



Human Energy™

# Energy Performance

2007 Supplement to the Annual Report







## Table of Contents

### Overview

- 1 2007 at a Glance
- 2 Financial Information

### Upstream

- 11 Highlights
- 14 United States
- 18 Africa
- 23 Asia-Pacific
- 30 Indonesia
- 32 Other International
- 38 Gas
- 39 Operating Data

### Downstream

- 49 Highlights
- 50 Refining
- 51 Marketing
- 52 Lubricants
- 52 Supply & Trading
- 53 Transportation
- 54 Operating Data

### Chemicals

- 60 Chevron Phillips Chemical Company LLC
- 61 Chevron Oronite Company

### Other Businesses

- 63 Technology
- 64 Power Generation
- 64 Chevron Energy Solutions
- 65 Mining

### Reference

- 66 Glossary of Energy and Financial Terms
- 68 Organizations

## Cautionary Statement Relevant to Forward-Looking Information for the Purpose of "Safe Harbor" Provisions of the Private Securities Litigation Reform Act of 1995

This 2007 Supplement to the *Annual Report* of Chevron Corporation contains forward-looking statements relating to Chevron's operations that are based on management's current expectations, estimates and projections about the petroleum, chemicals and other energy-related industries. Words such as "anticipates," "expects," "intends," "plans," "targets," "projects," "believes," "seeks," "schedules," "estimates," "budgets" and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond the company's control and are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. The reader should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. Unless legally required, Chevron undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Among the important factors that could cause actual results to differ materially from those in the forward-looking statements are crude oil and natural gas prices; refining margins and marketing margins; chemicals margins; actions of competitors; timing of exploration expenses; the competitiveness of alternate energy sources or product substitutes; technological developments; the results of operations and financial condition of equity affiliates; the inability or failure of the company's joint-venture partners to fund their share of operations and development activities; the potential failure to achieve expected net production from existing and future crude oil and natural gas development projects; potential delays in the development, construction or start-up of planned projects; the potential disruption or interruption of the company's net production or manufacturing facilities or delivery/transportation networks due to war, accidents, political events, civil unrest, severe weather or crude-oil production quotas that might be imposed by OPEC (Organization of Petroleum Exporting Countries); the potential liability for remedial actions under existing or future environmental regulations and litigation; significant investment or product changes under existing or future environmental statutes, regulations and litigation; the potential liability resulting from pending or future litigation; the company's acquisition or disposition of assets; gains and losses from asset dispositions or impairments; government-mandated sales, divestitures, recapitalizations, changes in fiscal terms or restrictions on scope of company operations; foreign currency movements compared with the U.S. dollar; the effects of changed accounting rules under generally accepted accounting principles promulgated by rule-setting bodies; and the factors set forth under the heading "Risk Factors" described on pages 32 and 33 of the company's 2007 *Annual Report on Form 10-K*. In addition, such statements could be affected by general domestic and international economic and political conditions. Unpredictable or unknown factors not discussed in this report could also have material adverse effects on forward-looking statements.

## 2007 at a Glance

### Accomplishments

#### Corporate

- › **Record earnings** - Achieved the highest annual earnings in the company's history, \$18.7 billion.
- › **Dividends** - Increased the quarterly stock dividend by 11.5 percent, to \$0.58 per share - the 20th consecutive year of higher annual dividend payouts.
- › **Stock repurchase program** - Acquired \$7 billion of the company's shares of common stock in the open market. Of this total, \$2.1 billion was purchased under a program initiated in September 2007 to buy back up to \$15 billion of common shares over a period of up to three years.
- › **Capital and exploratory expenditures** - Invested \$20 billion in the company's businesses, including \$2.3 billion (Chevron's share) of spending by affiliates. Announced 2008 projected outlays of \$22.9 billion, including \$2.6 billion of affiliate expenditures. Focus continues on exploration and production activities and upgrades to the refinery network.
- › **Debt** - Reduced total debt by \$2.6 billion and reduced the ratio of debt to debt-plus-equity from 12.5 percent to 8.6 percent.

#### Upstream - Exploration and Production

- › **Exploration** - Achieved a drilling success rate of 41 percent with 23 successful exploratory wells. Discovery locations included Malange in Angola, West Tonga in the U.S. Gulf of Mexico and the Moho-Bilondo permit area in Republic of the Congo.
- › **Production** - Produced 2.62 million net oil-equivalent barrels per day, with approximately 70 percent of the volume outside the United States in more than 20 different countries.
- › **Major projects** - Continued to progress on the company's major projects to deliver future production growth. First oil was achieved at the Banzala, Benguela and Tomboco fields in Angola. First natural gas was produced at the Bibiyana Field in Bangladesh. Start-up occurred at the Tengizchevroil Sour Gas Injection/ Second Generation Plant project in Kazakhstan and at the Darajat III geothermal power plant in Indonesia. Initial production was scheduled for 2008 for Agbami in Nigeria and Blind Faith in the U.S. Gulf of Mexico.
- › **Gas initiatives** - Chevron and partners made a final investment decision in 2007 for the 5.2 million-metric-ton-per-year onshore Angola LNG project. Construction began in early 2008 and plant start-up is anticipated in 2012.

#### Downstream - Refining, Marketing and Transportation

- › **Refinery upgrades** - Completed projects at El Segundo, California, Pembroke, United Kingdom, and Yeosu, South Korea (GS Caltex affiliate) designed to improve refinery product-yield and lower refining costs by increasing feedstock flexibility.
- › **Asset divestments** - Sold interests in the Nerefco Refinery and related assets in the Netherlands; the fuels marketing businesses in Belgium, the Netherlands, Luxembourg and Uruguay; and the North American credit card operations.

#### Chemicals

- › **Manufacturing facility expansion** - Continued construction of Chevron Phillips Chemical Company LLC's (CPChem) 50 percent-owned styrene facility at Al Jubail, Saudi Arabia, and the 49 percent-owned Q-Chem II joint-venture project in Qatar, which will add manufacturing capacity for polyethylene and normal alpha olefins. CPChem is 50 percent-owned by Chevron. The Oronite subsidiary of Chevron completed construction of a carboxylate detergent unit at the manufacturing facility in Gonfreville, France.

### Corporate Strategies

- › **Financial-return objective** - Create value and achieve sustained financial returns that will enable Chevron to outperform its competitors.
- › **Major business strategies** - Upstream - grow profitably in core areas, build new legacy positions and commercialize the company's natural gas equity resource base while growing a high-impact global gas business. Downstream - improve returns and selectively grow, with a focus on integrated value creation. The company also continues to invest in renewable-energy technologies, with an objective of capturing profitable positions in important renewable sources of energy.
- › **Enabling strategies companywide** - Invest in people to achieve the company's strategies. Leverage technology to deliver superior performance and growth. Build organizational capability to deliver world-class performance in operational excellence, cost reduction, capital stewardship and profitable growth.

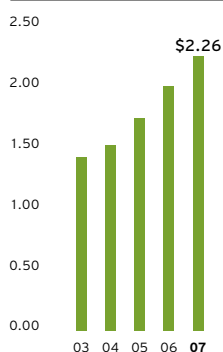
### Financial Highlights:

- › **Sales and other operating revenues**  
\$214.1 billion
- › **Net income**  
\$18.7 billion;  
\$8.77 per share - diluted
- › **Return on capital employed**  
23.1%
- › **Return on average stockholders' equity**  
25.6%
- › **Cash dividends**  
\$2.26 per share
- › **Total stockholder return**  
30.5%

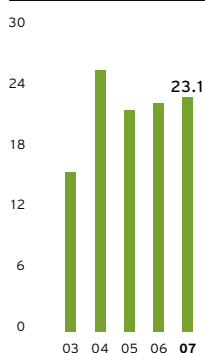


## Financial Information

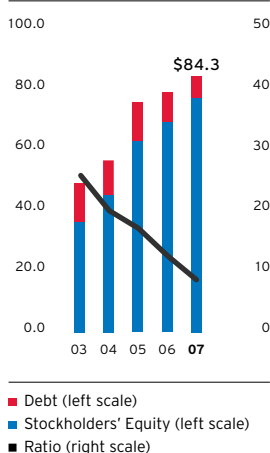
**Annual Cash Dividends**  
Dollars per share



**Return on Capital Employed**  
Percent



**Total Debt to Total Debt-Plus-Equity Ratio**  
Billions of dollars/Percent



## Financial Summary

Millions of dollars, except per-share amounts

	2007	2006	2005	2004	2003
Net income	\$ 18,688	\$ 17,138	\$ 14,099	\$ 13,328	\$ 7,230
Sales and other operating revenues <sup>1</sup>	214,091	204,892	193,641	150,865	119,575
Cash dividends - Common stock	4,791	4,396	3,778	3,236	3,033
Capital and exploratory expenditures	20,026	16,611	11,063	8,315	7,363
Cash provided by operating activities	24,977	24,323	20,105	14,690	12,315
At December 31: Working capital	5,579	7,895	9,325	9,708	3,315
Total assets	148,786	132,628	125,833	93,208	81,470
Total debt and capital lease obligations	7,232	9,838	12,870	11,272	12,597
Stockholders' equity	77,088	68,935	62,676	45,230	36,295
Common shares outstanding (Millions) <sup>2</sup>	2,076.3	2,150.4	2,218.5	2,093.0	2,124.1
Per-share data <sup>2</sup>					
Net income - Basic	\$ 8.83	\$ 7.84	\$ 6.58	\$ 6.30	\$ 3.48
- Diluted	8.77	7.80	6.54	6.28	3.48
Cash dividends	2.26	2.01	1.75	1.53	1.43
Stockholders' equity at December 31	37.13	32.06	28.25	21.61	17.09
Market price at December 31	93.33	73.53	56.77	52.51	43.19
- High	95.50	76.20	65.98	56.07	43.49
- Low	64.99	53.76	49.81	41.99	30.65
Financial ratios <sup>3</sup>					
Current ratio	1.2	1.3	1.4	1.5	1.2
Interest coverage	69.2	53.5	47.5	47.6	24.3
Total debt to total debt-plus-equity	8.6%	12.5%	17.0%	19.9%	25.8%
Return on average stockholders' equity	25.6%	26.0%	26.1%	32.7%	21.3%
Return on average capital employed	23.1%	22.6%	21.9%	25.8%	15.7%
Return on average total assets	13.3%	13.2%	12.9%	15.3%	9.1%
Cash dividends/net income (payout ratio)	25.6%	25.7%	26.8%	24.3%	42.0%
Cash dividends/cash from operations	19.2%	18.1%	18.8%	22.0%	24.6%
Total stockholder return	30.5%	33.8%	11.3%	25.5%	35.2%

<sup>1</sup> Excludes \$291 and \$457 for discontinued operations for 2004 and 2003, respectively.

<sup>2</sup> Amounts in all periods reflect a two-for-one stock split effected as a 100 percent stock dividend in September 2004.

<sup>3</sup> Refer to page 67 for Financial Ratios definitions.

## Consolidated Statement of Income

Millions of dollars	Year ended December 31				
	2007	2006	2005	2004	2003
<b>Revenues and Other Income</b>					
<b>Sales and Other Operating Revenues<sup>1,2,3</sup></b>					
Gasolines	\$ 47,074	\$ 42,639	\$ 39,491	\$ 33,199	\$ 25,820
Jet fuel	16,333	15,577	13,606	9,757	6,939
Gas oils and kerosene	32,170	31,647	27,572	21,086	16,556
Residual fuel oils	7,348	7,086	6,681	5,519	5,161
Other refined products	5,886	5,723	4,726	4,305	3,716
<b>Total Refined Products</b>	<b>108,811</b>	<b>102,672</b>	<b>92,076</b>	<b>73,866</b>	<b>58,192</b>
Crude oil and condensate	61,542	61,842	66,552	52,836	40,173
Natural gas	24,437	22,515	18,248	9,841	8,426
Natural gas liquids	4,483	3,488	3,211	2,632	2,208
Other petroleum revenues	2,460	2,862	3,145	2,321	2,551
Excise taxes	9,959	9,486	8,705	7,957	7,086
<b>Total Upstream and Downstream</b>	<b>211,692</b>	<b>202,865</b>	<b>191,937</b>	<b>149,453</b>	<b>118,636</b>
Chemicals	1,582	1,395	1,117	1,106	1,009
All Other	817	632	587	597	387
Less: Revenues from discontinued operations	-	-	-	(291)	(457)
<b>Total Sales and Other Operating Revenues</b>	<b>214,091</b>	<b>204,892</b>	<b>193,641</b>	<b>150,865</b>	<b>119,575</b>
Income from equity affiliates	4,144	4,255	3,731	2,582	1,029
Gain from exchange of Dynegy preferred stock	-	-	-	-	365
Other income	2,669	971	828	1,853	308
<b>Total Revenues and Other Income</b>	<b>220,904</b>	<b>210,118</b>	<b>198,200</b>	<b>155,300</b>	<b>121,277</b>
<b>Costs and Other Deductions</b>					
Purchased crude oil and products <sup>3</sup>	133,309	128,151	127,968	94,419	71,310
Operating expenses	16,932	14,624	12,191	9,832	8,500
Selling, general and administrative expenses	5,926	5,093	4,828	4,557	4,440
Exploration expenses	1,323	1,364	743	697	570
Depreciation, depletion and amortization <sup>4</sup>	8,708	7,506	5,913	4,935	5,326
Taxes other than on income <sup>2</sup>	22,266	20,883	20,782	19,818	17,901
Interest and debt expense	166	451	482	406	474
Minority interests	107	70	96	85	80
<b>Total Costs and Other Deductions</b>	<b>188,737</b>	<b>178,142</b>	<b>173,003</b>	<b>134,749</b>	<b>108,601</b>
<b>Income From Continuing Operations Before Income Tax Expense</b>	<b>32,167</b>	<b>31,976</b>	<b>25,197</b>	<b>20,551</b>	<b>12,676</b>
Income tax expense	13,479	14,838	11,098	7,517	5,294
<b>Income From Continuing Operations</b>	<b>18,688</b>	<b>17,138</b>	<b>14,099</b>	<b>13,034</b>	<b>7,382</b>
<b>Income From Discontinued Operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>294</b>	<b>44</b>
Income before cumulative effect of changes in accounting principles	\$ 18,688	\$ 17,138	\$ 14,099	\$ 13,328	\$ 7,426
Cumulative effect of changes in accounting principles, net of income tax <sup>5</sup>	-	-	-	-	(196)
<b>Net Income</b>	<b>\$ 18,688</b>	<b>\$ 17,138</b>	<b>\$ 14,099</b>	<b>\$ 13,328</b>	<b>\$ 7,230</b>

<sup>1</sup> 2003 through 2006 conformed to 2007 presentation.

<sup>2</sup> Includes excise, value-added and similar taxes:

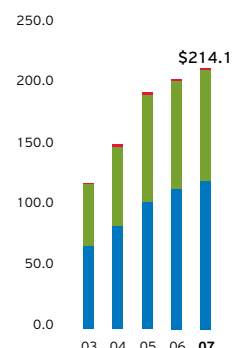
	\$ 10,121	\$ 9,551	\$ 8,719	\$ 7,968	\$ 7,095
--	-----------	----------	----------	----------	----------

<sup>3</sup> Includes amounts for buy/sell contracts; associated costs are in "Purchased crude oil and products":

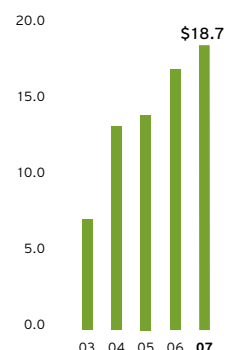
	\$ -	\$ 6,725	\$ 23,822	\$ 18,650	\$ 14,246
--	------	----------	-----------	-----------	-----------

<sup>4</sup> Includes \$415, \$44, \$25, \$90 and \$254 in 2007, 2006, 2005, 2004 and 2003, respectively, for asset impairment charges.

<sup>5</sup> Includes a net loss of \$200 for the adoption of FASB Statement No. 143 (FAS 143), *Accounting for Asset Retirement Obligations*, and a gain of \$4 for the company's share of Dynegy's cumulative effect for the adoption of EITF No. 02-3, *Issues Involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management Activities*.

Sales & Other Operating Revenues  
Billions of dollars

■ Chemicals & Other  
■ Crude Oil & Condensate, Natural Gas, and Natural Gas Liquids  
■ Petroleum Products

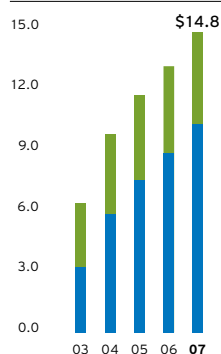
Net Income\*  
Billions of dollars

\*Includes discontinued operations

## Financial Information

### Worldwide Upstream Earnings\*

Billions of dollars

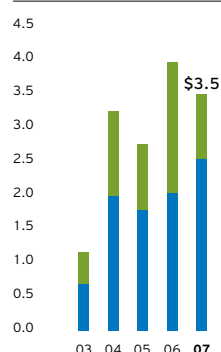


■ United States  
■ International

\*Before the cumulative effect of changes in accounting principles recorded in 2003

### Worldwide Downstream Earnings

Billions of dollars



■ United States  
■ International

### Consolidated Statement of Comprehensive Income

Millions of dollars	Year ended December 31				
	2007	2006	2005	2004	2003
<b>Net Income</b>	<b>\$ 18,688</b>	\$ 17,138	\$ 14,099	\$ 13,328	\$ 7,230
Net unrealized holding gain (loss) on securities	19	(88)	(32)	(9)	80
Net derivatives (loss) gain on hedge transactions	(6)	67	(131)	(9)	75
Defined benefit plan activity - Gain (loss)	685	(38)	58	472	2
Currency translation adjustment	31	55	(5)	36	32
<b>Other Comprehensive Gain (Loss), Net of Tax</b>	<b>729</b>	(4)	(110)	490	189
<b>Comprehensive Income</b>	<b>\$ 19,417</b>	\$ 17,134	\$ 13,989	\$ 13,818	\$ 7,419
<b>Retained Earnings at January 1</b>	<b>\$ 68,464</b>	\$ 55,738	\$ 45,414	\$ 35,315	\$ 30,942
Net income	18,688	17,138	14,099	13,328	7,230
Cash dividends	(4,791)	(4,396)	(3,778)	(3,236)	(3,033)
Tax benefit from dividends paid on unallocated ESOP shares	3	3	3	7	6
Adoption of EITF 04-6, <i>Accounting for Stripping Costs Incurred During Production in the Mining Industry</i>	-	(19)	-	-	-
Adoption of FIN 48, <i>Accounting for Uncertainty in Income Taxes</i>	(35)	-	-	-	-
Exchange of Dynegy securities*	-	-	-	-	170
<b>Retained Earnings at December 31</b>	<b>\$ 82,329</b>	\$ 68,464	\$ 55,738	\$ 45,414	\$ 35,315

\* Represents the company's share of a capital stock transaction of Dynegy, which under the applicable accounting rules was recorded directly to retained earnings.

