies

1,823 1,901 1,958

Equity Share in Affiliates

Hamaca	1	-	-
TCO	135	96	91

Total - Worldwide

1,959 1,997 2,049

GROSS LIQUIDS PRODUCTION

Thousands of Barrels Per Day

United States	670	730	781
Africa	429	431	424
Asia-Pacific	961	749	748
Other International	316	354	364

Total - Consolidated Companies

2,376 2,264 2,317

Equity Share in Affiliates

Hamaca	1	-	-
TCO	145	106	96

Total - Worldwide

2,522 2,370 2,413

DAILY NET PRODUCTION OF NATURAL GAS LIQUIDS (INCLUDED ABOVE)

Thousands of Barrels Per Day

United States	54	90	97
International	17	24	30

* 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

	2001	2000	1999
Consolidated Companies			
United States			
Alabama – Onshore	50	56	55
– Offshore	157	182	128
Alaska	35	32	27
California – Onshore	116	118	126
– Offshore	–	–	3
Colorado	95	75	57
Louisiana – Onshore	99	92	84
– Offshore	1,023	1,130	1,314
Michigan	18	23	27
New Mexico	104	125	180
Oklahoma	91	104	105
Texas – Onshore	526	586	640
– Offshore	72	74	85
Utah	91	77	55
Wyoming	220	225	238
Other States	9	11	21
Total United States	2,706	2,910	3,145
Africa			
Angola	1	1	1
Nigeria	43	47	39
Total Africa	44	48	40
Asia-Pacific			
Australia	235	225	229
Indonesia	134	133	141
Kazakhstan	67	83	63
Partitioned Neutral Zone	10	11	–
Philippines	9	–	–
Thailand	75	70	39
Total Asia-Pacific	530	522	472
Other International			
Argentina	56	51	9
Canada	167	146	194
Colombia	203	194	167
Denmark	100	98	102
Trinidad	100	65	48
United Kingdom	350	342	402
Other Countries	9	2	3
Total Other International	985	898	925
Total International	1,559	1,468	1,437
Total – Consolidated Companies	4,265	4,378	4,582
Equity Share in Affiliates			
TCO	152	88	75
Total – Worldwide	4,417	4,466	4,657

GROSS NATURAL GAS PRODUCTION

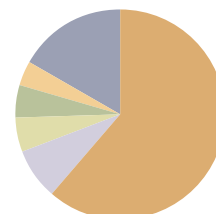
Millions of Cubic Feet Per Day

United States	3,167	3,485	3,757
Africa	44	100	93
Asia-Pacific	584	650	562
Other International	1,159	1,022	1,018
Total – Consolidated Companies	4,954	5,257	5,430
Equity Share in Affiliates			
TCO	162	95	75
Total – Worldwide	5,116	5,352	5,505

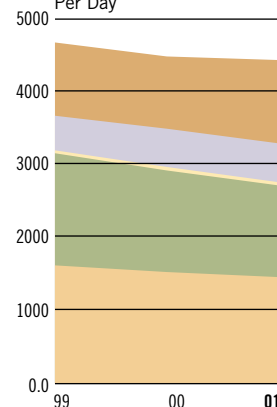
* Net natural gas production excludes royalty interests owned by others.

NET NATURAL GAS PRODUCTION BY COUNTRY

Percent

**NET NATURAL GAS PRODUCTION**

Millions of Cubic Feet Per Day



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

Natural Gas and Crude Oil Realizations

NATURAL GAS REALIZATIONS¹

Dollars Per Thousand Cubic Feet

		Year Ended December 31		
		2001	2000	1999
United States	\$	4.38	3.87	2.12
International		2.36	2.09	1.66

CRUDE OIL REALIZATIONS²

Dollars Per Barrel

United States	\$	21.70	26.69	15.50
International		22.17	26.04	16.57

NATURAL GAS SALES

Millions of Cubic Feet Per Day

United States	7,830	7,302	6,534
International	2,675	2,398	2,342
Total	10,505	9,700	8,876

NATURAL GAS LIQUIDS SALES

Thousands of Barrels Per Day

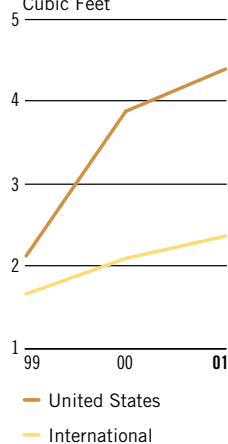
United States	340	373	415
International	90	67	58
Total	430	440	473

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.

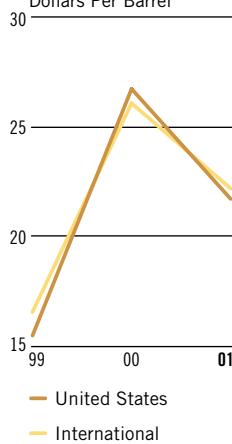
² U.S. realizations are based on crude oil revenues from net production and include intercompany sales at transfer prices that are at estimated market prices. International realizations are based on crude oil and natural gas liquids revenues from liftings. International realizations include equity in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

NATURAL GAS REALIZATIONS

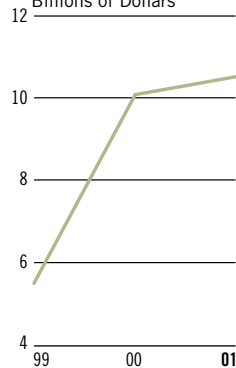
Dollars Per Thousand Cubic Feet

**CRUDE OIL REALIZATIONS**

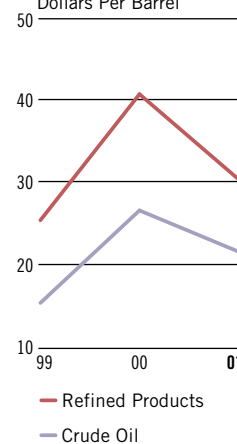
Dollars Per Barrel

**NATURAL GAS REVENUES**

Billions of Dollars

**U.S. CRUDE OIL REALIZATIONS VS. REFINED PRODUCTS PRICES**

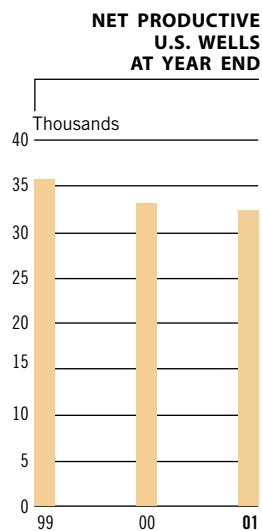
Dollars Per Barrel



Net Wells Completed

NET WELLS COMPLETED *	Year Ended December 31		
	2001	2000	1999
United States			
Exploratory – Oil	40	21	16
– Gas	61	48	74
– Dry	32	30	40
Total	133	99	130
Development – Oil	606	702	680
– Gas	260	217	177
– Dry	21	14	14
Total	887	933	871
Total United States	1,020	1,032	1,001
Africa			
Exploratory – Oil	8	2	2
– Gas	–	–	–
– Dry	2	4	2
Total	10	6	4
Development – Oil	22	39	19
– Gas	–	–	–
– Dry	–	–	–
Total	22	39	19
Total Africa	32	45	23
Asia-Pacific			
Exploratory – Oil	25	13	3
– Gas	6	2	3
– Dry	8	11	12
Total	39	26	18
Development – Oil	543	495	512
– Gas	12	6	18
– Dry	–	1	1
Total	555	502	531
Total Asia-Pacific	594	528	549
Other International			
Exploratory – Oil	6	3	5
– Gas	–	4	3
– Dry	10	7	5
Total	16	14	13
Development – Oil	104	87	24
– Gas	5	26	6
– Dry	2	–	–
Total	111	113	30
Total Other International	127	127	43
Total International	753	700	615
Worldwide	1,773	1,732	1,616

* 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. 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. Consolidated companies only.

**EXPLORATION AND DEVELOPMENT COSTS¹**

Year Ended December 31

Millions of Dollars

2001

2000

1999

United States

Exploration

\$ 731

\$ 659

\$ 529

Development

\$ 1,754

\$ 1,453

\$ 1,230

International**Africa**

Exploration

\$ 255

\$ 217

\$ 203

Development

\$ 551

\$ 435

\$ 540

Asia-Pacific

Exploration

\$ 243

\$ 301

\$ 267

Development

\$ 1,168

\$ 1,067

\$ 829

International – Other

Exploration

\$ 360

\$ 251

\$ 245

Development

\$ 494

\$ 718

\$ 606

Total International

Exploration

\$ 858

\$ 769

\$ 715

Development

\$ 2,213

\$ 2,220

\$ 1,975

NET PRODUCTIVE WELLS²**United States**

Wells – Oil

26,868

27,502

30,061

– Gas

5,533

5,596

5,689

Total United States

32,401

33,098

35,750

International

Wells – Oil

9,481

8,566

8,567

– Gas

314

308

320

Total International

9,795

8,874

8,887

Worldwide

42,196

41,972

44,637

¹ Consolidated companies only. Excludes property acquisitions.² Net wells include all those wholly owned and the sum of fractional interests in those that are joint ventures, unit operations or similar wells. Includes wells producing or capable of producing and injection wells temporarily functioning as producing wells. Wells that produce oil and gas are classified as oil wells.

nents. The company is engaged in refining and marketing, trading and transporting petroleum products.

WORLDWIDE DOWNSTREAM BUSINESS DESCRIPTION

The ChevronTexaco worldwide downstream organization is composed of the operations of the former Chevron, Texaco and Caltex companies. ChevronTexaco's activities include refining, marketing, transportation and trading – with multiple product brands, millions of customers and a diverse work force that reflects its global presence. The company has strong market positions in the United States, Latin America, the United Kingdom, Benelux countries, Asia and Africa and focuses on regions with growing populations and incomes. The sharing of best practices across the enterprise is targeted to produce efficiencies in all areas and create significant value.

The worldwide downstream organization is structured into eight major reporting units:

- ▶ North America Products – Refining and Marketing, Pipeline, Global Aviation and Chevron Energy Solutions
- ▶ Asia, Middle East, Africa Products – Refining and Marketing
- ▶ Europe, West Africa Products – Refining and Marketing
- ▶ Latin America Products – Refining and Marketing
- ▶ Global Lubricants
- ▶ Fuel and Marine Marketing
- ▶ Global Trading
- ▶ Shipping

ChevronTexaco's downstream businesses are administered from San Ramon, California; Houston, Texas; Coral Gables, Florida; Singapore; and London.