### Income From Continuing Operations by Major Operating Area

Millions of dollars		Year ended December 31				
		2007	2006	2005	2004	2003
Upstream	- United States	\$ 4,532	\$ 4,270	\$ 4,168	\$ 3,868	\$ 3,160
	- International	10,284	8,872	7,556	5,622	3,199
	- Total	14,816	13,142	11,724	9,490	6,359
Downstream	- United States	966	1,938	980	1,261	482
	- International	2,536	2,035	1,786	1,989	685
	- Total	3,502	3,973	2,766	3,250	1,167
Chemicals		396	539	298	314	69
All Other*		(26)	(516)	(689)	(20)	(213)
Income from continuing operations		\$ 18,688	\$ 17,138	\$ 14,099	\$ 13,034	\$ 7,382
Income from discontinued operations - Upstream		-	-	-	294	44
Cumulative effect of changes in accounting principles		-	-	-	-	(196)
<b>Net Income</b>		<b>\$ 18,688</b>	<b>\$ 17,138</b>	<b>\$ 14,099</b>	<b>\$ 13,328</b>	<b>\$ 7,230</b>

\* Includes mining operations, power generation businesses, worldwide cash management and debt financing activities, corporate administrative functions, insurance operations, real estate activities, alternative fuels, technology companies and the company's interest in Dynegy prior to its sale in May 2007.

## Consolidated Balance Sheet

		At December 31				
Millions of dollars		2007	2006	2005	2004	2003
<b>Assets</b>						
Cash and cash equivalents	\$ 7,362	\$ 10,493	\$ 10,043	\$ 9,291	\$ 4,266	
Marketable securities	732	953	1,101	1,451	1,001	
Accounts and notes receivable	22,446	17,628	17,184	12,429	9,722	
Inventories						
Crude oil and petroleum products	4,003	3,586	3,182	2,324	2,003	
Chemicals	290	258	245	173	173	
Materials, supplies and other	1,017	812	694	486	472	
Total inventories	5,310	4,656	4,121	2,983	2,648	
Prepaid expenses and other current assets	3,527	2,574	1,887	2,349	1,789	
<b>Total Current Assets</b>	<b>39,377</b>	<b>36,304</b>	<b>34,336</b>	<b>28,503</b>	<b>19,426</b>	
Long-term receivables, net	2,194	2,203	1,686	1,419	1,493	
Investments and advances	20,477	18,552	17,057	14,389	12,319	
Properties, plant and equipment, at cost	154,084	137,747	127,446	103,954	100,556	
Less: Accumulated depreciation, depletion and amortization	75,474	68,889	63,756	59,496	56,018	
Net properties, plant and equipment	78,610	68,858	63,690	44,458	44,538	
Deferred charges and other assets	3,491	2,088	4,428	4,277	2,594	
Goodwill	4,637	4,623	4,636	-	-	
Assets held for sale	-	-	-	162	1,100	
<b>Total Assets</b>	<b>\$148,786</b>	<b>\$132,628</b>	<b>\$125,833</b>	<b>\$ 93,208</b>	<b>\$ 81,470</b>	
<b>Liabilities and Stockholders' Equity</b>						
Short-term debt	\$ 1,162	\$ 2,159	\$ 739	\$ 816	\$ 1,703	
Accounts payable	21,756	16,675	16,074	10,747	8,675	
Accrued liabilities	5,275	4,546	3,690	3,410	3,172	
Federal and other taxes on income	3,972	3,626	3,127	2,502	1,392	
Other taxes payable	1,633	1,403	1,381	1,320	1,169	
<b>Total Current Liabilities</b>	<b>33,798</b>	<b>28,409</b>	<b>25,011</b>	<b>18,795</b>	<b>16,111</b>	
Long-term debt and capital lease obligations	6,070	7,679	12,131	10,456	10,894	
Deferred credits and other noncurrent obligations	15,007	11,000	10,507	7,942	7,758	
Noncurrent deferred income taxes	12,170	11,647	11,262	7,268	6,417	
Reserves for employee benefit plans	4,449	4,749	4,046	3,345	3,727	
Minority interests	204	209	200	172	268	
<b>Total Liabilities</b>	<b>71,698</b>	<b>63,693</b>	<b>63,157</b>	<b>47,978</b>	<b>45,175</b>	
<b>Stockholders' Equity</b>	<b>77,088</b>	<b>68,935</b>	<b>62,676</b>	<b>45,230</b>	<b>36,295</b>	
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$148,786</b>	<b>\$132,628</b>	<b>\$125,833</b>	<b>\$ 93,208</b>	<b>\$ 81,470</b>	

## Segment Assets

Millions of dollars						
Upstream <sup>1</sup>	\$ 89,221	\$ 77,194	\$ 70,143	\$ 43,108	\$ 41,021	
Downstream	42,865	36,374	34,567	29,506	26,981	
Chemicals	3,354	3,400	3,179	2,983	2,827	
<b>Total Segment Assets</b>	<b>\$135,440</b>	<b>\$116,968</b>	<b>\$107,889</b>	<b>\$ 75,597</b>	<b>\$ 70,829</b>	
All Other <sup>2</sup>	13,346	15,660	17,944	17,611	10,641	
<b>Total Assets</b>	<b>\$148,786</b>	<b>\$132,628</b>	<b>\$125,833</b>	<b>\$ 93,208</b>	<b>\$ 81,470</b>	

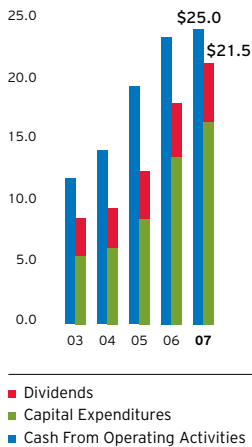
<sup>1</sup> Includes \$4,637, \$4,623 and \$4,636 of goodwill associated with the acquisition of Unocal Corporation in 2007, 2006 and 2005, respectively.

<sup>2</sup> "All Other" assets consist primarily of worldwide cash, cash equivalents and marketable securities, real estate, information systems, the company's investment in Dynegy prior to its disposition in 2007, mining operations, power generation businesses, technology companies and assets of the corporate administrative functions.

## Financial Information

### Cash From Operating Activities Compared With Capital Expenditures & Dividends

Billions of dollars



### Consolidated Statement of Cash Flows

Millions of dollars	Year ended December 31				
	2007	2006	2005	2004	2003
<b>Operating Activities</b>					
Net income	\$ 18,688	\$ 17,138	\$ 14,099	\$ 13,328	\$ 7,230
Adjustments					
Depreciation, depletion and amortization	8,708	7,506	5,913	4,935	5,326
Dry hole expense	507	520	226	286	256
Distributions (less) than income from equity affiliates	(1,439)	(979)	(1,304)	(1,422)	(383)
Net before-tax gains on asset retirements and sales	(2,315)	(229)	(134)	(1,882)	(194)
Net foreign currency effects	378	259	62	60	199
Deferred income tax provision	261	614	1,393	(224)	164
Net decrease (increase) in operating working capital composed of:					
(Increase) decrease in accounts and notes receivable	(3,867)	17	(3,164)	(2,515)	(265)
(Increase) decrease in inventories	(749)	(536)	(968)	(298)	115
(Increase) decrease in prepaid expenses and other current assets	(370)	(31)	(54)	(76)	261
Increase in accounts payable and accrued liabilities	4,930	1,246	3,851	2,175	242
Increase (decrease) in income and other taxes payable	741	348	281	1,144	(191)
Net decrease (increase) in operating working capital	685	1,044	(54)	430	162
Minority interest in net income	107	70	96	85	80
(Increase) decrease in long-term receivables	(82)	(900)	(191)	(60)	12
(Increase) decrease in other deferred charges	(530)	232	668	(69)	1,646
Cash contributions to employee pension plans	(317)	(449)	(1,022)	(1,643)	(1,417)
Cumulative effect of changes in accounting principles	-	-	-	-	196
Gain from exchange of Dynegy preferred stock	-	-	-	-	(365)
Other	326	(503)	353	866	(597)
<b>Net Cash Provided by Operating Activities</b>	<b>24,977</b>	<b>24,323</b>	<b>20,105</b>	<b>14,690</b>	<b>12,315</b>
<b>Investing Activities</b>					
Cash portion of Unocal acquisition, net of Unocal cash received	-	-	(5,934)	-	-
Capital expenditures	(16,678)	(13,813)	(8,701)	(6,310)	(5,625)
Repayment of loans by equity affiliates	21	463	57	1,790	293
Proceeds from asset sales	3,338	989	2,681	3,671	1,107
Marketable securities purchased	(1,975)	(1,271)	(918)	(1,951)	(3,563)
Marketable securities sold	2,160	1,413	1,254	1,501	3,716
Net sales (purchases) of marketable securities	185	142	336	(450)	153
Net purchases of other short-term investments	(799)	-	-	-	-
Advance to Tengizchevroil	-	-	-	(2,200)	-
<b>Net Cash Used for Investing Activities</b>	<b>(13,933)</b>	<b>(12,219)</b>	<b>(11,561)</b>	<b>(3,499)</b>	<b>(4,072)</b>
<b>Financing Activities</b>					
Net (payments) borrowings of short-term obligations	(345)	(677)	(109)	114	(3,628)
Repayments of long-term debt and other financing obligations	(3,343)	(2,224)	(966)	(1,398)	(1,347)
Net (purchases) sales of treasury shares	(6,389)	(4,491)	(2,597)	(1,645)	57
Cash dividends - Common stock	(4,791)	(4,396)	(3,778)	(3,236)	(3,033)
Dividends paid to minority interests	(77)	(60)	(98)	(41)	(37)
Redemption of preferred stock by subsidiaries	-	-	(140)	(18)	(75)
Proceeds from issuances of long-term debt	650	-	20	-	1,034
<b>Net Cash Used for Financing Activities</b>	<b>(14,295)</b>	<b>(11,848)</b>	<b>(7,668)</b>	<b>(6,224)</b>	<b>(7,029)</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>120</b>	<b>194</b>	<b>(124)</b>	<b>58</b>	<b>95</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(3,131)</b>	<b>450</b>	<b>752</b>	<b>5,025</b>	<b>1,309</b>
<b>Cash and Cash Equivalents at January 1</b>	<b>10,493</b>	<b>10,043</b>	<b>9,291</b>	<b>4,266</b>	<b>2,957</b>
<b>Cash and Cash Equivalents at December 31</b>	<b>\$ 7,362</b>	<b>\$ 10,493</b>	<b>\$ 10,043</b>	<b>\$ 9,291</b>	<b>\$ 4,266</b>



## Capital and Exploratory Expenditures

(Includes equity share in affiliates)

Millions of dollars	Year ended December 31				
	2007	2006	2005*	2004	2003
<b>United States</b>					
Exploration	\$ 736	\$ 810	\$ 667	\$ 511	\$ 548
Production	3,822	3,313	1,783	1,309	1,093
Refining	1,099	770	480	255	236
Marketing	160	142	125	134	106
Transportation	290	251	202	70	56
Other Downstream	27	13	11	38	5
Chemicals	218	146	108	123	173
All Other	768	403	329	512	371
<b>Total United States</b>	<b>7,120</b>	<b>5,848</b>	<b>3,705</b>	<b>2,952</b>	<b>2,588</b>
<b>International</b>					
Exploration	1,266	1,339	828	681	538
Production	9,714	7,357	5,111	3,820	3,496
Refining	1,108	1,210	654	388	234
Marketing	438	388	338	281	243
Transportation	89	247	231	31	163
Other Downstream	232	154	109	132	57
Chemicals	53	54	43	27	24
All Other	6	14	44	3	20
<b>Total International</b>	<b>12,906</b>	<b>10,763</b>	<b>7,358</b>	<b>5,363</b>	<b>4,775</b>
<b>Worldwide</b>					
Exploration	2,002	2,149	1,495	1,192	1,086
Production	13,536	10,670	6,894	5,129	4,589
Refining	2,207	1,980	1,134	643	470
Marketing	598	530	463	415	349
Transportation	379	498	433	101	219
Other Downstream	259	167	120	170	62
Chemicals	271	200	151	150	197
All Other	774	417	373	515	391
<b>Total Worldwide</b>	<b>\$ 20,026</b>	<b>\$ 16,611</b>	<b>\$ 11,063</b>	<b>\$ 8,315</b>	<b>\$ 7,363</b>
Memo: Equity share of affiliates' expenditures included above	\$ 2,336	\$ 1,919	\$ 1,681	\$ 1,562	\$ 1,137

\* Excludes \$17.3 billion acquisition cost of Unocal Corporation.

## Exploration Expenses<sup>1</sup>

Millions of dollars

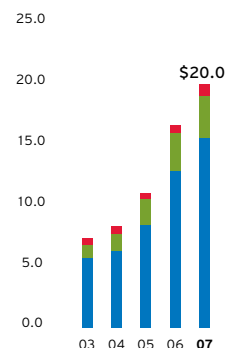
Geological and geophysical	\$ 367	\$ 429	\$ 253	\$ 221	\$ 162
Unproductive wells drilled	507	520	226	286	256
Other <sup>2</sup>	449	415	264	190	152
<b>Total Exploration Expenses</b>	<b>\$ 1,323</b>	<b>\$ 1,364</b>	<b>\$ 743</b>	<b>\$ 697</b>	<b>\$ 570</b>
Memo: United States	\$ 511	\$ 431	\$ 320	\$ 232	\$ 193
International	812	933	423	465	377

<sup>1</sup> Continuing operations for consolidated companies only. Excludes amortization of undeveloped leaseholds.

<sup>2</sup> Includes expensed well contributions, oil and gas lease rentals, and research and development costs.

## Capital and Exploratory Expenditures\*

Billions of dollars

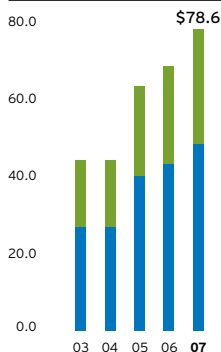


■ Chemicals & Other  
■ Refining, Marketing & Transportation  
■ Exploration & Production

\*Includes equity share in affiliates but excludes cost of Unocal acquisition in 2005

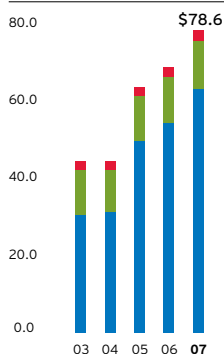
## Financial Information

**Net Properties, Plant & Equipment by Geographic Area**  
Billions of dollars



■ United States  
■ International

**Net Properties, Plant & Equipment by Function**  
Billions of dollars



■ Chemicals & Other  
■ Downstream  
■ Upstream

### Properties, Plant and Equipment

(Includes capital leases)

At December 31

Millions of dollars	2007	2006	2005	2004	2003
<b>Net Properties, Plant and Equipment at January 1</b>	<b>\$ 68,858</b>	\$ 63,690	\$ 44,458	\$ 44,538	\$ 44,155
<b>Additions at Cost</b>					
Upstream - Acquisition of Unocal	-	-	16,401	-	-
Upstream - Other <sup>1</sup>	16,237	11,029	7,057	4,674	5,022
Downstream - Acquisition of Unocal	-	-	619	-	-
Downstream - Other	2,033	1,641	1,246	923	777
Chemicals	93	79	55	39	36
All Other - Acquisition of Unocal	-	-	268	-	-
All Other - Other <sup>2</sup>	685	278	203	316	177
<b>Total Additions at Cost</b>	<b>19,048</b>	13,027	25,849	5,952	6,012
<b>Depreciation, Depletion and Amortization Expense<sup>3</sup></b>					
Upstream	(6,925)	(6,000)	(4,496)	(3,598)	(4,504)
Downstream	(1,141)	(1,024)	(1,010)	(1,062)	(1,148)
Chemicals	(45)	(42)	(42)	(46)	(59)
All Other <sup>2</sup>	(198)	(165)	(178)	(158)	(160)
<b>Total Depreciation, Depletion and Amortization Expense</b>	<b>(8,309)</b>	(7,231)	(5,726)	(4,864)	(5,871)
<b>Net Retirements and Sales</b>					
Upstream	(149)	(188)	(409)	(1,393)	(376)
Downstream	(369)	(242)	(443)	(458)	(395)
Chemicals	(6)	(1)	(9)	(18)	(5)
All Other <sup>2</sup>	(13)	(34)	(83)	(204)	(20)
<b>Total Net Retirements and Sales</b>	<b>(537)</b>	(465)	(944)	(2,073)	(796)
<b>Net Intersegment Transfers and Other Changes<sup>4</sup></b>					
Upstream <sup>5</sup>	(318)	(43)	(154)	1,031	1,018
Downstream <sup>5</sup>	(122)	(99)	232	(174)	(15)
Chemicals	(1)	-	(4)	2	(2)
All Other <sup>2</sup>	(9)	(21)	(21)	46	37
<b>Total Net Intersegment Transfers and Other Changes</b>	<b>(450)</b>	(163)	53	905	1,038
<b>Net Properties, Plant and Equipment at December 31</b>					
Upstream <sup>6</sup>	63,281	54,436	49,638	31,239	30,525
Downstream	12,375	11,974	11,698	11,054	11,825
Chemicals	761	720	684	684	707
All Other <sup>2</sup>	2,193	1,728	1,670	1,481	1,481
<b>Total Net Properties, Plant and Equipment at December 31</b>	<b>\$ 78,610</b>	\$ 68,858	\$ 63,690	\$ 44,458	\$ 44,538
<b>Memo: Gross properties, plant and equipment</b>	<b>\$ 154,084</b>	\$ 137,747	\$ 127,446	\$ 103,954	\$ 100,556
Accumulated depreciation, depletion and amortization	(75,474)	(68,889)	(63,756)	(59,496)	(56,018)
<b>Net properties, plant and equipment</b>	<b>\$ 78,610</b>	\$ 68,858	\$ 63,690	\$ 44,458	\$ 44,538

<sup>1</sup> Net of exploratory well write-offs.