MAJOR OBJECTIVES

Achieve superior financial results through an unrelenting passion for customer focus and operational excellence. All worldwide downstream companies will

- ▶ focus upon operational excellence – the biggest lever toward improving financial performance through safety, health, environment, reliability and efficiency;
- ▶ achieve merger-related synergies across all downstream organizations;
- ▶ strive to achieve a zero incident safety record;
- ▶ target being the lowest-cost operator in each respective market;
- ▶ work closely with ChevronTexaco's upstream and midstream organizations to develop opportunities and implement strategies where an integrated approach maximizes the company's benefits;
- ▶ improve the return on capital employed and generate cash that can fund corporate growth initiatives.

WORLDWIDE DOWNSTREAM FINANCIAL AND OPERATING HIGHLIGHTS

	2001	2000
Segment Income (Millions of Dollars)	\$ 1,814	\$ 1,135
Earnings Excluding Special Items and Merger Effects (Millions of Dollars)	\$ 1,930	\$ 1,500
Fuel Refinery Inputs (Thousands of Barrels Per Day) ^{1,2}	2,422	2,487
Fuel Refinery Capacity at Year End (Thousands of Barrels Per Day) ^{1,2}	2,252	2,721
U.S. Gasoline and Jet Yields (Percent of Wholly Owned U.S. Refinery Production)	63%	63%
Refined Products Sales (Thousands of Barrels Per Day) ^{3,4}	5,072	5,188
Motor Gasoline Sales (Thousands of Barrels Per Day) ^{3,4}	1,656	1,775
Number of Marketing Outlets at December 31 ⁵	21,311	21,408
Total Number of Controlled Seagoing Vessels at December 31	30	32
Cargo Transported by Controlled Vessels (Millions of Barrels)	269	235
Refining Capital Expenditures (Millions of Dollars)	\$ 669	\$ 540
Marketing Capital Expenditures (Millions of Dollars)	\$ 836	\$ 1,012
Transportation Capital Expenditures (Millions of Dollars)	\$ 592	\$ 456
Other Downstream (Millions of Dollars)	\$ 47	\$ 32

¹ Refinery input and capacity represent volumes at fuel refineries only.

² Represents ChevronTexaco interests in Equilon and Motiva refineries, which were placed in trust on October 9, 2001, as required by the U.S. Federal Trade Commission, prior to disposition in February 2002.

³ Includes equity in affiliates.

⁴ Includes Equilon and Motiva pre-merger.

⁵ Consolidated companies only.

NORTH AMERICA PRODUCTS

REFINING

The commentary that follows does not reflect the activities of Equilon and Motiva although the operating statistics include the results of these activities.

COMPETITIVE POSITION

- ▶ A prominent crude oil refiner in the United States, with capacity located in regions experiencing growth in demand for refined products, particularly the West and the Sun Belt.
- ▶ The Pascagoula, El Segundo and Richmond refineries, ChevronTexaco's three larger refineries, are complex, highly efficient facilities and are strong competitors in their respective areas. The West Coast refineries are configured to reliably produce large volumes of high-value cleaner-burning gasoline and diesel fuel for the California market.
- ▶ The Hawaii and Salt Lake refineries are well positioned to take advantage of growing or niche markets.
- ▶ The Burnaby Refinery in British Columbia is the only refinery on the West Coast of Canada and produces cleaner-burning gasolines and jet and diesel fuels for sale and export.

BUSINESS STRATEGIES

- ▶ Become a recognized leader for the industry in safe, reliable, incident-free operations, while excelling as a predictable supplier to the company's marketing partners.
- ▶ Develop loyal customers by continuously improving the quality and consistency of the company's products.
- ▶ Optimize the existing refining system to efficiently supply growing customer demands.
- ▶ Select and execute the best capital projects across the refining system to meet low-sulfur fuel specifications, improve efficiency and enhance reliability.
- ▶ Increase earnings by reliably operating facilities at economic utilization levels, increasing yields of the highest-value products, reducing feedstock costs and improving energy efficiency.
- ▶ Continue to manage operating expenses at the lowest sustainable levels by leveraging best practices throughout the refinery system to take advantage of economies of scale.
- ▶ Meet aggressive environmental improvement measures through operational excellence.
- ▶ Continue open dialogue with community stakeholders.

2001 ACCOMPLISHMENTS

- ▶ Improved safety performance at the company-operated refineries for the third consecutive year.
- ▶ Addressed the ultrahigh natural gas costs at the refineries by operating efficiently and by quickly switching to lower-cost fuels during the continuing threat of rolling electrical blackouts experienced in California during 2001.
- ▶ Continued to focus on operational excellence, which resulted in record refinery throughput; record motor gasoline, jet fuel and diesel production; and increased conversion utilization during 2001 by 4 percentage points.
- ▶ Improved energy efficiency by five percent in 2001.
- ▶ Initiated the permitting process at the West Coast refineries for facility modifications to allow production of cleaner-burning gasoline without the oxygenated blending component MTBE.
- ▶ Received approval and permits for a \$150 million capital project to produce lower sulfur motor gasoline and diesel at the Pascagoula Refinery.
- ▶ Achieved world-class capital project implementation ranking for both cost and scheduling measures, according to the industrywide project execution benchmarking standards.

NORTH AMERICA PRODUCTS-CONTINUED

REFINERIES

Pascagoula, Mississippi

The Pascagoula Refinery, with a refining capacity of 295,000 barrels per day, is ChevronTexaco's largest wholly owned refinery. It continues to be one of the premier heavy crude processing facilities in the world, with the capability of efficiently converting low-cost, low-quality crude oil into valuable light products. Its competitive position is enhanced by a strong value-added relationship with the 50 percent-owned Chevron Phillips Chemical Company and its petrochemical production facilities at the refinery, which produce high-value benzene, ethylbenzene and paraxylene from lower-value refining feedstocks. The refinery secured regulatory permits and funding endorsement for a substantial facility upgrade to produce mandated lower sulfur fuels.

El Segundo, California

The El Segundo Refinery is a modern, complex, highly efficient 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. The refinery is configured to produce high volumes of California cleaner-burning motor gasoline and diesel fuels.

Richmond, California

The Richmond Refinery is able to process 225,000 barrels per day of crude oil into premium, high-value products. State-of-the-art lube oil facilities enable the manufacture of both high-quality conventional lubricant oil base stocks and new leading-edge base oil formulations. Similar to El Segundo, the refinery is also configured to efficiently produce high volumes of California cleaner-burning motor gasoline and diesel fuels. In early 2001, the refinery ceased the manufacture of wax products.

El Paso, Texas

The El Paso Refinery has a capacity of 90,000 barrels per day through integration with the former El Paso Refining Holding Company facilities (the company'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 increasing product imports from outside the area.



Honolulu, Hawaii

The Hawaii Refinery has 54,000 barrels per day of crude oil capacity and supplies 60 percent of Hawaii's gasoline market. Upgrades in recent years have made the refinery energy self-sufficient and have reduced operating costs.

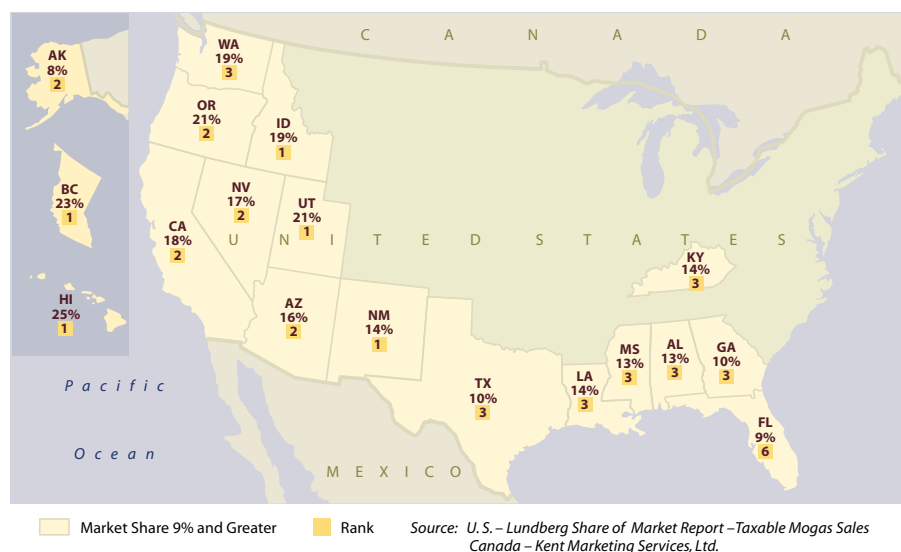
Salt Lake City, Utah

The Salt Lake Refinery has a rated capacity of 45,000 barrels per day. Recent projects have improved the efficiency and reliability of the Crude Unit and Fluid Catalytic Cracking Unit. Of the 17 refineries competing in the region, the Salt Lake Refinery is one of only five to operate coking facilities. Coking and treating facilities enable the refinery to process relatively low-cost raw materials and produce in excess of 90 percent premium products from total input.

Burnaby, British Columbia

The Burnaby Refinery has a crude capacity of 52,000 barrels per day that is processed into motor gasoline, diesel fuel, jet fuel and asphalt for the British Columbia markets. Safe, reliable operations and a focus on energy efficiency will continue to make this refinery a low-cost producer of high-value products.

The 50 percent-owned Alberta Envirofuels oxygenate plant in Edmonton, Alberta, produced more than 18,500 barrels of oxygenate, completing a record production year along with a perfect safety record and exemplary environmental record.

ChevronTexaco Motor Gasoline Sales – Market Share Percent and Ranking**NORTH AMERICA PRODUCTS – CONTINUED MARKETING**

The commentary that follows does not reflect the activities of Equilon and Motiva although the operating statistics include the results of these activities.

COMPETITIVE POSITION

- ▶ Ranks among the top three gasoline marketers in 16 states across the United States.
- ▶ In Canada, is the No. 1 gasoline and convenience store marketer in British Columbia and the leading marketer of diesel fuels and lubricants.
- ▶ Branded motor gasoline sales volume increased nearly 4 percent during 2001.
- ▶ In the United States, is the customers' choice for quality gasoline and other convenience goods in the West and the Sun Belt.
- ▶ ChevronTexaco's affiliate, RetailersMarketXchange Inc. (RMX), provides software infrastructure to power online communications and commerce for the fuel and convenience retail channel, making it easier for retailers and their suppliers to do business together. RMX has become the leader in this market segment, serving more than 10,000 users. RMX partners include ChevronTexaco, Philip Morris U.S.A., Oracle and McLane Company, a Wal-Mart subsidiary.

BUSINESS STRATEGIES

- ▶ Earn the respect of customers, suppliers and community members by achieving superior performance in the area of safety, reliability and incident-free operations.
- ▶ Become the leading branded marketer and convenience retailer in the West and Sun Belt regions of the United States.
- ▶ Develop innovative approaches to meet increasing customer demands.
- ▶ Become the preferred supplier of diesel fuel.
- ▶ Achieve top safety performance in office environments and marketing facilities.
- ▶ Build on the successful trial of branded quick-serve restaurants at gasoline and convenience stores in British Columbia.

NORTH AMERICA PRODUCTS—CONTINUED

2001 ACCOMPLISHMENTS

- ▶ Continued the Loss Prevention System efforts, now entering its fifth year, as Marketing's safety system with continued improvement in the quality of the tools and the stewardship process. Two additional safety programs implemented include:
 - Repetitive Stress Injury Prevention
 - Functional capacity evaluations for professional drivers
- ▶ Continued growth of ChevronTexaco's affiliate RetailersMarketXchange by signing customer agreements with many suppliers and major fuel retailers. Grew the online community to 10,000 registered users and more than 100,000 user-sessions per month.
- ▶ Increased same-store and nonfuel sales significantly for the fourth consecutive year.
- ▶ Expanded the development of the ExtraMile Market store initiative. Constructed 29 new ExtraMile locations in 2001, increasing the total number of outlets to 70 sites in 10 states.
- ▶ Implemented strategies for Chevron Credit Card to grow its account base, improve financial returns and improve customer service. Improved customer value by implementing an interactive consumer self-service Web application and continued to provide high-quality direct-mail merchandise and services to the largest active credit card base directly owned and operated within the petroleum industry.
- ▶ Continued to build on the still-popular Chevron World of Cars advertising campaign featuring the release of seven new toy cars and a special edition car, Hope. All proceeds from the sale of Hope were donated to breast cancer-related causes.
- ▶ Continued to add branded quick-serve restaurants to enhance retail convenience store offerings in British Columbia.
- ▶ Formed a partnership in Canada with Commercial Fuel Network to offer commercial cardlock customers more locations, enhanced transaction data and additional card features.

CHEVRONTEXACO GLOBAL AVIATION

ChevronTexaco Global Aviation is a worldwide marketer of more than 500,000 barrels per day of aviation fuel, representing a worldwide market share of about 12 percent. Global Aviation maintains operations at 350 commercial airports in 76 countries and is the No. 1 marketer of jet fuels in North America and No. 3 in the Asia-Pacific region, Latin America, and the Caribbean.

CHEVRON ENERGY SOLUTIONS

Chevron Energy Solutions provides energy efficiency, power quality, power reliability and energy management services to businesses and institutions. In 2001, the company increased sales, launched an energy information services product and enhanced its capabilities for commercializing distributed generation technologies.

ASIA, MIDDLE EAST, AFRICA PRODUCTS

Business Description

Asia, Middle East, Africa Products (AMEA) has operated for the past 65 years as Caltex, a 50-50 joint venture between Chevron and Texaco that is now wholly owned by ChevronTexaco. AMEA directly markets products under the Caltex brand in more than 30 countries throughout the Asia-Pacific region, Africa and the Middle East. The Caltex brand name will continue to be used in these areas.

REFINING

COMPETITIVE POSITION

- ▶ Two wholly owned refineries and equity interests in eight other integrated fuels refineries as a joint venture partner.
- ▶ Total equity refining system capacity of more than 840,000 barrels per day, ranking in the top three in total capacity in several countries.

ASIA, MIDDLE EAST, AFRICA PRODUCTS-CONTINUED

BUSINESS STRATEGIES

- ▶ Operate incident-free by continuing to focus on safety and reliability.
- ▶ Achieve the highest utilization of existing refining assets and minimize capital expenditures while maintaining asset performance.
- ▶ Achieve first-quartile performance in refinery operations.
- ▶ Continue to manage operating expenses by minimizing supply-chain costs.
- ▶ Optimize system crude and product inventories and rationalize production for superior financial performance.

2001 ACCOMPLISHMENTS

- ▶ Achieved 2.3 million hours worked without a lost-time incident at the wholly owned Batangas Refinery in the Philippines while maintaining ISO9002 certification. Additionally, the refinery achieved a first quartile position in Mechanical and Operational Availability in 2001, based upon the 2000 Asia-Pacific Refinery Benchmarking Study conducted by Solomon Associates.
- ▶ Leveraged commercial opportunities in South Africa by increasing refinery utilization and production.
- ▶ Processed the first cargo of Kuito crude oil, the high-acidity equity crude oil from Angola, at the Cape Town Refinery.
- ▶ Negotiated successful term-supply arrangements in Hong Kong, Singapore and New Zealand.



Star Refinery – Map Ta Phut, Thailand

The refinery is owned by the Star Petroleum Refining Company, a joint venture between ChevronTexaco, with a 64 percent equity interest, and the Petroleum Authority of Thailand, with the remaining 36 percent equity interest. The Star Refinery is operated by the Alliance Refining Company, an operating alliance between Star Petroleum Refining Company and the nearby Rayong Refining Company. The combined plants have a capacity of more than 300,000 barrels per day, and together are one of the most efficient refining complexes in Southeast Asia.

Singapore Refinery

The refinery is owned and operated by the Singapore Refining Company, a joint venture among ChevronTexaco, with a one-third equity interest, BP and the Singapore Petroleum Company. The refinery functions predominantly as an export facility and has a capacity of 285,000 barrels per day.

Kurnell Refinery – Sydney, Australia

Lytton Refinery – Brisbane, Australia

The Kurnell and Lytton refineries are owned and operated by Caltex Australia Limited, the largest oil company in Australia. ChevronTexaco has a 50 percent equity interest in Caltex Australia Limited. Total refining capacity is more than 216,000 barrels per day.

REFINERIES

Wholly Owned Refineries:

Batangas, Philippines

The Batangas Refinery is one of three integrated refineries in the Philippines. The refinery has a capacity of 76,000 barrels per day with the ability to upgrade fuel oil to gasoline and diesel.

Cape Town, South Africa

The Cape Town Refinery is an integrated cracking refinery with a capacity of 112,000 barrels per day.

Joint Venture Refineries:

LG-Caltex Facility – Yosu, South Korea

The LG-Caltex Refinery, the largest refinery in the AMEA system, has a total capacity of 650,000 barrels per day. The refinery is owned and operated by the LG-Caltex Oil Corporation, a 50-50 joint venture between ChevronTexaco and the LG group. This refinery has the capability to convert low-value refinery output into high-value chemical products such as polypropylene, benzene and paraxylene.

ASIA, MIDDLE EAST, AFRICA PRODUCTS – CONTINUED

MARKETING

COMPETITIVE POSITION

- Directly markets products under the Caltex brand in more than 30 countries across the Asia-Pacific region, southern and East Africa, and the Middle East, with average fuel sales of 845,000 barrels per day.
- Operates a network of more than 8,000 service stations and 650 convenience stores.
- Markets directly to commercial and industrial customers.
- Operates in Southeast Asia as the second-largest fuel marketer – is well positioned to serve the growing energy needs of the region.
- Ranks first or second in customer brand preference and satisfaction levels in its major markets.
- The only multinational energy company allowed to participate in retail fuel marketing in the United Arab Emirates.

BUSINESS STRATEGIES

- Effectively manage the marketing portfolio.
- Strengthen marketing position and business execution capability while building a brand culture.
- Achieve maximum cost savings and capital efficiency by streamlining support and front-end business processes.

2001 ACCOMPLISHMENTS

- Upgraded the Strategic Pricing System throughout all major deregulated markets.
- Acquired Challenge, an independent fuel marketer in New Zealand with more than 100 service stations.
- Acquired the remaining equity in the Liquefied Petroleum Gas (LPG) marketing joint venture in South India.
- Established commercial fuels and lubricants supply business in Tanzania by focusing on the high-growth mining industry.
- Achieved complete integration of LPG marketing business acquired in 2000 into the existing marketing operations in Pakistan.
- Initiated the rollout of national, market and strategic network plans in all major geographic areas.

EUROPE, WEST AFRICA PRODUCTS

Business Description

Europe, West Africa Products (EWA) is a refining and marketing business with regionally focused operations in 11 countries. EWA is also represented in five Scandinavian and Baltic countries through a 50-50 joint venture between ChevronTexaco and Norsk Hydro.

REFINING

COMPETITIVE POSITION

- In the United Kingdom ranks third in total refinery capacity, representing about 14 percent of total refining capacity.
- Holds a 31 percent interest in the Nerefco Refinery in Rotterdam, one of the largest refineries in Europe, representing 7 percent of total refining capacity of the Benelux countries.
- In the United Kingdom and Netherlands, a strong competitor in the new-specification fuel market.

EUROPE, WEST AFRICA PRODUCTS – CONTINUED**BUSINESS STRATEGIES**

- ▶ Maintain world-class plant safety and reliability through the use of the industry best practice Reliability Centered Maintenance program.
- ▶ Achieve customer loyalty by consistently meeting fuel specification requirements and delivering products on time.
- ▶ Maintain strong, cooperative relationships with the communities where the company operates.
- ▶ Invest in low-sulfur motor fuel capabilities to meet the needs of the European and North American markets.

2001 ACCOMPLISHMENTS

- ▶ Continued to improve safety performance at the Pembroke Refinery, reaching 4 million hours worked without a lost-time incident.
- ▶ Expanded shipping capacity at Pembroke refinery through commissioning an additional berth at the plant.
- ▶ Rated first for octane capability, third in complexity of processing capability and thirteenth for cracking capability at the Pembroke refinery by an industry review published by Wood Mackenzie in 2001, covering all 97 operating refineries in Europe.

REFINERIES***Pembroke, United Kingdom***

The Pembroke Refinery, wholly owned and operated by ChevronTexaco, has a capacity of 210,000 barrels per day. The refinery concentrates production on gasoline and is a top-quartile refinery in the United Kingdom with a pace-setting safety record.

Nerefco Refinery – Rotterdam, Netherlands

The Nerefco Refinery, located on two sites in the Rotterdam harbor area, has a refining capacity of 400,000 barrels per day. The company has a 31 percent interest in the refinery and the remaining 69 percent is held by BP.