<sup>2</sup> Primarily mining operations, power generation businesses, real estate assets and management information systems.

<sup>3</sup> Difference between the total depreciation, depletion and amortization (DD&A) and total DD&A expense shown on the income statement includes accretion expense, discontinued operations and the cumulative effect for the implementation of FAS 143. Reconciliation as follows:

DD&A on consolidated statement of income	\$ 8,708	\$ 7,506	\$ 5,913	\$ 4,935	\$ 5,326
Less: Accretion expense	(399)	(275)	(187)	(93)	(132)
Plus: Depreciation expense on discontinued operations	-	-	-	22	58
Cumulative effect for the implementation of FAS 143	-	-	-	-	619
<b>DD&amp;A - Properties, plant and equipment</b>	<b>\$ 8,309</b>	\$ 7,231	\$ 5,726	\$ 4,864	\$ 5,871

<sup>4</sup> Includes reclassifications to/from other asset accounts.

<sup>5</sup> Includes reclassification adjustments for "Assets held for sale" in 2004 and 2003.

<sup>6</sup> Includes net investment in unproved oil and gas properties of \$4,929, \$5,217, \$5,168, \$1,410 and \$1,485 in 2007, 2006, 2005, 2004 and 2003, respectively.

## Miscellaneous Data

	2007	2006	2005	2004	2003
<b>Common Stock</b>					
Number of shares outstanding at December 31 (Millions) <sup>1</sup>	<b>2,076.3</b>	2,150.4	2,218.5	2,093.0	2,124.1
Weighted average shares outstanding for the year (Millions) <sup>1</sup>	<b>2,116.6</b>	2,185.0	2,142.7	2,114.4	2,123.2
Number of stockholders of record at December 31 (Thousands)	<b>216</b>	225	234	228	241
Cash dividends on common stock					
Millions of dollars	<b>\$ 4,791</b>	\$ 4,396	\$ 3,778	\$ 3,236	\$ 3,033
Per common share <sup>1</sup>	<b>\$ 2.26</b>	\$ 2.01	\$ 1.75	\$ 1.53	\$ 1.43
Net income per common share - Diluted <sup>1,2</sup>					
First quarter	<b>\$ 2.18</b>	\$ 1.80	\$ 1.28	\$ 1.20	\$ 0.90
Second quarter	<b>2.52</b>	1.97	1.76	1.94	0.75
Third quarter	<b>1.75</b>	2.29	1.64	1.51	1.01 <sup>3</sup>
Fourth quarter	<b>2.32</b>	1.74	1.86	1.63	0.82
Year	<b>\$ 8.77</b>	\$ 7.80	\$ 6.54	\$ 6.28	\$ 3.48
Stockholders' equity per common share at December 31 <sup>1</sup>	<b>\$ 37.13</b>	\$ 32.06	\$ 28.25	\$ 21.61	\$ 17.09
<b>Personnel, Payroll and Benefits<sup>4</sup></b>					
Number of employees at December 31					
Excluding service station employees	<b>59,162</b>	55,882	53,440	47,265	50,582
Service station employees	<b>5,873</b>	6,572	6,255	9,269	10,951
Total	<b>65,035</b>	62,454	59,695	56,534	61,533
Payroll costs (Millions of dollars) <sup>5</sup>	<b>\$ 4,016</b>	\$ 3,500	\$ 3,151	\$ 2,858	\$ 2,816
Employee benefit costs (Millions of dollars) <sup>6</sup>	<b>\$ 2,100</b>	\$ 1,742	\$ 1,777	\$ 1,386	\$ 1,957
Investment per employee at December 31					
(Thousands of dollars) <sup>7</sup>	<b>\$ 1,300</b>	\$ 1,265	\$ 1,269	\$ 1,002	\$ 799
Average sales per employee (Thousands of dollars) <sup>8</sup>	<b>\$ 3,202</b>	\$ 3,198	\$ 3,182	\$ 2,421	\$ 1,763
Average monthly wage per employee	<b>\$ 5,250</b>	\$ 4,775	\$ 4,518	\$ 4,035	\$ 3,679
<b>Capital Employed at December 31 (Millions of dollars)</b>					
Upstream					
- United States	<b>\$ 12,150</b>	\$ 10,965	\$ 10,100	\$ 6,570	\$ 7,310
- International	<b>36,299</b>	31,372	28,454	20,225	18,580
- Goodwill	<b>4,637</b>	4,623	4,636	-	-
- Total	<b>53,086</b>	46,960	43,190	26,795	25,890
Downstream					
- United States	<b>7,685</b>	6,200	5,430	4,405	4,960
- International	<b>16,116</b>	15,210	14,370	13,015	12,145
- Total	<b>23,801</b>	21,410	19,800	17,420	17,105
Chemicals	<b>2,330</b>	2,405	2,250	2,055	2,125
All Other	<b>5,308</b>	8,205	10,510	10,405	4,040
<b>Total Capital Employed</b>	<b>\$ 84,525</b>	\$ 78,980	\$ 75,750	\$ 56,675	\$ 49,160

<sup>1</sup> Amounts in all periods reflect a two-for-one stock split effected as a 100 percent stock dividend in September 2004.

<sup>2</sup> Before the cumulative effect of changes in accounting principles in 2003.

<sup>3</sup> Includes a benefit of \$0.08 for the company's share of a capital stock transaction by the Dynegy affiliate, which under the applicable accounting rules was recorded directly to the company's retained earnings and not included in net income for the period.

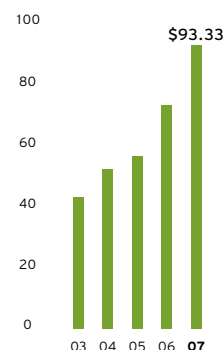
<sup>4</sup> Consolidated companies only.

<sup>5</sup> Excludes incentive bonuses.

<sup>6</sup> Includes pension costs, employee severance, savings and profit-sharing plans, other postemployment benefits, social insurance plans and other benefits.

<sup>7</sup> Investment = Total year-end capital employed.

<sup>8</sup> Average sales per employee = Sales and other operating revenues (net of excise taxes and excluding discontinued operations)/Average number of employees (beginning and end of year).

Chevron Year-End  
Common Stock Price\*  
Dollars per share

\*2003 adjusted for stock split in 2004



# Upstream

Grow profitably in core areas, build new legacy positions and commercialize the company's natural gas equity resource base while growing a high-impact global gas business.



## Highlights

Worldwide net oil-equivalent production averaged 2.62 million barrels per day in 2007. Approximately 70 percent of this production was outside the United States. The company's producing operations are geographically dispersed, with no single country besides the United States accounting for more than 10 percent of the company's total worldwide output.

The company's "focus areas" for exploration in 2007 were the deepwater regions of West Africa, the U.S. Gulf of Mexico, offshore Northwest Australia and the Gulf of Thailand. Drilling activities occurred or were in various stages of planning in several "test areas," including west of Shetland Islands in the United Kingdom, Orphan Basin in Canada, offshore Norway and deepwater Brazil. Exploratory activities also were conducted in "new entry" areas in Alaska, Libya and Eils River in Canada. The company was awarded acreage in western Greenland, another "new entry" area.

Aligned with the activities in both exploration and production is the company's strategy to commercialize its significant worldwide natural-gas resource base through the integration of business activities including plans for producing, liquefying, transporting, regasifying and marketing natural gas to target markets.

### Industry Conditions in 2007

Crude-oil prices increased during 2007. The spot price for West Texas Intermediate crude oil, a benchmark crude oil, averaged \$72 per barrel in 2007, up approximately \$6 per barrel from the 2006 average price. The rise in crude-oil prices was attributed primarily to increasing demand in growing economies, the heightened level of geopolitical uncertainty in some areas of the world and supply concerns in other key producing regions. OPEC quotas did not significantly affect Chevron's production level in 2007.

In contrast to price movements in the global market for crude oil, price changes for natural gas in many regional markets are more closely aligned with supply-and-demand conditions in those markets. In the United States during 2007, benchmark prices at Henry Hub averaged about \$7 per thousand cubic feet, compared with \$6.50 in 2006.

### Business Strategies

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

- › Achieving world-class operational performance.
- › Maximizing and growing the base business.
- › Leading the industry in selection and execution of major capital projects.
- › Achieving superior exploration success.
- › Identifying, capturing and effectively incorporating new core upstream businesses.

### 2007 Accomplishments

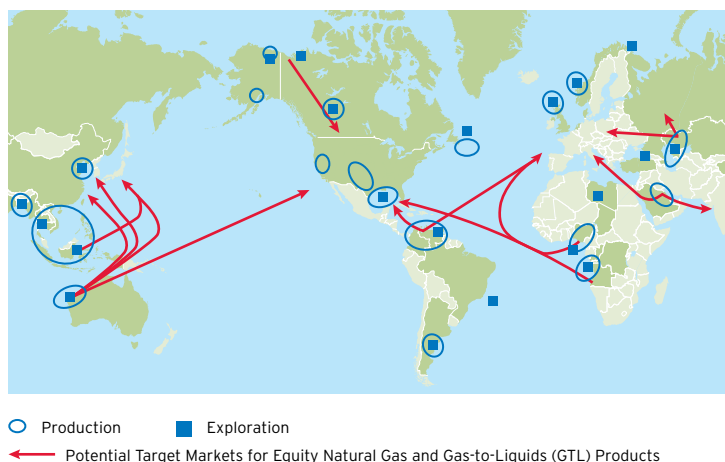
#### Worldwide

- › Reported record net income of \$14.8 billion.
- › Achieved an exploration drilling success rate of 41 percent with 23 successful exploratory wells.
- › Produced the two billionth barrel of crude oil from the Kern River Field in California's San Joaquin Valley.
- › Produced the one billionth barrel of crude oil from the Tengizchevroil joint venture in Kazakhstan.

#### United States

- › Progressed development activities in key deepwater projects at Blind Faith, Perdido Regional Development and Tahiti.
- › Drilled a successful discovery well at West Tonga (Green Canyon Block 726), complementing the original 2003 Tonga discovery (Green Canyon Block 727).
- › Commenced a development drilling program in the Piceance Basin of northwestern Colorado.
- › Mobilized resources to begin an exploratory drilling program at the White Hills prospect on the North Slope of Alaska.

Upstream Portfolio and Global Gas Strategy



### International

- › Achieved first production in:
  - Angola – Benguela, Tomboco and Banzala fields.
  - Bangladesh – Bibiyana Field.
  - Chad – Maikeri Field.
  - Indonesia – Kerisi Field.
  - Netherlands – First phase of A/B Gas project.
- › Discovered crude oil in Angola at the Malange Field in Block 14, and in Republic of the Congo in the Moho-Bilondo permit area.
- › Finalized the restoration of production in all seven onshore-Nigeria fields vandalized during civil unrest that began in 2003.
- › Delivered the floating production, storage and offloading vessel to Nigeria for the Agbami Field.
- › Was awarded exploration rights to additional acreage in the Greater Gorgon Area.
- › Initiated production from the Tengizchevroil Sour Gas Injection/Second Generation Plant projects in Kazakhstan.
- › Was awarded extension of the production period of four offshore blocks in Thailand for an additional 10 years, to 2022.
- › Signed a 30-year production-sharing contract with China National Petroleum Corporation for the development of the Chuandongbei natural-gas area in central China.
- › Placed the Darajat III 110-megawatt geothermal unit online in Indonesia.
- › Signed a contract with partners to start exporting natural gas from Colombia to Venezuela.
- › Signed a gas sales agreement to supply the National Gas Company of Trinidad and Tobago Limited with additional gas from company operations in the East Coast Marine Area.
- › Retained Chevron's 30 percent interest in the Hamaca Orinoco project and converted ownership into a joint stock company that commenced operations in January 2008.
- › Signed a memorandum of understanding with the government of Newfoundland and Labrador on fiscal, equity and local-benefit terms for the Hebron Atlantic Canada Development Project.
- › Executed a 66-well appraisal program during the 2006-2007 drilling season at Ells River "in situ" oil sands area in Alberta, Canada.

### Global Natural Gas Projects

- › Made final investment decision for the Angola Liquefied Natural Gas (LNG) project.
- › Progressed construction activities for the gas-to-liquids (GTL) facility in Escravos, Nigeria.
- › Received federal and state environmental approvals for the initial development alternative of the 50 percent-owned and operated Gorgon LNG project located off the northwest coast of Australia. Signed a Heads of Agreement with a fourth customer for LNG sales from the project.
- › Signed a shareholders' agreement for a 19.5 percent interest in the OKLNG Free Zone Enterprise, which plans to build a multitrain LNG facility near Lagos, Nigeria.

### 2008 Outlook

- › Project execution – Advance the major projects that are expected to add production in 2008 and beyond.
  - Angola – Fabrication and drilling activities for Mafumeira Norte and Tombua-Landana.
  - Azerbaijan – First oil from Azeri-Chirag-Gunashli Phase III Deepwater Gunashli Platform.
  - Brazil – Fabrication and drilling activities for Frade.
  - Canada – Construction activities at the Athabasca Oil Sands Project Expansion #1.
  - Canada – Evaluation of Hebron Atlantic Canada Development Project.
  - Indonesia – First oil from North Duri Development Area 12.



- Kazakhstan - Ramp-up of expanded operations of the Tengizchevroil Sour Gas Injection/Second Generation Plant.
- Nigeria - Production start-up at deepwater Agbami.
- Nigeria - Final investment decision with partners on Bonga SW/Aparo.
- Nigeria - Shipment of natural gas through the West African Gas Pipeline.
- Republic of the Congo - First oil from Moho-Bilondo.
- Thailand - First natural gas from Arthit.
- United Kingdom - Start-up at Britannia satellite fields - Callanish and Brodgar.
- United States - Start-up of Blind Faith.
- United States - Development at Tahiti and Perdido.
- United States - Continued tight-gas development program in Piceance Basin, Colorado.
- › Exploration - Evaluate and follow up on 2007 successes in focus and test areas.
- › Base business - Continue major initiatives to improve operating efficiencies, reduce base production decline and lower costs.
- › Global gas projects - Progress the activities that will help commercialize the company's equity natural gas resource base:
  - Angola - Begin construction activities for the Angola LNG project.
  - Australia - Incorporate environmental conditions in plans for the Gorgon LNG project and secure additional government approvals for three-train design.
  - Australia - Complete construction and commission fifth LNG train at the North West Shelf (NWS) Venture.
  - Nigeria - Continue technical and commercial activities for the Olokola LNG project.
  - Nigeria - Continue construction of the GTL and gas-plant facilities at Escravos.

**Upstream Financial and Operating Highlights<sup>1</sup>**

Dollars in millions	United States		International	
	2007	2006	2007	2006
Segment income	\$ 4,532	\$ 4,270	\$ 10,284	\$ 8,872
Gross liquids production (Thousands of barrels per day) <sup>2</sup>	507	510	1,751	1,739
Net liquids production (Thousands of barrels per day) <sup>2</sup>	460	462	1,296	1,270
Other produced volumes (Thousands of barrels per day) <sup>3</sup>	-	-	27	109
Gross natural gas production (Millions of cubic feet per day) <sup>2</sup>	1,984	2,115	4,098	3,767
Net natural gas production (Millions of cubic feet per day) <sup>2</sup>	1,699	1,810	3,320	3,146
Gross proved liquids reserves (Millions of barrels) <sup>2</sup>	1,761	1,899	7,511	8,100
Net proved liquids reserves (Millions of barrels) <sup>2</sup>	1,624	1,751	5,463	6,055
Gross proved natural gas reserves (Billions of cubic feet) <sup>2</sup>	4,249	4,678	23,220	23,125
Net proved natural gas reserves (Billions of cubic feet) <sup>2</sup>	3,677	4,028	18,463	18,856
Natural gas sales (Millions of cubic feet per day)	7,624	7,051	3,792	3,478
Natural gas liquids sales (Thousands of barrels per day)	160	124	118	102
Net exploratory oil and gas wells completed <sup>4,5</sup>	4	16	26	27
Net development oil and gas wells completed <sup>4,5</sup>	875	951	692	581
Net productive wells at year-end <sup>4,5,6</sup>	39,260	39,279	12,268	11,416
Net proved and unproved acreage (Thousands of acres) <sup>4</sup>	8,906	10,268	61,751	61,109
Exploration expenditures	\$ 736	\$ 810	\$ 1,266	\$ 1,339
Production expenditures	\$ 3,822	\$ 3,313	\$ 9,714	\$ 7,357
Total upstream capital and exploratory expenditures	\$ 4,558	\$ 4,123	\$ 10,980	\$ 8,696

<sup>1</sup> Includes equity share in affiliates unless otherwise noted.

<sup>2</sup> Gross production or gross reserves are the company's share of total production or total reserves before deducting royalties (and a government's agreed-upon share of production under a production-sharing contract). Net production or net reserves are after deducting royalties (and a government's agreed-upon share of production under a production-sharing contract).

<sup>3</sup> Represents volumes produced at Athabasca (Canada) Oil Sands and Boscan (Venezuela) under an operating service agreement. In October 2006, the Boscan operation was converted from an operating service agreement to a joint stock company. As of that date, quantities associated with the Boscan Field are included in liquids and natural gas production.

<sup>4</sup> Consolidated companies only.

<sup>5</sup> Net wells include all wholly owned wells and the sum of the fractional interests in wells that are associated with joint ventures or unitized operations.

<sup>6</sup> Includes wells producing or capable of producing and injection wells temporarily functioning as producing wells.