MARKETING**COMPETITIVE POSITION**

- ▶ United Kingdom – strong commercial presence with more than 1,400 sites and a 14 percent market share. Largest company-owned and operated network of 360 sites.
- ▶ Ireland – commercial market leader and ranked third in overall market share, with a 16 percent market share, and 354 branded stations.
- ▶ Netherlands – 12 percent market share with 558 sites and established strategic partnerships with leading convenience retail brands such as Baker Street.
- ▶ Belgium and Luxembourg – 11 percent market share with 418 branded sites.
- ▶ Scandinavia – operates primarily in Norway and Denmark through a 50 percent-owned joint venture with Norsk Hydro under the HydroTexaco brand at 913 sites and has a 20 percent market share in Norway and a 16 percent market share in Denmark. Retail partnership with convenience retailer 7-Eleven.
- ▶ West Africa – 537 branded sites in Cameroon (19 percent market share), Canary Islands (15 percent market share), Cote d'Ivoire (13 percent market share), Nigeria (8 percent market share), Togo (22 percent market share) and Benin.

BUSINESS STRATEGIES

- ▶ Achieve superior performance in the areas of safety, reliability and incident-free operations.
- ▶ Remain committed to being an integrated, regionally focused refiner and marketer, delivering increased shareholder value and strong cash flow.
- ▶ Attract new, qualified resellers and improve ties with branded distributors through training, planning, marketing support and financial counseling.
- ▶ Maintain and develop strong collaborative relationships with the communities in which the company operates.

EUROPE, WEST AFRICA PRODUCTS – CONTINUED

2001 ACCOMPLISHMENTS

- Continued expansion of the distributor business in the United Kingdom through vertical integration and acquisition to create one of the largest national networks.
- Completed new exchange contracts in the United Kingdom, providing significant savings through optimization of the terminal network and the reduction of working capital.
- Implemented centralized product ordering in Ireland.
- Continued service station refurbishment program in key locations in the Benelux countries and the United Kingdom.
- Continued expansion of the Advantage marketing initiative in Belgium and Luxembourg, a successful communication and business enhancement program for dealers and business partners.
- Launched RelayStar in the Benelux countries, a delivery solution for online retailers and businesses that utilize the physical network of service stations as pickup and drop-off points.

LATIN AMERICA PRODUCTS

Business Description

For more than 90 years, the Texaco brand has had a major presence in Latin America. Currently, the ChevronTexaco markets span 40 countries across the Caribbean, Central America and South America.

REFINING AND MARKETING

COMPETITIVE POSITION

- Market outlets include more than 5,000 Texaco service stations (about half of the stations located in Brazil), 61 terminals and 48 airports.
- Ranks third in the region and holds 13 percent market share of light products.

BUSINESS STRATEGIES

- Maintain safety as a top business priority.
- Achieve cost savings by being a low-cost operator leveraging operating synergies.
- Aggressively manage capital expenditures.
- Selectively grow in preferred markets.

2001 ACCOMPLISHMENTS

- Maintained strong safety performance during 2001, reaching 1 million hours worked (567 days) at the Panama Refinery without a lost-time incident.
- Ranked as the No. 1 brand consumers mention as their first service station choice in Latin America.

REFINERIES

Panama Refinery – Colón, Panama

The Panama Refinery is wholly owned and has a 60,000-barrel-per-day refining capacity, with hydro-treating and reforming units. It is ranked in the second quartile by the Solomon refinery benchmarking study. The company intends to convert the refinery to terminal operations in 2002.

Guatemala Refinery – Escuintla, Guatemala

The Guatemala Refinery is wholly owned and has a 17,000-barrel-per-day capacity.

GLOBAL LUBRICANTS

Business Description

The formation of ChevronTexaco Global Lubricants brought together the brands, the products and the people from the former Chevron, Texaco and Caltex lubricants operations across the world into one company.

COMPETITIVE POSITION

- ▶ The fourth largest lubricants supplier in the world.
- ▶ Operates in 186 countries.
- ▶ Markets a portfolio of leading brands, including Delo, Havoline, Ursa and Revtex.
- ▶ Operates four technology centers that provide a unique ability to deliver technology-driven solutions to customers worldwide.

BUSINESS STRATEGIES

- ▶ Earn the respect of customers, suppliers and communities by achieving superior performance in the area of safety and incident-free operations.
- ▶ Develop a global focus that consistently delivers low-cost and high value.
- ▶ Become the most admired customer-facing solutions provider in the industry.
- ▶ Provide solutions, not just products, based on customers' business needs.

2001 ACCOMPLISHMENTS

- ▶ Achieved significant growth in a very competitive North American environment and strengthened its leadership position in base oils on the U.S. West Coast.
- ▶ Delo 400 was selected as Product of the Year by *Lubricants' World* magazine.
- ▶ Havoline Energy continued to grow in new Asian markets.
- ▶ Completed a successful first year of operations in a joint venture in Russia.
- ▶ Increased export volumes substantially to Eastern Europe and Central Asia.
- ▶ Achieved record production at the Richmond Refinery base oil facility.

FUEL AND MARINE MARKETING

Business Description

Fuel and Marine Marketing LLC (FAMM) is a wholly owned global subsidiary of ChevronTexaco that sells and distributes residual fuels and marine lubricants.

The residual fuel oil business includes the worldwide sale and distribution of residual fuel oil for use by vessels, in land-based applications and at marine terminals. The marine lubricants business includes the worldwide sale and distribution of lubricants and coolants to vessels, and for use in land-based engines using marine lubricant technology.

COMPETITIVE POSITION

- ▶ A leading global supplier of marine fuels, lubricants, coolants and industrial fuels, serving customers in more than 100 countries and 400 ports.

BUSINESS STRATEGIES

- ▶ Provide quality fuel and lubricant products that meet customer specifications and delivery time in a safe and environmentally responsible manner.
- ▶ Strengthen long-term relationships with customers by supplying superior service at a low cost.
- ▶ Be the supplier of choice in the expanding Asia-Pacific markets.

2001 ACCOMPLISHMENTS

- ▶ Maintained a strong safety record in 2001 with no lost-time incidents.
- ▶ Fuel oil and lubricants sales grew due to market share growth and the incorporation of new areas for the Asia-Pacific market.
- ▶ Formed FAMM Indah, a Malaysian company, to begin marketing motor fuel in Port Klang.

GLOBAL TRADING

Business Description

The Global Trading organization comprises four commercial business segments, including International Crude, North America Crude, International Products and Risk Management. Global Trading buys and sells crude oil and refined products on behalf of ChevronTexaco and actively trades additional third-party barrels. This trading activity encompasses more than 170 different grades of crude oil. Global Trading actively trades in more than 65 countries.

COMPETITIVE POSITION

- ▶ A leading competitor in the global crude oil and refined products marketplace.

BUSINESS STRATEGIES

- ▶ Aggressively compete for profitable market share by leveraging the company's integrated strengths, agility and entrepreneurial spirit.

SHIPPING

Business Description

ChevronTexaco Shipping Company provides all marine transportation and services for the ChevronTexaco group of companies. The company operates a fleet of 30 controlled vessels, which are either owned by the company or operated under long-term leases or long-term charters. At any given time, the company has 60 to 70 additional vessels chartered on a single-voyage basis.

FLEET OPERATIONS

Vessels deliver crude oil from the Middle East, the Far East and South America to ChevronTexaco refineries around the world. The vessels also distribute products to the coastal United States and Far East locations, and crude oil to customers worldwide. Shipping maintains a modern fleet, including 16 double-hull tankers, 62 percent of the total fleet (excluding time-charters), to better meet customers' needs and to protect the environment. The average age of double-hull tankers in the international fleet is six years.

In 2001, ChevronTexaco took delivery of its first Liquefied Petroleum Gas (LPG) tanker and will take delivery of a second in 2002. Both of these vessels are being operated for Dynegy Inc. An LPG floating storage facility is also operated offshore Escravos, Nigeria. During 2002, construction will begin on the first of three double-hull Aframax 100,000 dead weight tonnage tankers. Plans are also in place to crew and operate a ninth LNG vessel for the North West Shelf gas project in Australia.

COMMERCIAL

ChevronTexaco Shipping charts approximately 1,500 vessels annually from the tanker market to supplement its controlled fleet.

In addition to the company's San Ramon headquarters, regional offices are maintained in the major trading centers of London, Houston and Singapore.

ChevronTexaco Shipping maintains a comprehensive ship-vetting program to ensure that all vessels employed by the company are built, maintained and operated to the company's exacting standards.

MARINE SERVICES

ChevronTexaco Shipping provides a variety of services supporting offshore oil production and downstream supply systems. Marine Services provides marine design, construction and operating experience to business units and project teams.

In 2001, Marine Services provided key technical and operational support to the Sanha, Chad, Tubu, the Caspian Pipeline Terminal and the Escravos expansion projects. Marine Services also provided design and construction management for two LPG carriers to service Dynegy Inc. Additional support activities included terminal management and mooring master services.

SAFETY AND ENVIRONMENT

Operational excellence and incident-free operations are top priorities. A major initiative provided behavior-based safety training for all employees. In 2001, fleet and shoreside organizations reduced their Occupational Safety and Health Administration (OSHA) recordable injury rate to 1.1 injuries per 200,000 hours worked.

ChevronTexaco 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

Year Ended December 31

	2001		2000		1999	
	U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.
Company-Operated Seagoing						
Vessels by Size, Dead Weight Tonnage^{1, 2}						
Company-Operated³						
25,000 – 45,000	3	1	3	3	3	3
45,000 – 80,000	–	2	1	2	1	2
80,000 – 160,000	–	11	–	12	–	15
VLCCs: 160,000 – 320,000	–	8	–	9	–	9
ULCCs: Above 320,000	–	1	–	1	–	1
Total Company-Operated	3	23	4	27	4	30
Time-Chartered						
25,000 – 45,000	–	1	–	1	–	–
45,000 – 80,000	–	–	–	–	–	1
80,000 – 160,000	–	3	–	–	–	–
Total Time-Chartered	–	4	–	1	–	1
Total Controlled Seagoing Vessels	3	27	4	28	4	31

CARGO TRANSPORTED^{2, 4}

Millions of Barrels	42	227	42	193	44	203
Thousands of Barrels Per Day	115	621	115	527	120	557
Billions of Ton-Miles	5	196	5	184	5	201

¹ Consolidated companies only.² Excludes vessels jointly owned/operated by ChevronTexaco and partners: eight LNG vessels employed in the Australian North West Shelf Project, one vessel at Hibernia and two vessels chartered by Tengizchevroil.³ Includes owned and bareboat-chartered.⁴ Includes cargo carried by company-operated and time-chartered vessels; excludes single-voyage charters.NET PIPELINE MILEAGE^{1, 2} At December 31Includes Equity in Affiliates
(except Dynegy Inc.)

	2001
Crude Oil Lines	
United States	2,334
International	694
Worldwide – Crude Oil Lines	3,028
Natural Gas Lines	
United States	3,275
International	184
Worldwide – Natural Gas Lines	3,459
Product Lines	
United States	5,493
International	551
Worldwide – Product Lines	6,044
Total Pipeline Mileage	12,531

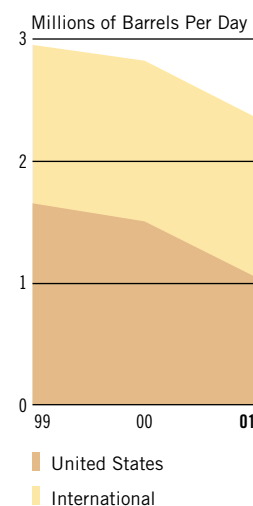
¹ Partially owned pipelines are included at the company's equity percentage of total pipeline mileage.² Includes net pipeline mileage under transportation function. Excludes gathering pipelines relating to U.S. and international crude oil and natural gas production function.

Refining Capacities and Inputs

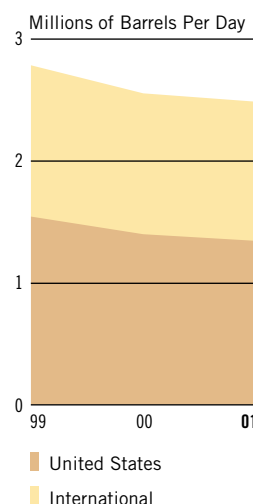
REFINING CAPACITIES AND INPUTS

(Includes Equity in Affiliates)

Thousands of Barrels Per Day	Capacity		Year Ended December 31 Refinery Inputs	
	At December 31, 2001	2001	2000	1999
United States – Fuel Refineries				
ChevronTexaco Refineries				
El Paso, Texas ¹	65	61	60	65
El Segundo, California	260	213	219	211
Honolulu, Hawaii	54	54	51	51
Pascagoula, Mississippi	295	332	313	328
Richmond, California	225	229	203	207
Salt Lake City, Utah	45	44	44	43
Total ChevronTexaco United States – Fuel Refineries	944	933	890	905
Equilon Area Refineries²	–	138	185	317
Motiva Area Refineries²	–	215	262	262
Total Equilon and Motiva Refineries	–	353	447	579
Total United States – Fuel Refineries	944	1,286	1,337	1,484
United States – Asphalt Plants				
Perth Amboy, New Jersey	80	46	46	39
Portland, Oregon	16	4	6	7
Richmond Beach, Washington ³	–	–	1	4
Total United States – Asphalt Plants	96	50	53	50
Total United States	1,040	1,336	1,390	1,534
International – Wholly Owned				
Burnaby, British Columbia, Canada	52	52	51	52
Guatemala	17	16	16	17
Panama ⁴	60	54	44	49
Philippines - Batangas	76	65	65	70
South Africa - Cape Town	112	71	65	73
United Kingdom	210	202	215	195
Total International – Wholly Owned	527	460	456	456
International – Affiliates				
Australia - Brisbane [50%]	50	40	45	43
Australia - Sydney [50%]	58	52	54	56
Ivory Coast [3.7%]	2	2	2	2
Japan - Marifu [50%] ⁵	–	–	–	35
Japan - Osaka [50%] ⁵	–	–	–	25
Kenya - Mombasa [16%]	14	6	6	6
Martinique [11.5%]	2	1	2	2
Netherlands [31%]	124	99	100	104
New Zealand - Whangarei [12.69%]	13	12	12	12
Pakistan - Karachi [12%]	5	5	2	3
Singapore - Pualau Merilimau [33.3%] ⁶	95	72	73	79
South Korea - Yocheon [50%]	325	301	307	310
Thailand - Map Ta Phut [64%]	93	86	91	98
Thailand - Sriracha [4.75%] ⁷	–	–	–	4
Total International – Affiliates	781	676	694	779
Total International	1,308	1,136	1,150	1,235
Total Worldwide	2,348	2,472	2,540	2,769

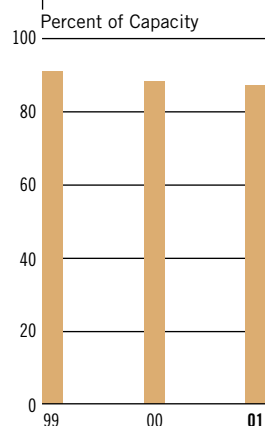
¹ Refinery capacity and input represent only the ChevronTexaco share.² Includes investments in Equilon and Motiva refineries, which were placed in trust on October 9, 2001, as required by the U.S. Federal Trade Commission, prior to disposition in February 2002.³ The Richmond Beach Asphalt plant ceased processing operations in May 2000.⁴ ChevronTexaco is negotiating with the Panamanian government in order to cease refining operations and convert the refinery to terminal operations in 2002.⁵ Equity share sold in 1999.⁶ Equity reflects 33.3 percent interest in original refinery capacity (220,000 barrels per day) and 50 percent interest in the Residuum Fluid Cracking Unit capacity (65,000 barrels per day).⁷ Equity share abandoned in 2000.REFINERY CAPACITY
AT DECEMBER 31

REFINERY INPUTS



Refinery Utilization, Production and Inventories

WORLDWIDE REFINERY UTILIZATION

REFINERY UTILIZATION ¹

Percent of Capacity	Year Ended December 31		
	2001	2000	1999
United States – Fuel Refineries ²	90.0	90.6	94.8
Europe	89.5	96.3	96.1
Asia-Pacific	84.4	84.9	87.1
Other	93.2	86.5	92.4
Worldwide ³	87.1	88.1	90.9

UTILIZATION OF CRACKING AND COKING FACILITIES ⁴

Percent of Capacity			
United States	84.2	80.3	78.3

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

Percent of Total Input			
Middle East	42.6	45.7	43.5
United States – Excluding Alaska North Slope	17.6	17.3	16.7
United States – Alaska North Slope	14.0	12.3	17.3
Mexico	11.1	12.0	9.8
South America	6.8	3.9	4.6
Indonesia	1.9	2.4	3.7
Other International	6.0	6.4	4.4
Total	100.0	100.0	100.0

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

Percent of Total Input			
North Sea	84.5	88.0	91.0
Africa	14.5	12.0	9.0
Other International	1.0	–	–
Total	100.0	100.0	100.0

U.S. REFINERY PRODUCTION OF FINISHED PRODUCTS (WHOLLY OWNED)

Thousands of Barrels Per Day			
Gasoline	449	431	431
Jet Fuel	205	200	180
Gas Oil	181	171	182
Fuel Oil	54	43	62
Other	148	149	148
Total	1,037	994	1,003

U.K. REFINERY PRODUCTION OF FINISHED PRODUCTS (WHOLLY OWNED)

Thousands of Barrels Per Day			
Gasoline	97	113	101
Jet Fuel	25	27	27
Gas Oil	61	81	66
Fuel Oil	24	28	25
Other	35	17	22
Total	242	266	241

PETROLEUM INVENTORIES

Millions of Barrels ^{5, 6}	At December 31		
Raw Stocks	71	62	62
Unfinished Stocks	25	19	27
Finished Products	51	51	45
Total	147	132	134

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

² Includes investments in Equilon and Motiva refineries, which were placed in trust on October 9, 2001, as required by the U.S. Federal Trade Commission, prior to disposition in February 2002.

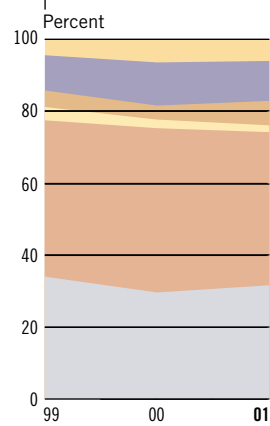
³ Includes asphalt plants.

⁴ Hydrocrackers, catalytic crackers and coking facilities are the primary facilities used to convert heavier products into gasoline and other light products.

⁵ Consolidated companies only.

⁶ On an "owned" inventories basis (i.e., physical inventory adjusted for volumes payable to or receivable from others).

SOURCES OF CRUDE OIL INPUT FOR U.S. REFINERIES



United States
Middle East
Indonesia
South America
Mexico
Other International

Refined Products Sales and Realizations

REFINED PRODUCTS SALES^{1, 2}

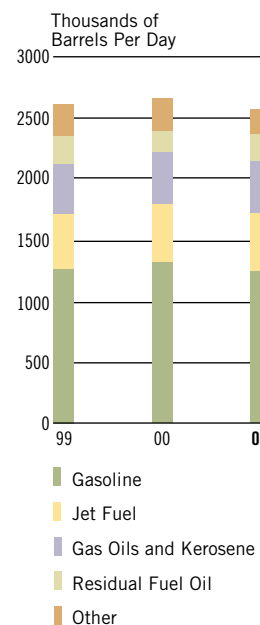
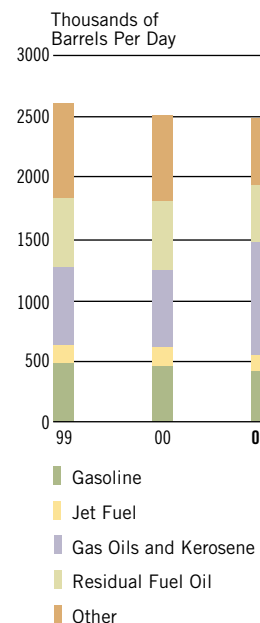
Thousands of Barrels Per Day	Year Ended December 31		
	2001	2000	1999
United States			
Gasoline	1,246	1,320	1,266
Jet Fuel	481	481	451
Gas Oils and Kerosene	419	419	410
Residual Fuel Oil	228	179	227
Other	203	268	269
Total United States	2,577	2,667	2,623
International			
Gasoline	410	455	481
Jet Fuel	136	156	145
Gas Oils and Kerosene	925	629	647
Residual Fuel Oil	475	573	567
Other	549	708	781
Total International	2,495	2,521	2,621
Worldwide			
Gasoline	1,656	1,775	1,747
Jet Fuel	617	637	596
Gas Oils and Kerosene	1,344	1,048	1,057
Residual Fuel Oil	703	752	794
Other	752	976	1,050
Total Worldwide	5,072	5,188	5,244

TOTAL REFINED PRODUCTS REALIZATIONS³

Dollars Per Barrel			
United States	\$ 30.45	\$ 40.75	\$ 25.50

MAJOR REFINED PRODUCTS REALIZATIONS³ Year Ended December 31

Dollars Per Barrel	2001
United States	
Gasoline	\$ 41.86
Jet Fuel	32.81
Gas Oils and Kerosene	31.74
Residual Fuel Oil	16.08

¹ Includes equity in affiliates.² Includes Equilon and Motiva pre-merger.³ Consolidated companies only; excludes excise taxes.**U.S. REFINED PRODUCTS SALES****INTERNATIONAL REFINED PRODUCTS SALES**

Marketing Outlets

MARKETING OUTLETS ^{1, 2}	2001		2000		At December 31 1999	
	Company	Other	Company	Other	Company	Other
United States	1,338	6,865	1,389	6,664	1,517	6,420
Canada	168	—	168	—	177	—
Kazakhstan	5	—	5	—	4	—
United Kingdom	995	432	965	475	621	469
Other International	5,693	5,815	5,498	6,244	5,441	6,393
Total Marketing Outlets	8,199	13,112	8,025	13,383	7,760	13,282

¹ Consolidated companies only.