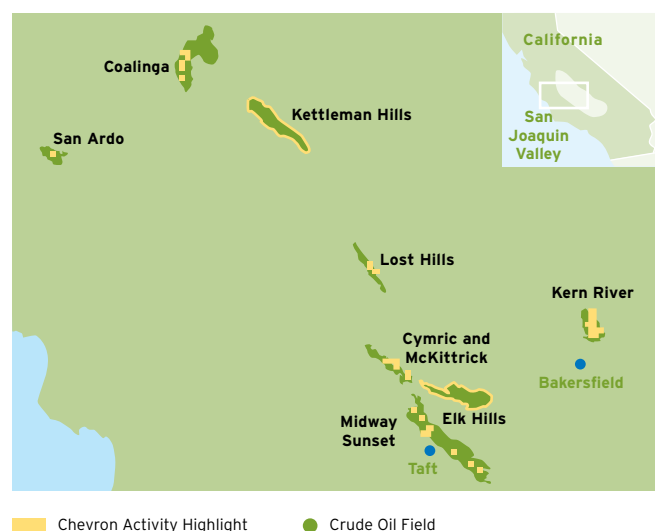
## United States

Chevron's U.S. portfolio is anchored by mature assets concentrated in California, the Gulf of Mexico, Louisiana, Texas, New Mexico, the Rocky Mountains and Alaska. The company was the third-largest hydrocarbon producer in the United States during 2007, with net oil-equivalent production averaging 743,000 barrels per day. This oil-equivalent volume was composed of 460,000 barrels of crude oil and natural gas liquids and 1.7 billion cubic feet of natural gas. Net oil-equivalent production in the United States during 2007 represented 28 percent of the companywide total, including oil sands.

The company received several health, environment and safety awards during 2007, including the California Department of Conservation *Clean Lease Award* for the 11th consecutive year for operations on the San Joaquin lease in the Kern River Field and on the Star and Inca leases in the Coalinga Field; the Minerals Management Service (MMS) *Safety Award for Excellence* (SAFE) for the Gulf of Mexico, Lafayette and Lake Charles districts; the U.S. Environmental Protection Agency *Natural Gas STAR Continuing Excellence Award* and Star Level recertification in the Wyoming Workers Safety OSHA Voluntary Protection Program at the Carter Creek Gas Plant.

### California

Operating primarily in the San Joaquin Valley, Chevron again ranked No. 1 in oil-equivalent production in California in 2007 at 221,000 barrels per day. The daily oil-equivalent volume comprised 200,000 barrels of crude oil, 97 million cubic feet of natural gas and 5,000 barrels of natural gas liquids. With approximately 80 percent of the crude-oil production considered heavy oil (typically with API gravity lower than 22 degrees), heat management continues to be a major operational focus in the recovery of these reserves, with emphasis on improved energy efficiency.



As a result of increased drilling from 2004 through 2007, the production decline rate was down to 1 percent. This trend is expected to continue by virtue of a deep queue of drilling opportunities, application of new technology and a focused resource-to-reserves process.

The three major San Joaquin Valley crude oil fields - Kern River, Midway Sunset and Cymric - had combined net oil-equivalent production of 154,000 barrels per day in 2007. Kern River, which averaged 81,000 barrels per day, is a mature steamflood operation. The company drilled 102 infill wells at Kern River in 2007 and plans to drill an additional 145 infill wells in 2008.

**Diatomite Reservoirs** Chevron has crude-oil resources in diatomite reservoirs at Lost Hills, Cymric, McKittrick and Midway Sunset fields. Formed from the skeletons of countless prehistoric microorganisms called diatoms, diatomite is a reservoir rock with very high porosity and low permeability from which production can be difficult.

In the Lost Hills Field (a light-oil field), the company drilled 51 production wells and 66 injection wells during 2007. Waterflood technology is being used in the region to improve recovery of the field's hydrocarbons, with water injection rates averaging 180,000 barrels per day in 2007. Net oil-equivalent production during the year averaged 22,000 barrels per day.

The diatomite reservoirs at Cymric, McKittrick and Midway Sunset contain heavy oil. A recovery technique utilizing a high-pressure cyclic steaming process continues to improve recovery from Cymric's Antelope reservoir, and the process is also being used at McKittrick. The company drilled 80 wells in new, infill and replacement locations during 2007 and plans to drill an additional 60 Antelope and McKittrick wells in 2008. Average net oil-equivalent production from the Cymric and McKittrick diatomite reservoirs was 27,000 barrels per day in 2007.

**Elk Hills** An active development program continued in the partner-operated Elk Hills Field, in which the company has an average ownership interest of 23 percent in four producing zones. During 2007, 217 development wells (including producers and injectors) were drilled to mitigate the decline of crude-oil and natural-gas production from a base level of 14 percent to less than 3 percent annually. In 2007, Chevron's share of daily production was 12,000 barrels of crude oil, 61 million cubic feet of natural gas and 4,000 barrels of natural gas liquids. In the Shallow Oil Zone, the construction of a nitrogen rejection unit was completed in the third quarter 2007, permitting the replacement of approximately 3 billion cubic feet of natural gas with nitrogen in two years. A CO<sub>2</sub> injection pilot to extract hydrocarbons from shale is progressing and a Shallow Oil Zone alkaline surfactant polymer pilot test was initiated in 2007. These activities are intended to move the field toward producing additional crude oil and natural gas through enhanced-recovery processes.

**Kettleman Hills** Chevron increased its working interest in the North Dome and Lower McAdams Zone units in the Kettleman Hills Field from 60 percent to 100 percent in 2007 and became the operator of both units. An appraisal program is planned to evaluate the potential to apply new technology for future development opportunities.

**San Ardo** The company is executing a major capital project designed to boost output sevenfold from 2007 rates of 2,000 barrels of oil-equivalent per day by expanding the existing steamflood operation in the wholly owned and operated San Ardo Field in central California. The project will use the company's latest automation tools and an elaborate water treating and management system.

The project plan consists of drilling new injection and producing wells and returning existing shut-in wells to operation in order to increase the number of steamflood patterns over a six-year period. Maximum net daily production of 14,000 barrels of oil-equivalent is expected in 2011. Proved undeveloped reserves associated with this project have been booked, and reclassification of these reserves into the proved developed category is anticipated over the six-year development period.

### Gulf of Mexico

During 2007, average net oil-equivalent production for the company's combined interests in the Gulf of Mexico shelf and deepwater areas and the onshore fields in the region averaged 214,000 barrels per day. This oil-equivalent volume was composed of 105,000 barrels of crude oil, 576 million cubic feet of natural gas and 13,000 barrels of natural gas liquids. Chevron has an interest in 865 leases in the Gulf of Mexico, 519 of which are located in water depths greater than 1,000 feet (305 m). At year-end 2007, the company was the largest leaseholder in the Gulf of Mexico.

#### Shelf

Chevron is one of the largest producers of crude oil and natural gas on the Gulf of Mexico shelf. Average net daily production in 2007 was 77,000 barrels of crude oil, 546 million cubic feet of natural gas and 11,000 barrels of natural gas liquids. The company drilled 51 development and delineation wells during 2007 and participated with partners in six deep-gas exploration wells. Deep-gas exploration is focused on a series of trends and prospects with targets below 15,000 feet (4,572 m), characterized by higher-resource potential wells but also by higher-than-average cost, complexity, pressure and temperature. Of the nine delineation wells drilled in 2007, seven were associated with deep-gas discoveries in 2006 or 2007.

Chevron's deep-gas exploration in 2007 resulted in multiple discoveries in the greater Tiger Shoal area. Chevron holds an interest in the discoveries at Flatrock, Hurricane GK and Cottonwood Point. As with many deep-gas opportunities, these discoveries are adjacent to or in depths below existing Chevron production leases, allowing them to be brought on-line quickly. Chevron has an extensive acreage position in the central Gulf of Mexico with numerous deep-gas exploration prospects identified.



Yellow square icon: Chevron Activity Highlight

### Deep Water

Chevron is one of the top producers in the deepwater Gulf of Mexico, averaging net daily production of 28,000 barrels of crude oil, 30 million cubic feet of natural gas and 2,000 barrels of natural gas liquids during 2007.

#### Production

**Genesis** Total daily production during 2007 averaged 10,000 barrels of crude oil and 15 million cubic feet of natural gas. Chevron is the operator with a 56.7 percent interest. The company's net oil-equivalent production in 2007 was 7,000 barrels per day.

**K2** Total daily production during 2007 averaged 30,000 barrels of crude oil and 22 million cubic feet of natural gas. Chevron has a 9.2 percent nonoperated working interest in this development. The company's net oil-equivalent production in 2007 was 3,000 barrels per day. Production from K2 flows to the Marco Polo structure, a third-party tension leg platform located in Green Canyon Block 608, six miles (10 km) southeast of K2. Additional delineation and development drilling began in the fourth quarter 2007 and was expected to continue to mid-2008.



**Mad Dog** Total daily production averaged 43,000 barrels of crude oil and 7 million cubic feet of natural gas during 2007. Chevron has a 15.6 percent nonoperated working interest in this spar-development project. The company's net oil-equivalent production in 2007 was 6,000 barrels per day. The field development program is ongoing, and the platform drilling program is expected to continue through 2010.

**Petronius** Total daily production in 2007 averaged 31,000 barrels of crude oil and 34 million cubic feet of natural gas inclusive of volumes processed from the nearby Perseus Field. Chevron is the operator with a 50 percent interest. The company's net oil-equivalent production in 2007 was 17,000 barrels per day. A 4-D seismic survey is being used to optimize reservoir management and high-grade remaining field-development opportunities.

#### Development

**Blind Faith** After purchasing an additional 12.5 percent interest in 2007, Chevron holds a 75 percent interest in and is the operator of Blind Faith located in Mississippi Canyon Block 696. The field, discovered in 2001 in approximately 7,000 feet (2,134 m) of water, is estimated to contain more than 100 million oil-equivalent barrels that are potentially recoverable. The project includes a subsea development plan with tieback to a semisubmersible floating production facility. Three development wells were drilled in 2007, and a fourth development well and associated facility upgrades were planned for 2008. The design-capacity of the upgraded facilities is 60,000 barrels of crude oil and 60 million cubic feet of natural gas per day. Production start-up was expected in the second quarter 2008. Total project costs were estimated at \$1.4 billion. The initial booking of proved undeveloped reserves for the field occurred in 2005. The field has an anticipated production life of approximately 20 years.

**Perdido Regional Development** The Perdido Regional Development is located in the ultra-deep Alaminos Canyon, approximately 250 miles (402 km) south of Houston. The development encompasses the installation of a producing host facility in Alaminos Canyon Block 857 that is designed to service multiple fields, including Chevron's 33.3 percent-owned Great White (Blocks 812, 813, 814, 856, 857, 858 (W/2), 900 and 901), 60 percent-owned Silvertip (Block 815) and 57.5 percent-owned Tobago (Block 859). Chevron has a 37.5 percent interest in the Perdido Regional Host. All of these fields and the production facility are partner-operated. Total project costs are estimated at \$4.5 billion.

Great White was a 2002 discovery in approximately 8,000 feet (2,438 m) of water. Silvertip and Tobago were discovered in 2004, in 9,200 feet (2,804 m) and 9,600 feet (2,926 m) of water, respectively. Subsea development with tieback to a vertical access spar floating production facility having a design capacity of 130,000 barrels of oil-equivalent per day was selected as the preferred development alternative. The shared host, to be located in approximately 8,000 feet (2,438 m) of water, is expected to be the deepest spar production facility in the world. First oil is scheduled to occur in 2010, with an anticipated project life of approximately 25 years. The initial booking of proved undeveloped reserves for the project occurred in 2006, and reclassification of these reserves to the proved developed category is planned near the time of first production. Activities in 2007 included facilities construction and development drilling.

Chevron and partners continue to evaluate development alternatives for the other discoveries in the Great White-Perdido Foldbelt area, which include Tiger (Alaminos Canyon Block 818; 31.6 percent operated interest) and Trident (Alaminos Canyon Blocks 903, 904 and 947; 70.3 percent operated interest). At the end of 2007, no proved reserves had been recognized for these discoveries.

**Tahiti** Chevron holds a 58 percent operated interest in the Tahiti Field located in Green Canyon Blocks 596, 597, 640 and 641. Potentially recoverable volumes are estimated at 400 million to 500 million oil-equivalent barrels.

Tahiti was discovered in approximately 4,100 feet (1,250 m) of water in 2002. The project is designed as a subsea development with tie-back to a truss-spar floating production facility with a daily capacity of 125,000 barrels of crude oil and 70 million cubic feet of natural gas. Development drilling commenced in 2006, and flow-back tests were completed for five of the six development wells drilled in 2007. The sixth well was scheduled for completion in mid-2008. Construction of the spar hull and topsides was completed in 2007. The installation of the spar hull was delayed in June 2007 when testing revealed a metallurgical problem with the mooring shackles. First oil is expected to occur in third quarter 2009. The field has a production life of approximately 30 years.

Total capital costs for the project are estimated at \$4.7 billion, which includes a planned second phase of development after start-up that involves additional wells and facility upgrades. The initial booking of proved undeveloped reserves for the project occurred in 2003, and reclassification of these reserves to the proved developed category is planned near the time of first production.

**Exploration** During 2007, the company participated in 12 deepwater exploratory wells – six wildcat and six appraisal. Four of the appraisal wells were in the process of drilling at the end of 2007 and the status in early 2008 was as follows:

- Big Foot, a 2006 discovery at Walker Ridge Block 29; 60 percent operated interest – well completed in the first quarter of 2008. This was the first appraisal well to further delineate the reservoir.
- St. Malo, a 2003 discovery at Walker Ridge Block 678; 41.3 percent operated interest – well completed in the first quarter of 2008. This was the second appraisal well at St. Malo, which is located about 25 miles northeast of the Jack discovery.
- Tubular Bells, a prospect at Mississippi Canyon Block 725; 30 percent nonoperated working interest – well completed in the first quarter of 2008. This was a follow-up to the first appraisal well completed in early 2007, with an objective to further delineate the reservoir and evaluate potential deeper targets.

- Jack, a 2004 discovery at Walker Ridge Block 758; 50 percent operated interest – well scheduled for completion in the second quarter of 2008. This was a follow-up to the first appraisal well that was flow-tested in 2006 at a sustained rate of 6,000 barrels per day and evaluated about 40 percent of the total-pay interval. The first appraisal well also improved the company's understanding of the lower tertiary trend, in which Chevron has interests including St. Malo.

Two appraisal wells were drilled and completed during 2007 near the 2003 Puma discovery (Green Canyon Block 823), in which Chevron holds a 21.8 percent nonoperated working interest. At West Tonga in Green Canyon Block 726, the company participated in a discovery well during 2007. Chevron holds a 20.5 percent nonoperated working interest in this well.

No wells were drilled in 2007 at the 2005 Knotty Head discovery (Green Canyon Block 512; 25 percent nonoperated working interest); however, subsurface studies and further appraisal plans were continuing.

At the end of 2007, the company had not recognized proved reserves for the exploration and appraisal projects discussed above.

Chevron added new leases to its deepwater portfolio in 2007. In the Gulf of Mexico Lease Sale 204 (Western Planning Area), the company was awarded three deepwater leases. In the Gulf of Mexico Lease Sale 205 (Central Planning Area), the company was awarded 41 deepwater leases.

### Other U.S. Areas

The company manages operated and nonoperated working-interest production operations across the mid-continental United States (primarily in Wyoming, Utah, Colorado, Oklahoma, Kansas, New Mexico and Texas) and in Alaska. Chevron is the second-largest hydrocarbon producer in the Permian Basin of West Texas. In Alaska, the company operates 10 platforms and five producing natural-gas fields in the Cook Inlet and holds nonoperated exploration and production working interests on the North Slope.

In 2007, the company's operations outside California and the Gulf of Mexico averaged 308,000 barrels of net oil-equivalent production per day, composed of 104,000 barrels of crude oil, 1 billion cubic feet of natural gas and 33,000 barrels of natural gas liquids. Capital spending is focused in the Permian Basin, the Rockies, East Texas and South Texas. In 2007, the company drilled 425 wells and participated in approximately 380 partner-operated wells.

In the other U.S. areas, the company is managing historical base-production decline rates in existing fields with well workovers, artificial-lift techniques, facility and equipment improvements, enhanced-recovery methods such as water and CO<sub>2</sub> injection, and development drilling.



Yellow square icon: Chevron Activity Highlight

For example, at the McAllen Ranch Field in South Texas, 11 development wells were drilled during 2007, increasing net daily production from 8,000 barrels of oil-equivalent in 2006 to 20,000 barrels in 2007. To accommodate this production increase, additional gathering, processing and export infrastructure was constructed. At the company-operated South Texas Laredo Lobo Field, 15 development wells were drilled during 2007 to increase net daily production from 10,000 barrels of oil-equivalent in 2006 to 12,000 barrels in 2007. The company's working interest in both fields is nearly 100 percent.

In 2007, a team was established to focus on expanding CO<sub>2</sub> developments and adding new projects, primarily in the Permian Basin. Projects in the Vacuum, McElroy and Dollarhide fields are among those being implemented or evaluated. The potentially recoverable volumes from these CO<sub>2</sub> projects exceed 300 million barrels of net oil-equivalent.

In the Piceance Basin in northwestern Colorado, the company plans to develop approximately 30,000 acres (121 sq km) in which it holds a 100 percent operated working interest. Developing the Piceance natural gas resource requires drilling, fracturing and completing 2,000 to 3,000 wells from multiwell pads and installing natural-gas-gathering and compression facilities. This program is scalable, and the work is planned to be completed in multiple phases over 15 to 20 years. An estimated 3 trillion cubic feet of natural gas are potentially recoverable from this project. Several

delineation wells were drilled in 2005 and 2006, and development drilling commenced in 2007 with a two-rig program. Facilities to produce 50 million cubic feet of natural gas per day are expected to start up in 2009. An eight-mile (13-km), 30-inch (76-cm) diameter pipeline to transport natural gas to existing trunk lines was scheduled to be completed in the second quarter 2008. Future plans include acquiring four additional drilling rigs and expanding facilities to a daily production capacity of 400 million to 450 million cubic feet of natural gas. The total cost for this project is estimated at \$7.3 billion. In fourth quarter 2007, Chevron signed a long-term agreement with a third-party processor to treat and extract natural gas liquids from gas produced from the Piceance operations.