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

Year Ended December 31

LIGHT PRODUCTS SALES^{1, 2, 3}

2001

Sales Revenues (Millions of Dollars)

United States	\$ 19,301
International	\$ 19,068
Total Sales Revenues	\$ 38,369

Sales Volumes (Thousands of Barrels Per Day)

United States	1,416
International	1,471
Total Sales Volumes	2,887

¹ Consolidated companies only; excludes Equilon and Motiva.

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

³ Data not available in this format for prior years.

TECHNOLOGY

BUSINESS DESCRIPTION

The merger has created a “broader and deeper” technology platform for ChevronTexaco. A powerful combination of talent, experience, best practices and intellectual property is expected to enable increased performance in investment decisions, capital project development and operational excellence across the company’s portfolio of assets.

BUSINESS STRATEGIES

The four major elements comprising the “broader and deeper” technology capabilities include: core hydrocarbon technologies, a strategic research portfolio, NetReady and the Technology Ventures Company.

- ▶ Core hydrocarbon technologies – supporting upstream, downstream and power, these major technology projects are aligned to key elements of the business portfolio, including heavy oil recovery and upgrading; deepwater exploration and production; shallow-water production operations; gas-to-liquids processing; hydrocarbon gasification to power; and safe, incident-free plant operations. The programs are fully integrated from development through field application.
- ▶ Strategic research portfolio – incorporates both key proprietary developments and joint development programs with research partners. The research portfolio connects the company’s current and future businesses to high-impact advances in science and technology. A major upstream-directed program is the development of the “oil field of the future” by developing the next-generation technology platforms for imaging, characterizing and modeling complex reservoirs. This can lead to improved unit cost reductions and improved oil field recoveries. Advances in molecular science form the basis for another strategic research direction, one that includes the development of the next generation of hydrocarbon upgrading processes, advanced catalysts and fuels of the future.
- ▶ NetReady – a world-class information technology industrial infrastructure for ChevronTexaco encompassing computing, data management, security and connectivity of partners, suppliers and employees. NetReady will enable growth in business performance, productivity and collaboration worldwide. The architecture is designed to provide the foundation for the company to rapidly integrate advances in computing and network-based technology.
- ▶ Technology Ventures Company – focuses on the identification, growth and commercialization of emerging technologies for new energy applications. The range of business spans from early-stage venture capital investing in emerging technologies to developing joint venture companies in new energy systems such as batteries, fuel cells and hydrogen storage. Advanced energy systems represents the major investment area, with the objective of adding major hydrogen-based energy businesses to the company’s portfolio.

2001 ACCOMPLISHMENTS

- ▶ Delivered an integrated, worldwide e-mail and communication system on October 9, the first day of business as ChevronTexaco.
- ▶ Proprietary catalyst Research and Development (R&D) continued to enable ChevronTexaco to be a leader in delivering high-performance base oils and lubricants. The combination of Isodewaxing® catalysts and manufacturing process has been licensed to more than 15 refineries to meet demand for high-quality lubricant products.
- ▶ Demonstrated the viability of large PC-based “clusters” to be the new platform for upstream technical supercomputing.
- ▶ Successfully drilled the world’s first dual gradient well on ChevronTexaco’s Green Canyon Block 136 in the Gulf of Mexico. This new technology holds the potential to make offshore drilling in water depths greater than 10,000 feet an economic and operational reality.
- ▶ ChevronTexaco will lead a major industry and Department of Energy research drilling program to understand the distribution and properties of methane hydrates located in the deepwater Gulf of Mexico.
- ▶ Successfully reached the first milestone in a joint venture R&D project with biotechnology leader, Maxygen. The project is pursuing the application of advanced biotechnology capabilities, such as Molecular Breeding™, to develop new biocatalysts for direct natural gas conversion to fuels and petrochemical products.
- ▶ Completed the purchase of a 50 percent interest in a nickel-metal hydride battery technologies joint venture, forming ChevronTexaco Ovonic Battery Systems. The advanced performance characteristics of these batteries will offer particular market advantages for application to electric and hybrid vehicles as a part of integrated solar power systems.
- ▶ Successfully spun off and sold Magic Earth™, a high-technology supplier of 3-D visualization products and services.

POWER AND GASIFICATION

BUSINESS DESCRIPTION

ChevronTexaco Worldwide Power & Gasification Inc. (WP&G), with more than 50 years experience in power generation and gasification technology, develops, owns and operates cogeneration, independent power and integrated gasification combined-cycle (IGCC) projects for the electric power, refining and chemical industries worldwide. Projects in operation generate more than 4,800 megawatts of electric power.

WP&G is the global market leader in the commercial application of gasification technology. This proprietary technology is the cleanest commercial technology for new power plants and converts a variety of hydrocarbon feedstocks into clean synthesis gas, or syngas. Syngas, consisting primarily of hydrogen and carbon monoxide, can be used as a feedstock for basic chemicals and as a fuel source for use in advanced gas turbines to generate electricity.

WP&G has licensed its gasification technology to more than 70 plants worldwide. WP&G operates the world's most advanced gasification technology facility, located in Southern California.

COMPETITIVE POSITION

- ▶ A selective player within the international independent power marketplace with a strong emphasis on profitability and operational excellence that has consistently resulted in world-class reliability and safe operations.
- ▶ Strong market share of 45 percent of the world's operating gasification facilities. Including projects under development, the company currently has a gasification market share that exceeds 60 percent.

BUSINESS STRATEGIES

- ▶ Maintain focus on safe and reliable operations.
- ▶ Leverage technology and processes with company assets, focusing on markets where the company has a presence, knowledge and growth plans.

2001 ACCOMPLISHMENTS

- ▶ Commenced commercial operation of the first phase of the 320-megawatt Sunrise Power Project in Kern County, California, jointly owned by the company and Edison Mission Energy. Phase 2, with commercial operation expected in 2003, will convert the plant into a 580-megawatt combined cycle plant.
- ▶ Continued development work on the 240-megawatt cogeneration project located at the Total Refinery in Gonfreville, France.
- ▶ Completed the start-up activities at two IGCC plants in Europe and one gasification facility in Singapore.
- ▶ Finalized two gasification license agreements in China.
- ▶ Continued construction, with partner BP, on the 22.5-megawatt wind farm at the Nerefco oil refinery in Rotterdam.

CHEMICALS

BUSINESS DESCRIPTION

Headquartered in Houston, Texas, Chevron Phillips Chemical Company LLC (CPChem) is one of the world's top producers of olefins, polyolefins, aromatics and styrenics. Formed as 50-50 joint venture in July 2000 by combining Chevron's petrochemicals and plastics businesses with Phillips Petroleum Company's chemical business, 2001 marked the first full year in which CPChem operated as an independent company. The ChevronTexaco Oronite division, separate from the CPChem joint venture, is a global fuel and lubricants additive business organized into three geographical regions – the Americas, Asia-Pacific and Europe/Africa/Middle East.

CHEVRON PHILLIPS CHEMICAL COMPANY

BUSINESS STRATEGIES

- ▶ Operate safely and be recognized as an industry pacesetter.
- ▶ Deliver top financial performance through innovation, technology and low cost structure.
- ▶ Leverage best practices from ChevronTexaco and Phillips Petroleum to allow better selection and execution of capital projects.
- ▶ Develop new business opportunities in both existing and new markets, accessing feedstocks that allow competitive supply to key markets in Asia, Europe, the Middle East and Africa.
- ▶ Add value to parent refinery operations by upgrading streams to higher-value chemical products.
- ▶ Manage assets efficiently through synergies made possible by the joint venture.

2001 ACCOMPLISHMENTS

- ▶ Attained industry top-quartile performance in lowest Occupational Safety and Health Administration (OSHA) recordable accident frequency. Safety performance included 15 sites that had zero employee injuries and five facilities designated as Star sites through OSHA's Voluntary Protection Program.
- ▶ Realized before-tax synergies and cost savings of more than \$200 million, exceeding the \$150 million goal set when the joint venture was formed in 2000.
- ▶ Completed restoration of the St. James, Louisiana, styrene facility damaged by fire early in the year – on time, within budget and with a zero recordable incident rate.

MAJOR BUSINESS SEGMENTS

OLEFINS AND POLYOLEFINS

Primary products manufactured in these operations include ethylene, propylene, polyethylene, alpha olefins, polypropylene and plastic pipe. CPChem ranks as one of the world's five-largest ethylene producers, with a net capacity of 7.6 billion pounds; the world's largest high-density polyethylene (HDPE) producer, with a net capacity of 4.2 billion pounds; and the world's third-largest producer of alpha olefins, with a net capacity of 1.3 billion pounds. In addition, the company ranks as North America's largest polyethylene pipe producer.

A 50-50 joint venture with BP Solvay to build a new HDPE facility at CPChem's Cedar Bayou Chemical Complex in Baytown, Texas, is on track for start-up in late 2002. The jointly owned 700 million-pound-per-year HDPE facility will be the largest of its kind in the world and will use CPChem proprietary manufacturing technology.

A world-scale olefins and polyolefins complex in Qatar is expected to start production in late 2002. Annual production capabilities at the complex include 1.1 billion pounds of ethylene, 1 billion pounds of polyethylene and 100 million pounds of hexene-1. The complex is owned and will be operated by Qatar Chemical Company Ltd., which is a joint venture between CPChem, with a 49 percent interest, and Qatar General Petroleum, with the remaining 51 percent.

AROMATICS

Major products include benzene, cyclohexane, paraxylene, cumene, styrene and K-Resin®. CPChem ranks as North America's fourth-largest styrene producer, with a net capacity of 1.7 billion pounds, and the world's largest cyclohexane marketer, with a capacity of 1.4 billion pounds.

Commercial production of K-Resin®, shut down since an explosion and fire in March 2000, resumed in December 2001 with the completion of Phase 1 of the rebuild. Restoration of remaining K-Resin® capacity will be completed in 2002, bringing annual production capacity to 335 million pounds.

SPECIALTY CHEMICALS AND PLASTICS

Specialty chemicals include petrosulfur chemicals used in rubber manufacturing and agricultural chemicals; extractive chemicals used in drilling muds in oil and gas wells, and in mineral processing as solvents and flotation agents; and Ryton™ polyphenylene sulfide, a high-performance engineering thermoplastic.

MANUFACTURING LOCATIONS

CPChem operates 34 manufacturing facilities and five research and technical centers in eight countries.

<i>United States</i>		<i>International</i>	
Location	Major Products	Location	Major Products
St. James, LA	Styrene	Kallo-Beveren, Belgium	Ryton™
Pascagoula, MS	Paraxylene, Benzene	Tessenderlo, Belgium	Specialty Chemicals
Marietta, OH	Polystyrene	Shanghai, China (40%)	HDPE
Cedar Bayou Chemical Complex, Baytown, TX	Ethylene, Propylene, HDPE, Alpha Olefins, LLDPE, LDPE	Zhangjiagang, China	Polystyrene
Borger, TX	Specialty Chemicals, Ryton™	Queretaro, Mexico	Performance Pipe
Conroe, TX	Drilling Specialties	Tlaxcala, Mexico (49%)	Performance Pipe
Orange, TX	HDPE	Guayama, Puerto Rico	Paraxylene
Houston Chemical Complex, Pasadena, TX	HDPE, K-Resin®, Polypropylene	Al Jubail, Saudi Arabia (50%)	Benzene, Cyclohexane
Port Arthur, TX	Olefins, Aromatics	Singapore (50%)	HDPE
Sweeny, TX	Ethylene, Propylene	Singapore	Ryton™
Various locations	Performance Pipe	Yochon, South Korea (60%)	K-Resin®

CHEVRON ORONITE COMPANY

Chevron Oronite is a leading developer, manufacturer and marketer of performance additives for fuels and lubricating oils. Oronite additives are blended with refined oil or fuel and used in a variety of diesel, gasoline and gas engines.

As a global business, Chevron Oronite is organized into three geographic regions around the world, with major manufacturing facilities and technology centers within each region to provide superior service and value to their customers. The Americas, Asia-Pacific and Europe/Africa/Middle East regions independently provide sales, logistics and technical support to their customers.

BUSINESS STRATEGIES

- ▶ Focus on improving financial performance.
- ▶ Develop new ways to add value to our customers' businesses.
- ▶ Improve organizational effectiveness and cost structure.
- ▶ Selectively grow the core portfolio and invest in profitable new opportunities.

2001 ACCOMPLISHMENTS

- ▶ Continued to be a leader in safety performance, with an incident rate of 0.31 incidents per 200,000 hours worked.
- ▶ Integrated the Texaco Additives International Fuel Additives business into the Oronite Fuel Additives business unit.
- ▶ Achieved record sales volumes, increasing by 3 percent from prior year.
- ▶ Continued to grow market share in the automotive and viscosity index improver markets.

MAJOR GLOBAL BUSINESS UNITS

Chevron Oronite has two major global business units – Lubricating Oil Additives and Fuel Additives. These business units are managed globally to improve efficiency, facilitate global strategies, avoid duplication, minimize regional suboptimization and monitor the global marketplace.

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

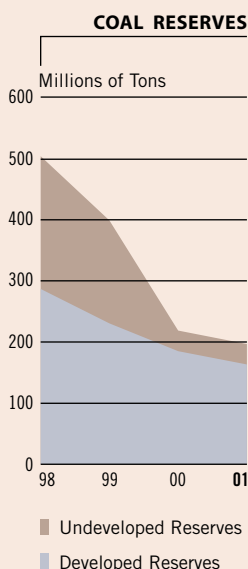
The Fuel Additives business unit provides additives for fuels to improve engine performance and extend the life of the engines. The major additive applications are for gasoline and diesel fuels. Many additive packages are unique and are blended specifically for a single customer. Fuel performance standards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

GLOBAL FACILITIES

<i>United States</i>		<i>International</i>	
Location	Products/Services	Location	Products/Services
Richmond, CA	Components Tech Center	São Paulo, Brazil	Lube Additives
Belle Chasse, LA	Fuel and Lube Additives	Gonfreville, France	Fuel and Lube Additives Tech Center
Beacon, NY	Research and Development	Chennai, India (50%)	Lube Additives
Houston, TX	Global Headquarters	Omaezaki, Japan	Lube Additives Tech Center
San Antonio, TX	Research and Development	San Juan del Rio, Mexico (40%)	Lube Additives
		Rotterdam, Netherlands	Tech Center
		Palau Sakra, Singapore	Lube Additives

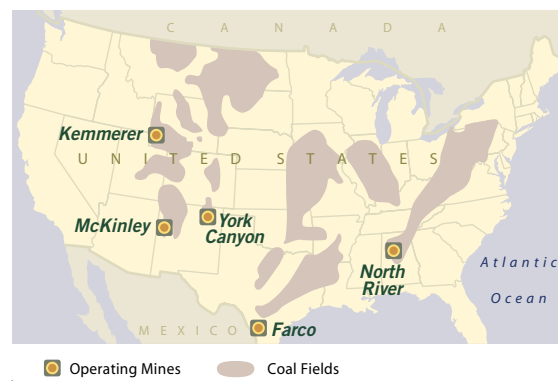
COAL

BUSINESS DESCRIPTION



COMPETITIVE POSITION

- ▶ The Pittsburgh & Midway Coal Mining Co. (P&M), a wholly owned ChevronTexaco subsidiary, ranks among the 20 coal producing companies in the United States.
- ▶ P&M continues to lead key competitors in safety performance.
- ▶ About 80 percent of P&M's sales are made to electric utilities.
- ▶ P&M holds low-sulfur coal reserves in major U.S. coal producing regions in the West.



BUSINESS STRATEGIES

- ▶ P&M's goal is to maximize cash return to the corporation. To achieve this goal, P&M is committed to
 - continuing to mine coal in a safe and environmentally responsible manner;
 - continuing to improve productivity and reduce costs while minimizing capital expenditures;
 - strengthening long-term relationships with customers;
 - reducing capital employed.

2001 ACCOMPLISHMENTS

- ▶ Achieved the companywide best safety record for the third consecutive year.
- ▶ Improved productivity at P&M's largest mines – McKinley, Kemmerer and North River.
- ▶ Implemented sulfur dioxide (SO₂) bundling contract for sales to one of P&M's largest customers.
- ▶ Completed headquarters reorganization and staff reductions.
- ▶ Moved forward with plans to exit the Farco and York Canyon operations.

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 2001. Competition in the electric utility industry places a premium on low-cost coal-fired power generation.
- ▶ The California electricity crisis in late 2000 and early 2001 led to the promotion of new coal-fired power plants due to a near 100 percent reliance on natural gas, whose price proved to be highly volatile.
- ▶ The upward pressure on coal prices that commenced in late 2000 continued into 2001. Most market analysts forecast that earnings growth for U.S. coal producers will begin in earnest in 2002, after the producers work through existing lower-priced contracts.

P&M OPERATIONS

Mine Name	State/ Country	Principal Operation	Sulfur Content	Estimated Annual Capacity ¹	Annual Sales ¹			
					2001	2000	1999	1998
Kemmerer	WY	Truck-and-Shovel	Low	5.0	4.5	3.7	4.3	4.7
McKinley	NM	Dragline/T&S	Low	6.5	6.7	5.2	7.2	6.9
North River	AL	Longwall	Medium	3.5	3.2	2.6	2.4	2.4
York Canyon	NM	Truck-and-Shovel	Low	1.4	1.1	1.2	1.1	1.3
Farco/Port Services	TX	Dragline	Medium	0.3	0.1	0.2	0.2	0.1
Inter-American Coal (29.8%) ²	Venezuela	Truck-and-Shovel	Low	0.3	0.6	0.9	0.8	1.1
Closed Mines/Brokered Sales	Various			–	–	–	–	6.8
Total Sales					17.0	16.2	13.8	23.3

¹ Millions of tons.

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

D Y N E G Y

B U S I N E S S D E S C R I P T I O N

Dynegy Inc. is one of the world's leading energy merchants. Through a global physical network of assets and marketing, logistics and risk management capabilities, Dynegy provides innovative energy and communications solutions to customers in North America, the United Kingdom and continental Europe. The company's leadership position extends across the entire convergence value chain – from power generation, wholesale and direct commercial and industrial marketing and trading of power, natural gas, coal, emission allowances, weather derivatives and broadband to the gathering, processing and transporting of natural gas liquids.

Dynegy is one of the leading natural gas marketers in North America, with sales of more than 13 billion cubic feet per day. It is a leading natural gas liquids marketer, with worldwide sales in excess of 557,000 barrels per day, and is also one of the largest processors of natural gas in North America, with production of more than 84,000 barrels of natural gas liquids per day. As of January 1, 2002, Dynegy operates or controls 19,100 gross megawatts of power generation capacity and plans to add more than 1,400 gross megawatts in 2002 through new construction.

Dynegy and Chevron formed a long-term strategic alliance in 1996 whereby Dynegy purchases essentially all natural gas and natural gas liquids produced or controlled by the legacy Chevron operations in the United States (excluding Alaska) and supplies natural gas and natural gas liquids feedstock to most of the legacy Chevron's U.S. refineries and chemical plants. In early 2002, the company was negotiating to expand those agreements to include substantially all of the legacy Texaco's undedicated U.S. natural gas and natural gas liquids production. These agreements extend until August 2006.

Dynegy reported record net income of \$648 million, in 2001, a 29 percent increase compared with 2000. ChevronTexaco invested a total of \$1.7 billion in Dynegy in 2001 and January 2002 and has a 26.5 percent common equity interest in the company. Dynegy's equity market value at year end was \$8.6 billion.

2001 ACCOMPLISHMENTS

- ▶ Completed the acquisition of power generation assets in New York, adding 1,700 megawatts of gross generation capacity.
- ▶ Completed three new power generation projects in Georgia, Kentucky and Louisiana, adding gross generation capacity of 1,100 megawatts.
- ▶ Acquired BG Storage Ltd. to strengthen its position in the United Kingdom. The acquisition includes 30 wells, five offshore platforms, nine salt caverns, 19 miles of pipeline and an onshore processing plant.
- ▶ Expanded natural gas sales agreements with ChevronTexaco to 3 billion cubic feet per day through August 2006, including all associated natural gas liquids.
- ▶ Acquired Northern Natural Gas pipeline assets, including 16,500 miles of pipeline from Texas to the Upper Midwest.

GLOSSARY

ENERGY AND FINANCIAL TERMS

ENERGY

Acreage Land leased for oil and gas exploration and production.