In Alaska's Cook Inlet during 2007, Chevron initiated a wide-ranging redevelopment program in three offshore fields. At Granite Point Field, 3-D seismic was acquired and facilities and rigs were upgraded to support new development drilling that began in the first quarter of 2008. At the McArthur Field, conversion projects to eliminate gas-lift operations and significantly reduce fuel-gas consumption were planned for mid-2008. Trading Bay Field redevelopment drilling, slated to begin in 2009, is expected to bring additional oil reservoirs onto production.

On the North Slope of Alaska, Chevron mobilized resources in 2007 to begin an exploratory drilling program at the White Hills prospect, which encompasses oil and gas leases on more than 450,000 acres (1,821 sq km) of state of Alaska lands.

## Africa

In Africa, the company is engaged in exploration and production activities in Angola, Chad, Democratic Republic of the Congo, Libya, Nigeria and Republic of the Congo. Net oil-equivalent production of 351,000 barrels per day during 2007 in these countries represented 14 percent of the companywide total, including oil sands.

### Angola

The company holds a 39.2 percent operated interest in Block O, a concession adjacent to the Cabinda coastline, and a 31 percent operated interest in a production-sharing contract (PSC) for deepwater Block 14, located west of Block O. The company also has a 20 percent interest in the PSC for partner-operated Block 2, which is adjacent to the northwestern part of Angola's coast south of the Congo River, and 16.3 percent interest in the partner-operated onshore Fina Sonangol Texaco (FST) concession area.

During 2007, total liquids production averaged 594,000 barrels per day (171,000 net).



### Block O

**Production** Block O is divided into areas A and B, which contain 21 fields that produced a total average of 379,000 barrels of liquids per day (120,000 net) in 2007. Area A comprises 15 producing fields and averaged total daily production of 207,000 barrels of crude oil (65,000 net) and 3,000 barrels of liquefied petroleum gas (LPG) (1,000 net). Area B has six producing fields and averaged total daily production of 150,000 barrels of crude oil and condensate (47,000 net) and 19,000 barrels of LPG (7,000 net). The Block O concession extends through 2030.



**Development** Drilling activity within the block continues at a high level. Several major infrastructure projects are being undertaken to eliminate routine flaring of natural gas, handle increasing production volumes and renew older facilities.

In Area A, first oil was produced at the Banzala Field during 2007.

The Greater Takula infrastructure project in Area A involves the renewal and debottlenecking of four offshore platforms and onshore treating facilities to increase production and water treatment capacity. This work was scheduled to be completed by mid-2008. Construction continued during 2007 on the Takula Gas Processing Platform, the Cabinda Gas Plant, and the Flare and Relief Modification project. These three projects, called the Area A Gas Management projects, are scheduled to start up in 2009 and are expected to eliminate the routine flaring of natural gas by reinjecting excess natural gas into the various Takula and Malongo reservoirs.

The development of the first phase of the Mafumeira Field in Area A, Mafumeira Norte, continued in 2007 and will target the northern portion of the field. Initial bookings of proved undeveloped reserves for this development occurred in 2003, and reclassification of proved reserves to the proved developed category is anticipated near the time of first production scheduled in 2009. Maximum total daily production is expected to be approximately 30,000 barrels of crude oil in 2011.

In Area B, development drilling associated with the Sanha natural-gas condensate utilization and Bomboco crude-oil project was completed in mid-2007. Average total production for the project was 76,000 barrels of liquids per day (30,000 net) since start-up. During 2007, a portion of the proved undeveloped reserves for this project was reclassified to the proved developed category.

As of early 2008, front-end-engineering and design (FEED) continued on the South N'Dola field development in Area B and feasibility studies for projects, including Greater Vanza and Longui area in Area B and Southern Malongo area in Area A, were under way.

**Exploration** In 2007, three exploration wells were drilled in Area A and resulted in discovery of subcommercial quantities of hydrocarbons.

#### Block 14

**Production** In 2007, production was 189,000 barrels of liquids per day (48,000 net) from the Benguela, Belize, Lobito, Tomboco, Kuito and Landana fields.

**Development** Since 1995, when the exploration license was first awarded, Block 14 has undergone an aggressive exploration program, resulting in 11 discoveries, including Malange in 2007.

During 2007, development of the Benguela Belize-Lobito Tomboco (BBLT) project continued with production of first oil at the Benguela and Tomboco fields. Further development drilling was expected to continue at all BBLT fields. Maximum total production for BBLT, scheduled to occur in late 2008 or early 2009, is estimated at 200,000 barrels of crude oil per day. Proved undeveloped reserves for Benguela and Belize were initially recognized in 1998 and for Lobito and Tomboco in 2000. Proved developed reserves for Belize and Lobito were recognized in 2006 and for Benguela and Tomboco in 2007. Additional BBLT reserves are

expected to be reclassified to proved developed as project milestones are met. Development and production rights for these fields expire in 2027.

Another major project in Block 14 is the development of the Tombua and Landana fields. Construction of processing facilities continued in 2007. Production from the Landana North reservoir is utilizing the BBLT infrastructure. The maximum total production from Tombua and Landana of 100,000 barrels of crude oil per day is expected to occur in 2011. Proved undeveloped reserves were recognized for Tombua and Landana in 2001 and 2002, respectively. Initial reclassification from proved undeveloped to proved developed occurred in 2006 and continued in 2007. Further reclassification is expected between 2009, when the Tombua-Landana facilities are completed, and 2012, when the drilling program is scheduled for completion. Development and production rights for these fields expire in 2028. The total cost of the Tombua-Landana project is estimated at \$3.8 billion.

As of early 2008, the Negage project was under evaluation. This deepwater project is planned as the fourth major development in Block 14, following Kuito, BBLT and Tombua-Landana. The Negage Field was discovered in 2002 and commerciality was declared in 2004. FEED for the project was expected to begin in late 2008. The date of production start-up is yet to be determined. The estimated maximum total production for the project is 70,000 barrels of crude oil per day. At the end of 2007, the company had not recognized proved reserves for this project. Development and production rights for the Negage Field expire in 2029.

**Exploration** Three exploration wells were drilled in Block 14 in 2007, one of which appraised the 2006 Lucapa discovery. In the Malange prospect, one well resulted in a crude-oil discovery, and as of early 2008, evaluation was ongoing for the third well. Appraisal drilling of the discoveries was expected to continue in 2008.

#### Block 2 and FST Area

**Production** Total production averaged 26,000 barrels of liquids per day (3,000 net) in 2007. Sonangol, the national oil company of Angola, became operator of FST during 2007.

**Angola Liquefied Natural Gas (LNG)** Angola LNG is an integrated natural gas utilization project, for which partners made a final investment decision at the end of 2007. The onshore LNG plant in the northern part of the country is designed with a capacity to process 1 billion cubic feet of natural gas per day and to provide a commercial option for Angola's natural gas resources. Chevron has a 36.4 percent interest in Angola LNG, which is accounted for under the equity method. Construction began in early 2008 on the 5.2 million-metric-ton-per-year plant; start-up is expected in 2012. At the end of 2007, the company made an initial booking of proved developed natural-gas reserves for the producing operations associated with this project. The life of the LNG plant is estimated to be in excess of 20 years.

### Angola-Republic of the Congo Joint Development Area

Chevron is the operator and holds a 31.3 percent interest in the Lianzi Development Area (formerly referenced as the 14K/A-IMI Unitization Zone), located in a joint development area shared equally between Angola and Republic of the Congo.

**Development** In 2006, the development area for the Lianzi area was approved by a committee of representatives from the two countries, and a conceptual field development plan was also submitted to this committee. As of early 2008, development studies and planning continued for this field.

**Exploration** An additional exploration well was drilled in the Lianzi area in 2007, but the results were considered subcommercial.

### Democratic Republic of the Congo

Chevron has a 17.7 percent nonoperated working interest in a concession off the coast of Democratic Republic of the Congo.

**Production** Total production in 2007 from seven fields averaged 15,000 barrels of crude oil per day (3,000 net).

### Republic of the Congo

Chevron has a 31.5 percent nonoperated working interest in the Nkossa, Nsoko and Moho-Bilondo exploitation permits and a 29.3 percent nonoperated working interest in the Kitina and Sounda exploitation permits, all of which are offshore.

**Production** Average total production in 2007 from the Republic of the Congo fields was 40,000 barrels of liquids per day (7,000 net). Nkossa field production was affected by an explosion and fire in May 2007. As of early 2008, more than 80 percent of production was restored, and all the repairs were expected to be completed by late 2008.

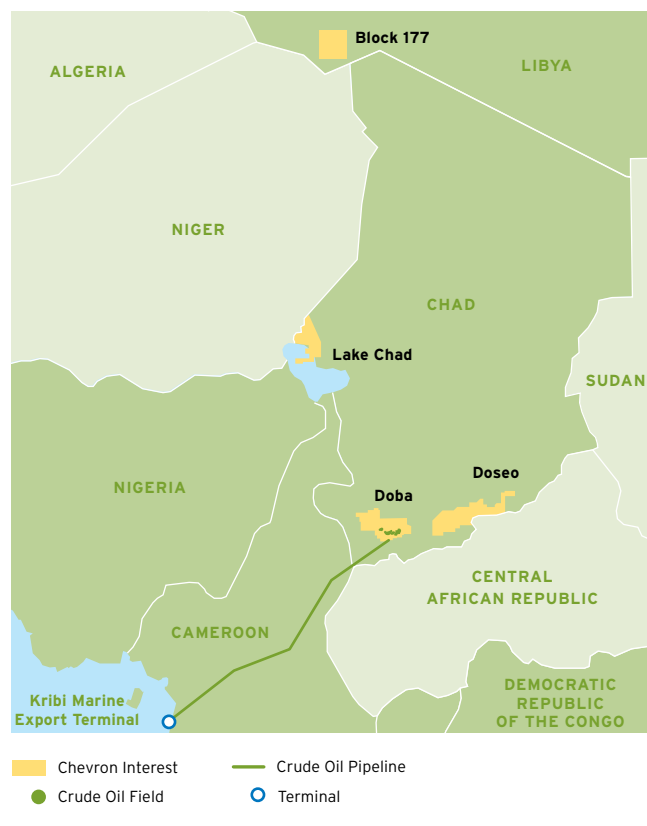
**Development** The Moho-Bilondo development continued in 2007, with first production expected in second-half 2008. The development plan calls for crude oil produced by subsea well clusters to flow into a floating processing unit. Maximum total daily production of 90,000 barrels of crude oil is expected in 2010. Proved undeveloped reserves were initially recognized in 2001. Transfer to the proved developed category is expected near the time of first production. The development and production rights for Moho-Bilondo expire in 2030.

**Exploration** Two exploration wells were drilled during 2007 in the Moho-Bilondo permit area and were determined to have crude-oil accumulations. As of early 2008, results continued under evaluation.

### Chad/Cameroon

Chevron is a nonoperating working-interest partner in an ongoing project to develop crude-oil fields in southern Chad and transport the produced volumes about 665 miles (1,070 km) by underground pipeline to the coast of Cameroon for export to world markets. Chevron has a 25 percent nonoperated working interest in the producing operations and an approximate 21 percent interest in the two affiliates that own the pipeline. The Chad producing operations are conducted under a concession agreement that expires in 2030.

**Production** Total crude-oil production in 2007 from six fields in the Doba Basin averaged 144,000 barrels per day (31,000 net).



**Development** First oil from Maikeri, a second satellite-field development project, occurred in July 2007. In late 2007, a development application was submitted for another satellite field, Timbre, in the Doba Basin area.

**Exploration** The Mangara-3 well in the Doba Basin and the Mya-1 well in the Doseo Basin drilled during the year were dry holes. During 2008, an additional well was planned in the Doba Basin, and geophysical and geological studies for the Lake Chad area were expected to be completed.

### Libya

**Exploration** Chevron holds a 100 percent operated interest in the onshore Block 177 exploration license. Evaluation of 2-D seismic data was completed in late 2007 and an exploratory drilling program was scheduled for 2008.

### Nigeria

#### Niger Delta

Chevron holds a 40 percent operated interest in 13 concessions that include approximately 2.2 million acres (8,900 sq km), predominantly in the onshore and near-offshore regions of the Niger Delta. These concessions are operated under a joint-venture arrangement with Nigerian National Petroleum Corporation (NNPC), which owns a 60 percent interest.

**Production** In 2007, total daily production from 32 fields averaged 353,000 barrels of crude oil, 14 million cubic feet of natural gas and 4,000 barrels of LPG. The company's net oil-equivalent production in 2007 was 129,000 barrels per day. The total average natural-gas production capacity was restricted by 180 million cubic feet per day as a result of vandalism to an NNPC pipeline in 2006.

## Development

### South Offshore Water Injection Project (SOWIP)

Chevron holds a 40 percent operated interest in SOWIP, an enhanced crude-oil recovery project in the south offshore area of Oil Mining Lease (OML) 90. The project's objective is to increase production through water injection, natural-gas lift and production debottlenecking and cost-effectively develop approximately 150 million barrels of potentially recoverable crude oil in the Okan and Delta fields. The upgraded Delta South Water Injection Platform (DSWIP), which is part of SOWIP, began water injection in March 2007 at a total rate of 100,000 barrels per day. The total maximum daily injection rate was expected to increase to 240,000 barrels in 2009 upon the laying of water injection pipelines. Total crude-oil production at year-end 2007 was approximately 14,000 barrels per day (5,000 net), and the maximum total production is expected to be 35,000 barrels per day in 2010. Initial recognition of proved reserves for SOWIP was made in 2005. Reclassification of additional proved undeveloped reserves to the developed category is expected to occur after the evaluation of the water injection performance. The estimated life of the project is 25 years.



### Western Niger Delta Re-entry

In 2003, Chevron's swamp production was shut in following community unrest and vandalism of facilities in the area. Efforts to restore facilities and bring the area back to its full production potential have been ongoing since that date. By the end of 2007, more than 90 percent of the production had been restored to all seven swamp fields (Abiteye, Makaraba, Utonana, Opuekeba, Benin River, Gbokoda and Dibi). At the end of 2007, total production from these fields was averaging 110,000 barrels of crude oil per day (44,000 net).

First oil from the Dibi Early Production System (EPS) was achieved in early 2007. However, because of community unrest, full project commissioning was interrupted and delayed until August 2007. At year-end, total production had ramped up to 45,000 barrels of crude oil per day (14,000 net). In early 2008, additional facility repair and replacement projects were under way to increase capacity.

Construction activities began during 2007 on the Olero Creek rebuild project. By November 2007, an early-oil initiative at Olero Creek had increased the total crude-oil production rate to 3,000 barrels per day (1,000 net). Project completion is anticipated in 2010.

As of early 2008, work also was under way to replace the aging 26-inch (66-cm) trunkline that transports the swamp's crude-oil production from Abiteye to Escravos with a 16-inch (40-cm) pipeline.

**Exploration** Shallow-water exploration activities in 2007 included drilling of the Buko-2 appraisal well (OML 86), with the preliminary resource evaluation establishing commerciality for the field. The Kegba-1 exploratory well was drilled adjacent to the offshore Awodi Field (OML 90), but the well was unsuccessful.

### Deep Water

As of early 2008, the company had acreage positions in 12 deep-water blocks: OML 113 (45 percent nonoperated working interest), OML 127 (80 percent operated interest), OML 128 and OML 129 (46.2 percent nonoperated working interest), OML 132 (100 percent operated interest), OML 138 and OML 139 (30 percent nonoperated working interest), OML 140 (95 percent operated interest), Oil Prospecting Lease (OPL) 214 (20 percent nonoperated working interest), OPL 221 (40 percent nonoperated working interest), OPL 223 (30 percent nonoperated working interest) and OPL 247 (54 percent operated interest).

## Development

**Agbami Project** This development is located approximately 70 miles (113 km) off the coast in the central Niger Delta. Discovered in 1998, the Agbami Field is at a water depth of approximately 4,800 feet (1,463 m). The geologic structure spans 45,000 acres (182 sq km) across OML 127 and OML 128.

Agbami is a subsea development with wells tied back to a floating production, storage and offloading (FPSO) vessel, which was delivered to Nigeria from South Korea in December 2007. Development drilling and completion operations started in 2006, and subsea installation of production equipment began in 2007. Maximum total daily production of 250,000 barrels of crude oil and natural gas liquids is anticipated within one year after start-up, projected by third quarter 2008. Chevron's operated interest under the unit agreement is 68.2 percent.

The company initially recognized proved undeveloped reserves for Agbami in 2002. A portion of the proved undeveloped reserves was scheduled to be reclassified to proved developed in 2008 near production start-up. The expected field life is 20 years. The total cost for this project is estimated at \$5.4 billion.

**Bonga SW/Aparo Project** The Aparo Field in OML 132 and OML 140 and the Bonga SW Field in OML 118 share a common geologic structure and are planned to be jointly developed. The geologic structure lies 70 miles (113 km) offshore in 4,300 feet (1,311 m) of water off the coast of the western Niger Delta. A pre-unit agreement was executed between Chevron and the OML 118 partner group in 2006. Final terms for a unitization agreement are expected to be completed in mid-2008. In 2007, FEED and tendering of major contracts continued. Development will likely involve an FPSO vessel. Partners were expected to make the final investment decision in second-half 2008, with production start-up projected for 2012. Maximum total daily production of 150,000 barrels of crude oil is expected to be reached within one year of production start-up. The company recognized initial proved undeveloped reserves in 2006 for its approximate 20 percent nonoperated working interest in the unitized area. The estimated production life of the field is 20 years.

**Nnwa Field** Discovered in 1999, the Nnwa Field in OML 129 extends into two adjacent blocks not owned by Chevron. Commerciality is dependent upon resolution of the Nigerian Deepwater Gas fiscal regime and collaboration agreements with the adjacent blocks. A joint study was initiated in 2007 with owners in adjoining block OML 135 to evaluate development alternatives. The study was continuing into 2008.

**Nsiko Project** Chevron has a 95 percent operated interest in the Nsiko discovery on OML 140. This discovery lies in approximately 5,800 feet (1,768 m) of water, 90 miles (145 km) off the coast of the western Niger Delta region. As of early 2008, subsurface evaluations and field development planning were ongoing. An investment decision is contingent upon negotiations concerning the level of Nigerian content in the project's contracts.