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

Barrels of Oil Equivalent A term used to quantify oil and natural gas amounts using the same measurement. Gas volumes are converted to barrels on the basis of energy content. See *oil-equivalent gas*.

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

Development Following discovery, drilling, construction and related activities necessary to begin production of oil or natural gas.

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.

Exploration Searching for oil and/or natural gas, including geologic studies; topographical, geophysical and seismic surveys; and well drilling.

Gas to Liquids (GTL) A process that converts natural gas to low-emission liquid fuels.

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

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.

Liquefied Natural Gas (LNG) Gas that is liquefied under extremely cold temperatures and high pressure to facilitate storage or transportation in specially designed vessels.

Liquefied Petroleum Gas (LPG) Light gases, such as butane and propane, that can be maintained as liquids while under pressure.

Natural Gas Liquids (NGL) Separated from natural gas, these include natural gasoline, ethane, propane and butanes.

Oil-Equivalent Gas 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 natural gas is equivalent to one average barrel of oil.

Petrochemicals Chemicals derived from petroleum and natural gas. Major petrochemical operations within ChevronTexaco 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. Additionally, there is a wintertime program in certain areas to reduce carbon monoxide exhaust emissions by adding to gasolines an oxygenate blending component (*oxygenate*) such as ether or alcohol.

Reserves Oil or natural gas contained in underground rock formations called *reservoirs*. *Proved* reserves are estimated quantities of oil and natural gas that geologic 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.

ENERGY AND FINANCIAL TERMS – CONTINUED

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. **Appraisal** wells are exploratory wells drilled out from the side of a discovery well to determine the area of a new field. **Delineation** wells are exploratory wells drilled to determine the boundaries of a productive formation or to delineate the extent of a find. **Development** wells are wells drilled in an existing reservoir in a proved oil or gas producing area.

Completed wells are wells in which drilling work has been completed and that are capable of producing.

Dry wells are wells completed as dry holes – wells not capable of producing in commercial quantities.

FINANCIAL TERMS

Cash Flow from Operating Activities Cash earnings of the business, an indicator of a company's ability to pay dividends and fund capital programs.

Earnings Total revenues, less total expenses (including taxes and the *extraordinary item*). Used interchangeably with net income.

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

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

Merger Effects In 2001, the sum of the after-tax amounts for *merger-related expenses* and the *extraordinary item*.

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

Operating Earnings Net income generated by the ongoing operations of the company excluding special items and merger effects.

Special Items Transactions not considered representative of the company's ongoing operations. These transactions, as defined by management, can obscure the underlying results of operations and affect comparability between years.

Stockholders' Equity The owners' share of the company, this is the difference between total assets and total liabilities.

FINANCIAL RATIOS

Current Current assets divided by current liabilities.

Interest Coverage Income before income tax expense plus interest and debt expense and amortization of capitalized interest, divided by before-tax interest costs.

Return on Average Capital Employed Net income (adjusted for interest expense after tax and minority interest) divided by average capital employed. Capital employed is stockholders' equity plus total debt plus capital lease obligations plus minority interests. Average capital employed is computed by averaging the sum of capital employed at the beginning and end of year.

Return on Average Capital Employed Excluding Special Items and Merger Effects Net income, excluding special items and merger effects, adjusted for interest expense after tax and minority interest, divided by average capital employed.

Return on Average Stockholders' Equity Net income divided by average stockholders' equity. Average stockholders' equity is computed by averaging the sum of the beginning-of-year and end-of-year balances.

Return on Average Total Assets Net income divided by average total assets. Average total assets is computed by averaging the sum of the beginning-of-year and end-of-year balances.

Return on Sales Net income divided by sales and other operating revenues (net of excise taxes).

Total Debt/Total Debt Plus Equity Total debt, including capital lease obligations, divided by total debt plus stockholders' equity.

Total Stockholder Return Stock price appreciation, plus reinvested dividends, divided by stock price (beginning of year).

CHEVRONTEXACO

MAJOR ORGANIZATIONS

ORGANIZATIONS	PRINCIPAL BUSINESS	PRINCIPAL AREAS OF ACTIVITY
Operating		
Amoseas Indonesia Inc.	Exploration and Production	Indonesia
Cabinda Gulf Oil Company Limited	Exploration and Production	Angola
Chevron Asiatic Limited	Exploration and Production	International
Chevron Canada Limited	Refining and Marketing	Western Canada
Chevron Canada Resources	Exploration and Production	Canada
Chevron International Limited	Exploration and Financing	International
Chevron Nigeria Limited	Exploration and Production	Nigeria
Chevron Oil Company Nigeria Limited	Exploration and Production	Nigeria
Chevron Oronite Company LLC	Chemicals Additives	Worldwide
Chevron Pipeline Company	Crude Oil, Petroleum Products and Natural Gas Transportation	United States
Chevron Products Company	Refining and Marketing; Sale/Trading of Crude Oil and Refined Products	Worldwide
Chevron Transport Corporation Limited	Marine Transportation and Commercial Paper Issuer	Worldwide
ChevronTexaco Global Energy Inc.	Refining and Marketing	International
ChevronTexaco North America Upstream	Exploration and Production	United States and Canada
ChevronTexaco Overseas Petroleum Inc.	Exploration and Production	International
ChevronTexaco Shipping Company LLC	Marine Management	Worldwide
ChevronTexaco U.K. Limited	Exploration and Production	North Sea
ChevronTexaco Worldwide Power and Gasification Inc.	Power Generation and Gasification	Worldwide
The Pittsburg & Midway Coal Mining Co.	Coal	Worldwide
P.T. Caltex Pacific Indonesia	Exploration and Production	Indonesia
Texaco Exploration and Production Inc.	Exploration and Production	United States
Texaco Overseas Nigeria Petroleum Company Unlimited	Exploration and Production	Nigeria
Texaco Panama Angola Inc.	Exploration and Production	Angola
Affiliates		
Caltex Australia Limited (50%)	Refining and Marketing	Australia
Chevron Phillips Chemical Company LLC (50%)	Industrial Chemicals	Worldwide
Dynegy Inc. (26.5%)	Midstream Operations	Worldwide
LG-Caltex Oil Corporation (50%)	Refining and Marketing	International
Star Petroleum Refining Company Limited (64%)	Refining	Thailand
Tengizchevroil (50% as of January 2001)	Exploration and Production	Kazakhstan
Services		
Chevron Energy Solutions	Midstream Services	United States
Chevron Environmental Management Company	Environmental Remediation	United States
Chevron Services Company	Administrative Services	Worldwide
ChevronTexaco Business and Real Estate Services	Property Management	Worldwide
ChevronTexaco Energy Research and Technology Company	Engineering, Research, Development and Technical Services for Refining, Supply and Distribution	Worldwide
ChevronTexaco Exploration and Production Technology Company	Oil Field Technical Services and Research and Development	Worldwide
ChevronTexaco Information Technology Company	Communications, Data Processing and Advanced Office Systems	Worldwide
ChevronTexaco Technology Ventures LLC	Emerging Technologies	United States
Finance		
Chevron Canada Enterprises Limited	Commercial Paper Issuer	Canada
Chevron Capital U.S.A. Inc.	Debt Financing	United States
Chevron U.K. Investment PLC	Commercial Paper Issuer	United States
Chevron U.S.A. Inc.	Commercial Paper Issuer	United States
e-Business		
RetailersMarketXchange.com	Internet-Based Full-Service Marketplace	Worldwide

ChevronTexaco Corporation has ownership interests in more than 1,000 subsidiaries, branches, divisions, partnerships and affiliates operating in more than 180 countries. The above listing represents the most significant of the company's operations. ChevronTexaco's interest is 100 percent unless otherwise noted in parentheses.

CHEVRONTEXACO HISTORY

- 1879** Incorporated in San Francisco 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 in the Middle East and Indonesia and provide an outlet for crude oil through Texaco's European markets.
- 1940s - 1960s** Continued expansion that eventually led to 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 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** Formed 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.
- 1999** Acquired Rutherford-Moran Oil Corporation and Petrolera Argentina San Jorge S.A. These acquisitions provided inroads to Asian natural gas markets and built on the company's Latin America business foundation.
- 2000** Chevron and Texaco reached agreement to combine the two companies into an integrated global energy company.
- 2001** Merged with Texaco Inc. and changed name to ChevronTexaco Corporation. ChevronTexaco is the second-largest U.S.-based energy company and ranks among the world's largest and most competitive global energy companies.

ADDITIONAL INFORMATION

This report has been issued (April 2002) solely for the purpose of providing additional ChevronTexaco 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 "ChevronTexaco" and such terms as "the company," "the corporation," "our," "we" and "us" may refer to ChevronTexaco Corporation, one or more of its consolidated subsidiaries, or to all of them taken as a whole, but unless the context clearly indicates otherwise, should not be read to include "affiliates" of ChevronTexaco, i.e., those companies accounted for by the equity method (generally owned 50 percent or less) or investments accounted for by the cost method. All of these terms are used for convenience only and are not intended as a precise description of any of the separate companies, each of which manages its own affairs.

Additional information relating to ChevronTexaco is contained in its Annual Report to stockholders and its Annual Report on Form 10-K for the fiscal year ended December 31, 2001, filed with the Securities and Exchange Commission. For copies of these reports, stockholders and others may write to the 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 Investor Relations, Room 3440, 575 Market Street, San Francisco, California 94105-2856; or telephone (415) 894-5690; or send an e-mail to invest@chevrontexaco.com.

Forward-Looking Statements *This Supplement to the 2001 Annual Report of ChevronTexaco Corporation contains forward-looking statements relating to ChevronTexaco's operations that are based on management's current expectations, estimates and projections about the petroleum, chemicals and other energy-related industries. Words such as "anticipates," "expects," "intends," "plans," "projects," "believes," "seeks," "estimates" and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond our control and are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. Unless legally required, ChevronTexaco undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.*

Among the factors that could cause actual results to differ materially are crude oil and natural gas prices; refining and marketing margins; chemicals prices and competitive conditions affecting supply and demand for aromatics, olefins and additives products; actions of competitors; the competitiveness of alternate energy sources or product substitutes; technological developments; 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; the successful integration of the former Chevron, Texaco and Caltex businesses; potential disruption or interruption of the company's production or manufacturing facilities due to accidents or political events; unexpected damage to company facilities; potential liability for remedial actions under existing or future environmental regulations and litigation; significant investment or product changes under existing or future environmental 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.

The United States Securities and Exchange Commission (SEC) permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company demonstrated by actual or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. We use certain terms in this document such as "probable," "possible" or "recoverable" reserves among others that the SEC's guidelines do not permit being included in filings with the SEC. U.S. investors should refer to disclosures in our Annual Report on Form 10-K.