**Usan Project** Chevron holds a 30 percent nonoperated working interest in this development project in OML 138, which lies in 2,461 feet (750 m) of water, 62 miles (100 km) off the coast of the eastern Niger Delta region. FEED on the selected FPSO concept was completed in 2007 and the construction contract was expected to be awarded in 2008. The company recognized proved undeveloped reserves in 2004. Production start-up is estimated for late 2011, before which time a portion of the proved undeveloped reserves are expected to be reclassified to the proved developed category. Maximum total daily production of 180,000 barrels of crude oil is expected to be achieved within one year of start-up. The end date of the concession period will be determined after final regulatory approvals are obtained.

**Exploration** Commercial activities include the ongoing conversions of blocks from their original OPL status to OML status, usually accompanied by a relinquishment of 50 percent of the block area. Blocks that underwent this conversion during 2007 and in early 2008 include OML 140 (formerly OPL 249) and OML 138 and 139 (formerly OPL 222).

Chevron participated in two deepwater exploration wells during 2007. One well, Idang SW in OPL 221, was deemed to be noncommercial. The Uge-2 well, drilled as an appraisal well to the Uge-1 discovery in OPL 214, confirmed hydrocarbons. Two exploration wells were planned for 2008, one well in OPL 214 and the other well in OPL 247.

## Natural Gas Commercialization Projects

**Escravos Gas Plant (EGP) Phase 3A** Construction continued during 2007 on the Chevron-operated and 40 percent-owned EGP Phase 3A expansion in Escravos that is expected to start up in 2009. Phase 3A scope includes offshore natural-gas gathering and compression infrastructure and a second gas processing facility. The project is designed to increase daily processing capacity from 285 million to 680 million cubic feet of natural gas and increase LPG and condensate daily export capacity from 12,000 to 47,000 barrels. The facilities will process natural gas from the Meji, Delta South, Okan and Mefa fields. Proved undeveloped reserves associated with EGP Phase 3A were recognized in 2002. These reserves are expected to be reclassified to proved developed as various project milestones are reached and related projects are completed. The anticipated life of the project is 25 years. Total capital costs for the project are approximately \$2.8 billion, which includes a second phase of development.

**EGTL** Chevron and NNPC are developing a 34,000-barrel-per-day gas-to-liquids facility at Escravos that is designed to process 320 million cubic feet per day of natural gas from the EGP Phase 3A. Site preparation and module construction occurred during 2007, and as of early 2008, 90 percent of engineering and procurement activities have been completed. Chevron has a 75 percent interest in the plant, which began construction in 2005 and is expected to be operational by the end of the decade. Total cost of the project is estimated at \$2.9 billion.

**Olokola LNG Project** In March 2007, Chevron signed a shareholders' agreement with NNPC and partners for a 19.5 percent interest in the OKLNG Free Zone Enterprise (OKLNG), which will operate the Olokola LNG project. OKLNG plans to build a multitrain, 22 million-metric-ton-per-year natural gas liquefaction facility and marine terminal located in a free trade zone northwest of Escravos. The project entered FEED in 2006 and is expected to be implemented in phases, commencing with two trains having at least 11 million metric tons per year of total capacity. In 2007, Chevron completed the certification of the potentially recoverable natural-gas volumes required to satisfy the project's supply requirements. Approximately 50 percent of the gas supplied to the plant is expected to be provided from the producing areas associated with Chevron's joint-venture arrangement with NNPC. As of early 2008, additional technical and commercial work was under way to optimize the final design.

**West African Gas Pipeline** Chevron holds a 36.7 percent interest in the West African Gas Pipeline that is designed to supply Nigerian natural gas to customers in Ghana, Benin and Togo for industrial applications and power generation. First gas was expected to be shipped by mid-2008, and facilities with a capacity of 170 million cubic feet of natural gas per day were targeted for completion in second-half 2008. Chevron is the managing sponsor in West African Gas Pipeline Company Limited, which constructed, owns and operates the 412-mile (678-km) pipeline.

## Nigeria - São Tomé e Príncipe Joint Development Zone (JDZ)

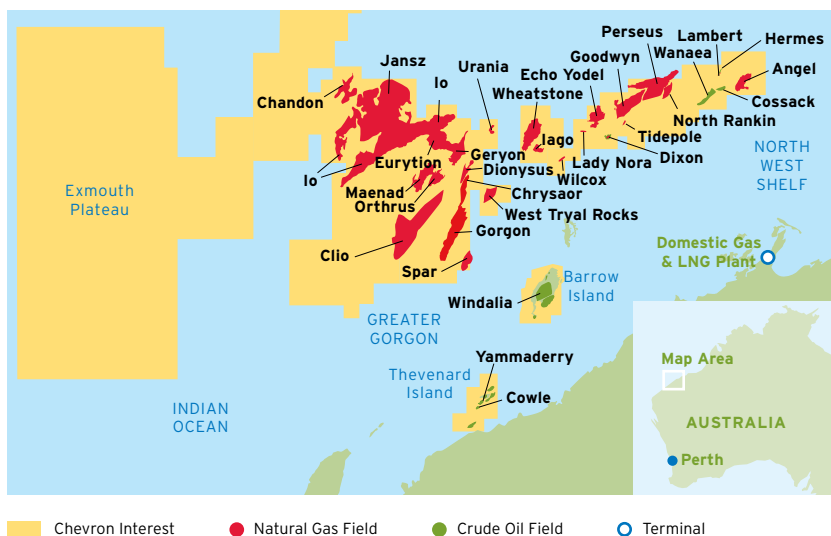
Chevron holds a 45.9 percent operated interest in JDZ Block 1. In 2006, the first exploration well, Obo-1 in JDZ Block 1, encountered hydrocarbons. In 2008, technical studies were planned to determine the need for additional drilling and evaluate development alternatives.

## Asia-Pacific

Major producing countries in the Asia-Pacific region include Australia, Azerbaijan, Bangladesh, Kazakhstan, the Partitioned Neutral Zone located between Saudi Arabia and Kuwait, and Thailand. Net oil-equivalent production of 679,000 barrels per day during 2007 in these countries represented 33 percent of the companywide total, including oil sands.

### Australia

Chevron is the largest holder of undeveloped natural-gas resources in Australia, having built a significant resource position off the northwest coast in line with the company's strategy to develop a high-impact natural-gas business in the Asia-Pacific region. During 2007, the total daily production was 187,000 barrels of crude oil and condensate, 34,000 barrels of LPG and 2.3 billion cubic feet of natural gas. The company's net oil-equivalent production in 2007 was 100,000 barrels per day.



**Barrow Island and Thevenard Island** On Barrow and Thevenard islands off the northwest coast of Australia, Chevron operates crude-oil producing facilities that had total production of 9,000 barrels per day (5,000 net) in 2007. Chevron's interests in these operations are 57.1 percent for Barrow and 51.4 percent for Thevenard.

**Greater Gorgon Area Development** Chevron holds significant equity interests in the large natural-gas resource of the Greater Gorgon Area off the northwest coast of Australia. The company holds a 50 percent interest across most of the area and is the operator of the Gorgon development. Chevron and partners have agreed to combine the development of Gorgon and the nearby natural-gas fields as one world-scale project.

**Development** In 2007, the company received environmental regulatory approvals for the development of the Greater Gorgon LNG project on Barrow Island using a two-train, 10 million-metric-ton-per-year LNG development plan. As of early 2008, these approved environmental conditions were incorporated into the project's updated optimization and engineering efforts for a three-train, 15 million-metric-ton-per-year LNG configuration, and activities to secure the government approvals for this updated design were under way. Natural gas for the project is expected to be supplied from the Gorgon and Jansz fields. On Barrow Island, which is located off the northwest coast of Australia, Chevron has a 40-year history of operating Australia's largest onshore crude-oil field.

At the end of 2007, the company had not recognized proved reserves for any of the Greater Gorgon Area fields. Recognition is contingent on securing sufficient LNG sales agreements and achieving other key project milestones. In 2007, the company signed a nonbinding Heads of Agreement (HOA) with GS Caltex, a

Chevron affiliated company, to supply 250,000 metric tons per year of LNG from the Gorgon project. Combined with the nonbinding HOAs signed previously with three utility companies in Japan, the volume under the four HOAs totaled 4.5 million metric tons per year. As of early 2008, negotiations were continuing to finalize binding sales agreements for these HOAs. Purchases by each of these customers are expected to range from 300,000 to 1.5 million metric tons per year over 25 years. The Gorgon project has an expected economic life of at least 40 years.

In early 2008, the company announced plans to develop an LNG project associated with its wholly owned Wheatstone natural-gas discovery. The facility is projected to have initial capacity of at least one 5 million-ton-per-year LNG production train, with expansion capacity for additional production trains.

A successful appraisal well was drilled at Wheatstone in 2007 and additional appraisal wells were planned for 2008.

**Exploration** During 2007, the company conducted two major 3-D seismic surveys in the Exmouth West region and Carnarvon Basin. Chevron participated in four successful appraisal wells - two in the Browse Basin and two in the Carnarvon Basin. Chevron also participated in two exploratory wells in the Carnarvon Basin, with Lady Nora (16.7 percent nonoperated working interest) resulting in a natural-gas discovery and Snarf-1 expected to be completed in 2008. Additional appraisal wells were planned for 2008. In 2007, seismic was acquired for Block WA392P (formerly W06-12). In early 2008, development options were under evaluation.

As of early 2008, plans were also being developed to appraise the 67 percent-owned Clio and the 50 percent-owned Chandon natural-gas discoveries.



**North West Shelf (NWS) Venture** Chevron has a 16.7 percent non-operated working interest in the NWS Venture in Western Australia. The venture comprises the North Rankin, Goodwyn, Perseus and Echo Yodel producing natural-gas fields and the Wanaea, Cossack, Lambert and Hermes producing crude-oil fields.

**Production** Total daily production from the venture during 2007 averaged 178,000 barrels of crude oil and condensate (29,000 net), 30,000 barrels of LPG (5,000 net) and 2.3 billion cubic feet of natural gas (369 million net). Approximately 75 percent of the natural gas was sold in the form of LNG to major utilities in Japan, South Korea and China, primarily under long-term contracts. A total of 207 LNG cargoes were sold in 2007. Approximately 556 million cubic feet of natural gas per day (92 million net) were sold to the Western Australia domestic market.

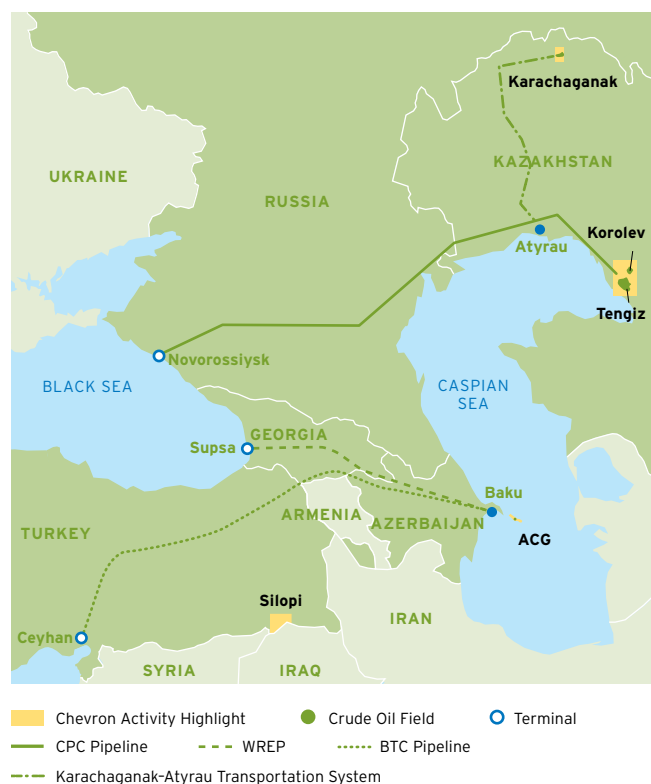
**Development** A fifth LNG train, which is intended to increase annual export capacity by more than 4 million metric tons, to more than 16 million, was targeted for commissioning in late 2008. The Angel natural-gas field has development under way and is expected to supply the fifth LNG train. Potentially recoverable volumes for the field are estimated at 1.8 trillion cubic feet. Another supply source for the fifth LNG train, the North Rankin Redevelopment project (NR2) completed FEED in 2007, and an investment decision was expected in late 2008. The NR2 project includes a new compression platform, a bridge link and substantial upgrades to the existing North Rankin A platform to extend the life of the project beyond 2030. The compression included with NR2 is expected to increase potentially recoverable volumes from the Perseus and North Rankin fields by more than 5 trillion cubic feet combined. Start-up of the fifth LNG train is projected to accelerate production from NWS fields. The total project cost for the NWS Train 5 project is estimated at \$2.1 billion. The end of the NWS Venture concession period is 2034.

The NWS Venture participants are evaluating additional mid-to long-term natural-gas projects to supply the five LNG trains and domestic gas plant. These additional projects could cost in excess of \$5 billion and would develop between 2 trillion and 5 trillion cubic feet of natural gas of potentially recoverable volumes from six natural-gas fields within the NWS Venture acreage.

## Azerbaijan

Chevron holds a 10.3 percent nonoperated working interest in the Azerbaijan International Operating Company (AIOC) and the crude-oil reserves AIOC is producing in the Caspian Sea from the Azeri-Chirag-Gunashli (ACG) project. Chevron also has an 8.9 percent interest in Baku-Tbilisi-Ceyhan (BTC), which transports the majority of AIOC production from Baku, Azerbaijan, through Georgia to Mediterranean deepwater port facilities at Ceyhan, Turkey.

**Production** AIOC's total crude-oil production in 2007 averaged 664,000 barrels per day (60,000 net). AIOC exports its production primarily via the BTC pipeline and the Western Route Export Pipeline (WREP), which is wholly owned by AIOC. The 1,094-mile (1,762-km) BTC pipeline has a crude-oil capacity of 1 million barrels per day. The WREP runs 515 miles (829 km) from Baku, Azerbaijan, to the terminal at Supsa, Georgia, on the Black Sea and has a capacity of 145,000 barrels per day. As alternatives to the primary export pipelines, AIOC could use rail-tank cars that connect with a Georgian Black Sea port and/or, provided there is spare capacity, through a northern pipeline route that connects in Russia to an existing pipeline system to the Russian Black Sea port of Novorossiysk.



**Development** Progress continued on the ACG crude-oil project. As part of the ACG Project Phase III, jackets and topsides, which include water injection and project facilities, were installed in 2007. First production from the project was targeted for second quarter 2008. Water injection commenced in the West and East Azeri sectors of the field in July 2007 and December 2007, respectively. Total crude-oil production from the ACG project was expected to increase to about 940,000 barrels per day by the end of 2008 and to more than 1 million in 2009. Proved undeveloped reserves for ACG are expected to be reclassified to proved developed as new wells are drilled and completed. The AIOC operations are conducted under a 30-year PSC that expires in 2024.

## Kazakhstan

Chevron is the largest private producer of hydrocarbons in Kazakhstan, with total daily production in 2007 from Tengizchevroil (TCO) and Karachaganak of 558,000 barrels of crude oil and natural gas liquids and 1.3 billion cubic feet of natural gas. The company's net oil-equivalent production in 2007 was 242,000 barrels per day. Chevron also holds a 15 percent interest in the Caspian Pipeline Consortium (CPC), which provides the critical export route for crude oil from both TCO and Karachaganak.

### CPC

CPC operates a 935-mile (1,505-km) crude-oil export pipeline from the Tengiz Field in Kazakhstan to tanker-loading facilities at Novorossiysk on the Russian coast of the Black Sea. During 2007, CPC transported an approximate average of 700,000 barrels of crude oil per day, composed of 545,000 barrels per day originating from Kazakhstan and 155,000 barrels per day from Russia.

### Karachaganak

Karachaganak is a natural gas and condensate field located in northwest Kazakhstan. Chevron holds a 20 percent nonoperated working interest in the project which is being developed in phases. Karachaganak operations are conducted under a 40-year PSC that expires in 2038.

**Production** During 2007, total daily production averaged 225,000 barrels of liquids (41,000 net) and 805 million cubic feet of natural gas (149 million net). Approximately 166,000 barrels per day (31,000 net barrels) of processed liquids were exported and sold at prices available in world markets. Substantially all of the exported volumes were via the CPC pipeline. A portion was exported via the Atyrau-Samara (Russia) pipeline, a second export route for the Karachaganak liquids. Liquids not exported by these pipelines were sold as unstable condensate into the Russian market.

**Development** During 2007, work continued on a fourth oil-stabilization train that is designed to process 56,000 barrels per day (11,000 net barrels) of condensate. The train is expected to enable export of the condensate to high-value world markets instead of selling the product into the Russian market. The fourth train is expected to start up in 2009.

In 2007, the Karachaganak operator signed a 15-year natural-gas sales agreement to deliver up to 1.6 billion cubic feet per day of sour gas to a Russian-Kazakh joint venture. Deliveries under the agreement commenced in September 2007. As of early 2008, Phase III development of Karachaganak continued under evaluation. The project could increase daily maximum total production to 335,000 barrels of liquids and 1.7 billion cubic feet of natural gas. Timing for the recognition of Phase III proved reserves is uncertain and depends on finalizing a viable Phase III project design. Project start-up is anticipated in 2012 or after, depending on achievement of project milestones.

## Tengiz and Korolev

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

**Production** Total daily production in 2007 averaged 305,000 barrels of crude oil (132,000 net), 460 million cubic feet of natural gas (193 million net) and 28,000 barrels of natural gas liquids (12,000 net).

**Development** TCO facilities are undergoing a significant expansion composed of two integrated projects referred to as Sour Gas Injection (SGI) and Second Generation Plant (SGP). Initial production from the first phase of the SGI/SGP expansion projects occurred in late 2007, increasing crude-oil production capacity by 90,000 barrels per day to approximately 400,000. At a total cost of approximately \$7.2 billion, these projects were designed to increase the daily capacity of TCO's crude-oil production to 540,000 barrels in second-half 2008. In addition, daily capacities of natural gas and natural gas liquids production are expected to increase to 760 million cubic feet and 46,000 barrels, respectively. Approximately one-third of the total natural gas produced from the expansion is expected to be reinjected into the reservoir (refer to SGI discussion below).

SGP involves the construction of a large processing train for treating crude oil and the associated sour gas (i.e., high in sulfur content). The SGP design is based on the same conventional technology used in the existing processing trains. Proved undeveloped reserves associated with SGP were recognized in 2001. Wells were drilled, deepened and/or completed since 2002 in the Tengiz and Korolev reservoirs to produce volumes required for the new SGP train. Reserves associated with the project were reclassified to the proved developed category in 2006. Over the next decade, ongoing field development is expected to result in the reclassification of additional proved undeveloped reserves to proved developed.

SGI involves taking a portion of the sour gas separated from the crude oil production at the SGP processing train and reinjecting it into the Tengiz reservoir. Chevron expects that SGI will have two key effects. First, SGI will reduce the sour gas processing capacity required at SGP, thereby increasing liquid production capacity and lowering the quantities of sulfur and gas that would otherwise be generated. Second, SGI is expected over time to increase production efficiency and recoverable volumes as the injected gas maintains higher reservoir pressure and displaces oil toward producing wells. Most important, success with SGI will pave the way to apply the technology more broadly within the Tengiz reservoir, with the potential to increase recoverable reserves by maintaining higher reservoir pressure from the natural-gas reinjection. The company anticipates recognizing additional proved reserves associated with the SGI expansion in late 2008. The primary SGI risks include uncertainties about compressor performance associated with injecting high-pressure sour gas and sub-surface response to injection.

As of early 2008, essentially all TCO production was being exported through the CPC pipeline, and CPC was seeking stockholder approval for an expansion to accommodate increased TCO volumes beginning in 2009. Expanded rail-car loading and rail-export facilities, designed to transport most of the incremental SGI/SGP production prior to CPC expansion, commenced operations during 2007. As of early 2008, other export alternatives were also being explored.

### Russia

As of early 2008, Chevron and JSC Gazprom Neft continued to negotiate the final agreements for exploration and development activities in two licensed areas in the Yamal-Nenets region of western Siberia. Upon finalization of the agreements, Chevron was expected to hold a 49 percent interest in Northern Taiga Neftgaz LLC, which will operate in the licensed areas. Exploration and delineation activities were planned for 2008 on both licenses.

### Turkey and Georgia

Chevron holds a 25 percent nonoperated working interest in the 550,000-acre (2,226-sq-km) Silopi Block in southeast Turkey on trend with production in Iraq's northern Zagros Fold Belt. The first well drilled on this acreage was spud in 2006 and abandoned as a dry hole in 2007. Additional seismic work and one well were planned for the second-half 2008.

In 2007, Chevron withdrew from Blocks IIA, IIB and III in offshore Georgia.

### Bangladesh

Chevron holds interests in three operated PSCs in Bangladesh covering onshore Block 12 (Bibiyana Field), onshore Blocks 13 and 14 (Jalalabad and Moulavi Bazar fields), and Block 7. The company has a 98 percent interest in Blocks 12, 13 and 14 and a 43 percent interest in Block 7. The rights to produce from Jalalabad expire in 2025, from Moulavi Bazar in 2028 and from Bibiyana in 2034.



**Production** In 2007, total daily production averaged 496 million cubic feet of natural gas and 3,000 barrels of condensate. The company's net oil-equivalent production in 2007 was 47,000 barrels per day.

**Development** Following a two-year development program, production from the Bibiyana Field started in March 2007. The development program included a gas processing plant with capacity of 600 million cubic feet per day and a natural-gas pipeline. After the project start-up, five development wells were drilled and completed and the gas plant commissioning was finalized. From start-up through the end of 2007, total production averaged 237 million cubic feet of natural gas per day (169 million net). Total maximum production of 500 million cubic feet per day is expected to occur by late 2010. Initial proved reserves for Bibiyana were recognized in 2005. In 2007, additional proved reserves were recognized based on development wells drilled during the year, and a portion of the proved undeveloped reserves were reclassified to the proved developed category.

**Exploration** The evaluation of Block 7 exploration prospect was expected to continue in 2008. Plans included additional seismic work to fully evaluate the potential in the block.

### Cambodia

Chevron holds a 55 percent operated interest in 1.2 million acres (4,709-sq-km) in Block A, located in the Gulf of Thailand. In 2007, Chevron relinquished its rights to 25 percent of the Block A area.

**Exploration** Building on the results of five wells drilled in 2006, a four-well exploration and appraisal program was completed in 2007. As of early 2008, the results and prospects for further drilling were being evaluated.

### Myanmar

Chevron has a 28.3 percent nonoperated working interest in a PSC for the production of natural gas from the Yadana and Sein fields in the Andaman Sea. The company also has a 28.3 percent interest in a pipeline company that transports the natural gas from Yadana to the Myanmar-Thailand border for delivery to power plants in Thailand.

**Production** Most of the natural gas from the Yadana Field is purchased by Thailand's PTT Public Company Limited (PTT) and contributes to the fuel requirements of three major power plants in Thailand. A small amount of production is dedicated to the Myanmar market. Total natural gas production during 2007 averaged 761 million cubic feet per day (100 million net).

**Development** Connections for the Medium Compression Platform project started in December 2007 and were scheduled to be completed in third quarter 2008. The project consists of a compression platform with two gas compression trains, which are expected to maintain the contract-production levels and maximize ultimate recovery from the fields.

## Thailand

In the Gulf of Thailand, Chevron is the operator and holds interests of 51.7 percent in Blocks B8/32 and 9A, 51 percent in Block G4/43, 71.3 percent in Block G4/48, a range from 60 percent to 80 percent in Blocks 10, 10A, 11, 11A, 12 and 13, and 35 percent in Block B12/27. The company also has a 16 percent nonoperated working interest in Blocks 14A, 15A, 16A, G9/48 and G8/50, known collectively as the Arthit Field.



The company sells all of its Thailand natural-gas production to PTT under long-term natural-gas sales agreements. The natural gas is used mainly in power generation, but is also consumed by the industrial and transportation sectors and the petrochemical industry. Chevron's production is used to supply approximately one-third of Thailand's total demand for natural gas.

**Production** In the Pattani Field, Blocks 10, 11, 12, 13 and B12/27 produce crude oil, condensate and natural gas from 16 operating areas. In other fields in the Pattani Basin, Blocks B8/32 and 9A produce crude oil and natural gas from six operating areas. Total average daily production in 2007 from all blocks was 138,000 barrels of crude oil and condensate and 1.7 billion cubic feet of natural gas. The company's net oil-equivalent production in 2007 was 224,000 barrels per day.

**Development** Twelve wellhead platforms were installed and 283 development wells were drilled in 2007. During 2006 in the concessions containing Blocks 10 through 13 and B12/27, debottlenecking of all central processing platforms added more than 160 million cubic feet of daily processing capacity. The company began to utilize this capacity following the March 2007 commissioning by PTT of a third natural-gas pipeline.

In October 2007, the leases for Blocks 10, 11, 12 and 13 were extended from 2012 to 2022, and in December 2007, the company signed a natural-gas sales agreement that increased the contract quantity from these blocks by 500 million cubic feet per day to 1.2 billion by 2012. A final investment decision was reached in early 2008 on the construction of a second central natural-gas processing facility in the Platong area, which spans Blocks 10, 10A, 11 and 11A. The new facilities will include a central processing platform, pipelines and five initial wellhead platforms. This 69.8 percent-owned Platong Gas II project is designed to add 420 million cubic feet of daily processing capacity in the first quarter 2011. Total cost for Platong Gas II project is \$3.1 billion. The company expects to recognize proved reserves throughout the project's 12-year life as the wellhead platforms are installed.

Development of the Arthit Field continued during 2007. The scope of the project includes central processing and flare platforms, a floating storage offtake system, six wellhead platforms with associated field pipelines, and 90 development wells. Thirty-eight development wells were drilled in 2007. First production was planned for second quarter 2008 and was expected to reach an estimated total maximum production of 330 million cubic feet per day by the end of 2008. Proved undeveloped reserves for Arthit were initially recorded in 2006. Reclassification of proved undeveloped reserves to the proved developed category

was anticipated in 2008 near production start-up. The concessions for Arthit operations expire in 2040.

Among the activity elsewhere in the Gulf of Thailand, the first development platform in Block G4/43 was installed in the Lanta area in 2007. First oil was anticipated in second quarter 2008.

**Exploration** In 2007, 19 exploration wells were drilled in the Gulf of Thailand, and 12 were successful. The company submitted the production license in October 2007 for Block G4/48, where two of the exploration wells were drilled during the year. In Block G9/48, an exploration study was planned for 2008 and one exploration well is required by first quarter 2009.

In late 2007, the company was granted the concession rights to four prospective offshore petroleum blocks in Thailand, which include Block G8/50 (mentioned previously). Chevron's interest in the other three operated blocks, G4/50, G6/50 and G7/50, range from 35 percent to 75 percent. For Block G4/50, geological studies, a 3-D seismic survey and drilling of nine exploration wells was planned.

Chevron also holds a 33.3 percent nonoperated working interest in the Thailand-Cambodia overlapping-claims area – Blocks 7, 8 and 9 – that is adjacent to Block B8/32. The company also has operated interests in the overlapping-claims area consisting of Blocks 5, 6, 10, 11, 12, 13 and 14, in which the company's interests vary from 40 percent to 80 percent. As of early 2008, these areas were inactive, pending resolution of border issues between Thailand and Cambodia.

### Vietnam

The company is operator in two PSCs in the northern part of the Malay Basin, offshore southwest Vietnam. Chevron has a 42.4 percent interest in one PSC, which includes Block B and Block 48/95, and a 43.4 percent interest in the other PSC, which covers Block 52/97. Chevron also has a 50 percent operated interest in Block 122 located in Phu Khanh Basin, offshore eastern Vietnam.

**Development** The Vietnam Gas Project is aimed at developing an area in the two Malay Basin PSCs to supply natural gas to state-owned PetroVietnam (PVN). In June 2007, a letter of intent was signed for a gas sales and purchase agreement between the company and PVN. In third quarter 2007, PVN approved a revised development plan, the area of joint development and a unitization agreement for the project. The project includes installation of wellhead and hub platforms, an FPSO vessel, field pipelines and a central processing platform. The timing of first natural-gas production is dependent upon the outcome of commercial negotiations. Maximum total natural-gas production of approximately 500 million cubic feet per day is projected within five years of start-up. Recognition of initial proved undeveloped reserves would follow execution of the gas sales agreements and project approval. The PSC for Blocks B and 48/95 and the PSC for Block 52/97 will expire in 2022 and 2029, respectively. Total cost for the offshore development and pipeline projects is expected to be approximately \$4.3 billion.

In 2007, the company continued to work with PVN on the possible construction of a natural-gas pipeline and with Electricity Vietnam on construction of power plants in southern Vietnam. Chevron expects to hold a nonoperated working interest in the pipeline project.

**Exploration** In Block 122, a seismic program was postponed in 2007 because of an issue of territorial claim between Vietnam and China.

### China

Chevron has nonoperated working interests in three areas of China. In the South China Sea, the company has a 32.7 percent interest in offshore Blocks 16/08 and 16/19, located in the Pearl River Delta Mouth Basin. In Bohai Bay, the company holds a 16.2 percent interest in the unitized and producing BZ 25-1 Field in Block 11/19 and a 24.5 percent interest in the QHD 32-6 Field. In the onshore Ordos Basin, the company holds 50 percent interests in the San Jiao Bei, Linxing and Shenfu Blocks and a 35.8 percent interest in the Baode Block.



**Production** In 2007, total average daily production was 99,000 barrels of crude oil and condensate and 65 million cubic feet of natural gas. The company's net oil-equivalent production in 2007 was 26,000 barrels per day.

**Development** Joint development of the HZ 25-3 and HZ 25-1 crude-oil fields in Block 16/19 commenced in the first quarter 2007. The project includes the installation of a single platform, the drilling of 10 wells and the use of existing infrastructure of Blocks 16/08 and 16/19. First production is expected in early 2009, with maximum total production of approximately 14,000 barrels of crude oil per day late in that year.

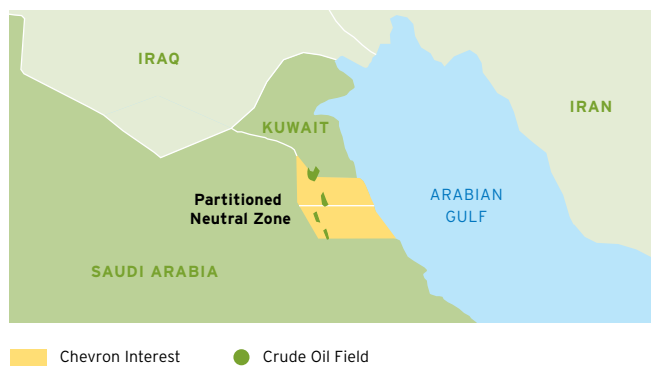
In December 2007, the company signed a 30-year PSC effective February 1, 2008, for the Chuandongbei natural-gas area in the onshore Sichuan Basin. The company holds a 49 percent interest in the area, which has exploration prospects and several discovered fields that were being evaluated for development. As part of the development plan, the first stage of FEED for proposed gas plants was targeted for completion in fourth quarter 2008. The aggregate design capacity of the proposed plants was expected to be 740 million cubic feet of natural gas per day.



**Exploration** The Ordos Basin blocks comprise about 1.5 million acres (6,070 sq km) and contain the potential for coal bed methane and tight-gas production. (Tight gas is natural gas trapped in unusually impermeable, hard rock or in a sandstone or limestone formation.) Six exploration and appraisal wells were drilled on the various blocks during 2007. On the Baode Block, work continued on a coal bed methane pilot program that employs a combination of vertical and horizontal wells. Evaluation of the results was under way in early 2008. The company planned to conduct seismic and other work programs during 2008 to evaluate the prospects in Chuandongbei in an area that spans 90,000 acres (1,969 sq km).

### Kuwait

Chevron has a Technical Service Agreement (TSA) with Kuwait Oil Company (KOC). This agreement was initially established in 1994. Chevron assigned technical and professional employees to KOC for the transfer of technology, the development of Kuwaiti employees and the modernization of Kuwait's oil industry. Chevron signed a second TSA in 2003 with Kuwait National Petroleum Corporation for technical assistance with local refineries. These TSAs provide Chevron with a presence in Kuwait to demonstrate the company's technology, employee capabilities and overall commitment to the region. In 2007, Chevron held discussions with the Kuwaiti government about possible enhancements to the existing TSA with KOC. Both TSAs expire in second-half 2008.



Chevron is the operator of one of three competing consortia for Project Kuwait, a project to develop Kuwait's northern fields. In 2007, the company continued dialogue with the Kuwaiti government about the development plans for this project.

### Partitioned Neutral Zone (PNZ)

Chevron holds a 60-year concession that expires in 2009 to produce crude oil from onshore properties in the PNZ, which is located between Saudi Arabia and Kuwait. Negotiations to extend the concession period were ongoing in early 2008. Under the existing concession, Chevron has the right to Saudi Arabia's 50 percent interest in the hydrocarbon resource and pays a royalty and other taxes on volumes produced.

**Production** During 2007, total daily production from four producing fields averaged 274,000 barrels of crude oil and 34 million cubic feet of natural gas. The company's net oil-equivalent production was 112,000 barrels per day. Ninety-eight wells were drilled during 2007, and the active well count at year-end 2007 was 908. Development drilling, well workovers and numerous facility-enhancement programs scheduled for 2008 and 2009 are expected to partially offset overall field decline.

**Development** The second phase of a steamflood pilot project is expected to be completed in early 2009 and is designed to determine the technical and economic viability of thermal-recovery projects. The pilot project entails drilling 16 injection wells and 25 producing wells, and the installation of water-treatment and steam-generation facilities. This pilot is a unique application of steam injection into a carbonate reservoir and if successful could significantly increase recoverability of the heavy oil in place.

### Philippines

Chevron holds a 45 percent nonoperated working interest in the Malampaya natural gas field, located about 50 miles (80 km) offshore Palawan Island in water depths of approximately 2,800 feet (853 m). The Malampaya development includes an offshore platform and a 314-mile (505-km) pipeline from the platform to the Batangas onshore natural gas plant. The natural gas development represents the largest single foreign investment in the Philippines.

**Production** Total daily production from the Malampaya Field during 2007 averaged 353 million cubic feet of natural gas and 16,000 barrels of condensate. The company's net oil-equivalent production in 2007 was 26,000 barrels per day.



**Power Plant/Cogeneration** Chevron develops and produces steam resources under an agreement with the National Power Corporation (NPC), a Philippine government-owned corporation. The combined generating capacity of the Tiwi and Mak-Ban geothermal plants is 637 megawatts. The company operates the steam fields under an agreement with NPC that is expected to be superseded by a new agreement that will become effective upon completion by NPC of the rehabilitation of the Mak-Ban geothermal plant and the formation of a Philippine company by Chevron. It is uncertain when NPC will complete the rehabilitation at the Mak-Ban geothermal plant. Once the new operating agreement takes effect, Chevron's Philippine company would be granted the right to operate the steam fields under a contract with the Philippine Department of Energy for an additional 25 years. The Philippine company would sell geothermal resources under a sales contract until 2021, at a price designed to baseload operation of the Tiwi and Mak-Ban geothermal plants.

## Indonesia

Chevron's operated interests in Indonesia are managed by several wholly owned subsidiaries, including PT. Chevron Pacific Indonesia (CPI). CPI operates a 100 percent interest in the Rokan and Siak PSCs and a 90 percent interest in the Mountain Front Kuantan (MFK) PSC. A fourth PSC, Kisaran, was sold in 2007 after exploration results were deemed noncommercial.

Chevron also holds a 25 percent nonoperated working interest in South Natuna Sea Block B and additional interests in six offshore PSC areas covering approximately 4 million acres (16,000 sq km). Four PSC areas are located offshore East Kalimantan in the Kutei Basin, including operated interests in East Kalimantan (92.5 percent), Makassar Strait (90 percent), Rapak (80 percent) and Ganai (80 percent). Chevron holds a 100 percent operated interest in East Ambalat, located in the Tarakan Basin offshore northeast Kalimantan, and a 40 percent nonoperated working interest in the NE Madura III Block, located in the East Java Sea Basin. In January 2008, Chevron relinquished its 35 percent nonoperated working interest in the Donggala PSC in the Kutei Basin.

Total daily production in 2007 from all producing areas in Indonesia averaged 503,000 barrels of liquids and 606 million cubic feet of natural gas. The company's net oil-equivalent production in 2007 was 241,000 barrels per day.



### CPI

**Production** Total daily production averaged 425,000 barrels of crude oil (171,000 net) and 54 million cubic feet of natural gas (54 million net) in 2007.

During 2007, the majority of CPI's production came from fields under primary or secondary recovery within the Rokan PSC. The largest producing field is Duri, located in the Rokan PSC. Duri has been under steamflood since 1985 and is one of the world's largest steamflood developments. In 2007, 80 percent of the field was under steam injection, with total daily production averaging 193,000 barrels of crude oil (107,000 net).

Remaining production from the Rokan Block in the Sumatra light-oil area, consisting of more than 85 active fields, averaged 232,000 barrels of liquids (64,000 net) and 54 million cubic feet of natural gas (54 million net) in 2007. During 2007, 130 wells were drilled in this area. The Rokan PSC expires in 2021.

**Development** CPI continues to implement projects designed to optimize production, increase recovery and improve reliability from existing reservoirs. In addition to drilling 234 production and injection wells in the Duri Field, development also continued in 2007 in the North Duri region, where approximately 160 million barrels of crude oil are estimated to be potentially recoverable. The development plan calls for the sequential development of three possible expansion areas. The total project cost for all phases is estimated at \$1.3 billion. The first expansion involves the development of Area 12 and was planned to come onstream in late 2008, with maximum total production estimated at 34,000 barrels of crude oil per day in 2012. Proved undeveloped reserves for North Duri were recognized in previous years, and reclassification from proved undeveloped to proved developed is scheduled to occur during various stages of sequential completion.

CPI is expanding the waterflood recovery programs in the Rokan PSC, including the advancement of the waterflood optimization in the Minas Field, to sustain production of the Sumatra light-oil fields. CPI's infill-well programs in both Sumatra-light and heavy-oil areas are also a major component of the development plan in Sumatra. Efforts are also ongoing to further evaluate the reservoirs in Rangau and South Aman Troughs in Central Sumatra Basin as well as to develop new opportunities in the more mature fields.

**Exploration** Drilling programs in the Rokan and Siak PSCs continue to focus on lower-depth objectives. Exploration drilling started in the Rokan PSC in the Sihangat prospect in late 2007 and in the Pilar prospect in early 2008.

#### Kutei Basin, East Kalimantan

**Production** During 2007, total daily production from the Kutei Basin averaged 34,000 barrels of liquids (18,000 net) and 192 million cubic feet of natural gas (150 million net). Chevron operates 12 producing offshore crude-oil and natural-gas fields. Crude-oil and natural-gas production from the northern fields are processed at the company-operated Santan terminal and liquids extraction plant. Natural gas is transported by pipeline to the state-owned Bontang LNG plant and to a fertilizer, ammonia and methanol complex. Crude oil and natural gas from the southern fields are sent to the company-operated Lawe-Lawe terminal. The stored crude oil is either exported by tanker or transported by pipeline to the state-owned Balikpapan Refinery. The natural gas is transported by pipeline and sold for use as fuel gas at Balikpapan.

**Development** The company advanced the development plan during 2007 for its deepwater natural-gas projects. In early 2008, the development concept for the 50 percent-owned and operated Sadewa project remained under evaluation, with an investment decision expected in late 2008.

In January 2007, Chevron decided to combine the development of Gendalo and Gehem into a single project because of the similarities of the development concepts. In August 2007, the company submitted the final development plan to the government of Indonesia. Approvals were expected by mid-2008. The Bangka project was also under evaluation in 2007 and will likely be developed in parallel with Gendalo-Gehem. The development timing is partially dependent on government approvals, market conditions and achievement of key project milestones. The company holds an 80 percent operated interest in these projects.

Chevron also continued work during 2007 on several developments in the shelf area. First production from one of these developments, the Seturian Field, was anticipated in late 2008. The project is designed to supply natural gas to the Balikpapan Refinery.

#### East Java Sea Basin

**Exploration** Two wells were drilled in 2006 in the NE Madura III block but were dry holes. An additional three-well exploration program was contingent on the results of the third exploration well expected to be drilled in second-half 2008.

#### South Natuna Sea Block B

**Production** Block B production is from nine natural-gas fields and two fields that produce both crude oil and natural gas. Total daily production averaged 44,000 barrels of crude oil (6,000 net) and 360 million cubic feet of natural gas (72 million net).

**Development** Block B has a five-phase development project to support two long-term gas sales contracts to Malaysia and Singapore. Drilling for the initial three development phases continued through 2007, with first oil from the Kerisi Field being produced in December 2007. First production of LPG from the Belanak Field occurred in April 2007. The North Belut development project is the fourth phase of the Block B development and is located approximately 40 miles (65 km) northeast of the Belanak FPSO vessel. The North Belut Field is the largest hydrocarbon-bearing structure in the West Natuna Basin, with sufficient natural-gas reserves to meet approximately 50 percent of the total gas volume required under the Malaysian gas sales contract. Additional development drilling in the North Belut Field was scheduled to begin in mid-2008, with first production expected in 2009.

### Geothermal and Power

**Geothermal/Cogeneration** The company operates the Darajat geothermal field located in a contract area in Garut, West Java, Indonesia. The field's total capacity of 259 megawatts includes the Darajat III 110-megawatt unit that was placed online in July 2007. An additional unit, Darajat IV, remains under evaluation, with an investment decision expected in 2009 after further study of the reservoir. Also in West Java, Chevron operates the Salak geothermal field in the Gunung Salak contract area. The field's total capacity is 377 megawatts. A drilling program that began in 2006 is scheduled to continue in a phased development through 2010 to optimize operations and meet the steam needs of the power plant and optimize the field. Chevron holds a 96 percent interest in Darajat and 100 percent interest in Salak.

Chevron also has 95 percent operated interest in the North Duri Cogeneration Plant in Sumatra, supplying up to 300 megawatts of electrical power to CPI as well as steam in support of CPI's Duri steamflood project.

### Other International

The "Other International" region is composed of Latin America, Canada and Europe.

#### Argentina

Chevron holds operated interests in 17 concessions and one exploratory block in the Neuquen and Austral basins. Working interests range from 18.8 percent to 100 percent. In addition, Chevron holds a 14 percent interest in Oleoductos del Valle S.A. pipeline, a major crude-oil pipeline from the Neuquen producing area to the Atlantic coast.



**Production** During 2007, total daily production averaged 54,000 barrels of crude oil and 62 million cubic feet of natural gas. The company's net oil-equivalent production for the year was 47,000 barrels per day. In 2007, the company continued the development of El Trapial Field with sequential projects to reduce base-production declines. The first of these projects, the Porche Development Stage 1, was completed in September 2007.



**Exploration** During first-half 2007, three exploratory wells were drilled in the Austral Basin, and two were successful. Three exploratory blocks were relinquished in 2007.

### Brazil

Chevron holds working interests in two deepwater blocks in the Campos Basin: BC-4 (51.7 percent, operated), which includes the Frade Field, and BC-20 (30 percent and 37.5 percent, nonoperated working interest in two areas). In the Santos Basin, the company holds a 20 percent nonoperated working interest in Block BS-4.

**Development** The Frade Field lies in approximately 3,700 feet (1,128 m) of water, 230 miles (370 km) northeast of Rio de Janeiro. In 2007, major construction activities included the work to convert a crude-oil tanker to an FPSO vessel and the manufacture of subsea systems and flowlines for the project. Subsea installation activities began in early 2008. Initial proved undeveloped reserves were recorded in 2005. Partial reclassification of proved undeveloped reserves to the proved developed category is anticipated upon production start-up expected in early 2009. Estimated maximum total daily production of 85,000 barrels of crude oil and 30 million cubic feet of natural gas is anticipated in 2011. The concession that involves the Frade project expires in 2025. The total project cost is estimated at \$2.8 billion.

**Exploration** Following the end of the exploration phase in Block BC-20, the company retained two fields for development: 37.5 percent-owned Papa-Terra and 30 percent-owned Maromba.

Six wells had been drilled in Papa-Terra and approximately 350 million potentially recoverable oil-equivalent barrels were identified in three separate reservoirs. In 2006, the Papa-Terra field development plan was submitted to the government, and as of early 2008, this plan was still under evaluation. Start-up is anticipated in 2011.

In Maromba, a pilot production system was under consideration in early 2008, with first oil projected for 2013. FEED for this pilot system was expected to start in mid-2008. Eight wells confirmed approximately 140 million potentially recoverable oil-equivalent barrels.

As of early 2008, development options for the Atlanta and Oliva fields, both in Block BS-4, were under evaluation, with FEED expected in 2010 and first oil projected for 2014.

In the Block BM-C-4, the final required exploration well was drilled and tested on the Guarana prospect, but no commercial resources were found. In June 2007, the company relinquished its 30 percent nonoperated interest in the block.

### Colombia

Chevron's activities in Colombia are focused on the production and commercialization of natural gas from properties in the Caribbean Sea and adjacent coastal areas of the Guajira Peninsula. The company operates the offshore Chuchupa and the onshore Ballena and Riohacha natural-gas fields as part of the Guajira Association contract. In exchange, Chevron receives 43 percent of the production for the remaining life of each field and a variable production volume from a fixed-fee Build-Operate-Maintain-Transfer (BOMT) agreement based on prior Chuchupa capital contributions. The BOMT agreement expires in 2016, and the expected life of the fields included in the Guajira Association contract is through 2026.

Major activities during 2007 included facility upgrades, installation of an offshore 24-inch (61-cm) natural-gas pipeline and new dehydration facilities. The expansion of export infrastructure in the Guajira gas development is expected to facilitate increased export volumes of natural gas to Venezuela through a gas pipeline commissioned at the end of 2007 that connects Colombia and Venezuela.

**Production** Total daily production in 2007 averaged 469 million cubic feet of natural gas (178 million net).

### Trinidad and Tobago

The company has a 50 percent nonoperated working interest in four blocks in the offshore East Coast Marine Area of Trinidad, which includes the Dolphin and Dolphin Deep producing natural-gas fields and the Starfish discovery. Chevron also holds a 50 percent operated interest in the Manatee area of Block 6d.

**Production** During 2007, total daily production from the Dolphin and Dolphin Deep fields averaged 456 million cubic feet of natural gas (174 million net). These volumes were sold under three gas sales contracts.

**Development** In May 2007, a domestic gas sales agreement was signed for the Trinidad Incremental Gas Project. The agreement provides for the daily delivery of 220 million cubic feet of natural gas for 11 years. Associated with this contract, drilling operations started in late 2007 at the Dolphin platform. The project scope includes five wells and a facility upgrade. First gas from the project is expected in 2009, ramping up to maximum total production of 220 million cubic feet per day in early 2010. Reserves were initially booked in 2006. In 2007, additional proved undeveloped reserves were recorded and a portion of proved undeveloped reserves were reclassified to the proved developed category. Further reclassifications were expected in 2008 following the drilling of additional development wells.

**Exploration** The company drilled a successful exploratory well in the Manatee area of Block 6d in 2005. This well extended the six shallow gas sands discovered in Venezuela's Loran Field in Block 2 into Trinidad and Tobago. In early 2007, an agreement was signed by the governments of Venezuela and Trinidad and Tobago to unitize the Loran Field and the Manatee area. Negotiations were expected to continue in 2008 to achieve a field-specific unitization treaty. In 2007, the company assessed development alternatives for the unitized area and completed the pre-FEED conceptual development planning.

### Venezuela

Chevron producing activities in Venezuela are performed by two affiliates in western Venezuela and one affiliate in the Orinoco Belt. Chevron also has interests in three offshore exploratory blocks located in the Plataforma Deltana region offshore western Venezuela.

**Production** Total daily production in 2007 from the three affiliates averaged 269,000 barrels of liquids and 120 million cubic feet of natural gas. The company's net oil-equivalent production in 2007 was 72,000 barrels per day.

**Petroboscan** The company holds a 39.2 percent interest in Petroboscan, which operates the onshore Boscan Field in western Venezuela, for a 20-year contract period expiring in 2026. During 2007, Petroboscan total daily production averaged 105,000 barrels of liquids (28,000 net) and 16 million cubic feet of natural gas (6 million net). A 3-D seismic program was acquired in 2007 that is expected to guide future development activities in South Boscan. The water-injection pressure-maintenance project was expanded to include four wells converted to injectors in 2007, and four new injectors are planned to be drilled in 2008 and 2009.

**Petroindependiente** The company holds a 25.2 percent interest in Petroindependiente, which operates the LL-652 Field in Lake Maracaibo, for a 20-year contract period expiring in 2026. During 2007, Petroindependiente total daily production averaged 7,000 barrels of liquids (1,000 net) and 64 million cubic feet of natural gas (11 million net).

**Hamaca** The Hamaca project, located in Venezuela's Orinoco Belt, has a total design capacity for processing and upgrading 190,000 barrels per day of heavy crude oil (8.5 degrees API gravity) into 180,000 barrels of lighter, higher-value crude oil (26 degrees API gravity). In February 2007, the president of Venezuela issued a decree announcing the government's intention for Petr leos de

Venezuela, S.A. (PDVSA), Venezuela's national oil company, to increase its ownership in all Orinoco Heavy Oil Associations, including Chevron's 30 percent-owned Hamaca project, to a minimum of 60 percent. In December 2007, Chevron executed a conversion agreement and signed a charter and by-laws with a PDVSA subsidiary that provided for Chevron to retain its 30 percent interest in the Hamaca project. The new entity, Petropiar, commenced activities in January 2008. During 2007, total daily production averaged 157,000 barrels of liquids (39,000 net) and 40 million cubic feet of natural gas (10 million net).

**Exploration** Chevron holds a 60 percent interest in Block 2 and a 100 percent interest in Block 3, two of five offshore blocks in the northeastern Plataforma Deltana Region. In Block 2, which includes the Loran Field, a conceptual offshore development plan was completed in 2007. In Block 3, Chevron discovered natural gas in 2005 that is in close proximity to Loran. Block 3 and Loran are possible sources of supply for Venezuela's first LNG train. Seismic work elsewhere in Block 3 was completed in 2007. Chevron has a 100 percent interest in the Cardon III Block, located north of the Maracaibo producing region. A 30 percent farm-out was planned for the block by mid-2008. Seismic data in this block, which has natural-gas potential, was acquired in 2007 and was planned to be processed in 2008. PDVSA has the option to increase its ownership to 35 percent in all three company-operated blocks upon declaration of commerciality.

### Canada

Chevron has ownership interests in oil sands projects at Athabasca and Ells River in the province of Alberta, exploration and development projects offshore in the Atlantic region, and exploration and discovered resource interests in the Mackenzie Delta and Beaufort Sea region of Canada's western Arctic. Chevron's net daily production in 2007 from Canadian operations was 35,000 barrels of crude oil, 5 million cubic feet of natural gas and 27,000 barrels of bitumen from oil sands.



**Athabasca Oil Sands Project** The company holds a 20 percent nonoperated working interest in the Athabasca Oil Sands Project (AOSP). Total daily bitumen production in 2007 averaged 142,000 barrels (27,000 net). Oil sands are mined from the Muskeg River Mine and bitumen is extracted from the oil sands and upgraded into synthetic crude oil using hydroprocessing technology. Chevron's net proved reserves for the Muskeg River Mine as of year-end 2007 were 231 million barrels of bitumen. AOSP has resources in place to support total daily bitumen production in excess of 500,000 barrels and enables Chevron to participate on a 20 percent nonoperated-working-interest basis in oil sands leases near Fort McMurray, Alberta. The first expansion of AOSP was approved in November 2006 at a total projected cost of \$10.2 billion. The 100,000-barrel-per-day expansion, which includes a new mine, named Jackpine, and upgrading facilities, is expected to increase AOSP's bitumen production design capacity to more than 255,000 barrels per day in 2010. Chevron's net proved reserves for the Jackpine Mine as of year-end 2007 were 205 million barrels of bitumen. Preliminary work was also under way in early 2008 to determine the feasibility of additional AOSP expansion projects. Oil sands production at Athabasca is considered a mining operation rather than an oil and gas operation under the rules of the U.S. Securities and Exchange Commission, so the oil sands reserves are not included with the company's reported volumes of proved reserves of oil and gas.

**Ells River "In Situ" Oil Sands Project** In 2007, the company continued to acquire heavy oil leases in the Athabasca region of northern Alberta. The area comprises more than 85,000 acres (344 sq km). The potential for production is through the utilization of Steam Assisted Gravity Drainage, a proven "in situ" technology that uses steam and horizontal drilling to extract bitumen. The company began activities at the 60 percent-owned and operated Ells River Project with a successful appraisal drilling program involving 66 wells that were completed in 2007. Follow-up appraisal activities were under way in 2008 with a similar number of wells and a small 2-D and 3-D seismic program.

**Atlantic Canada** At the 27 percent-owned and partner-operated Hibernia Field, average total crude-oil production in 2007 was 135,000 barrels (34,000 net) per day. Average annual production has declined from prior years as a result of significantly increased levels of water in producing wells and reduced operating efficiency. As of year-end 2007, Hibernia had produced 570 million of the estimated 900 million barrels of crude oil potentially recoverable over the field life. In 2007, one production well and one injection well were completed into the Hibernia formation. A second production well targeting the Hibernia formation was suspended because of technical difficulties and was scheduled to be completed in 2009. One injection well and one delineation well were completed in the Ben Nevis Avalon formation in 2007.

Chevron holds a 28 percent operated interest in a potential development project at the Hebron Field located offshore the province of Newfoundland and Labrador. This heavy-oil field is estimated to contain between 400 million and 700 million barrels of potentially recoverable volumes. During the summer of 2007, the joint venture executed a nonbinding memorandum of understanding with the provincial government of Newfoundland and Labrador that outlines fiscal, equity and local benefits terms associated with the Hebron Atlantic Canada Development Project. Formal agreements were being developed, with signing and execution anticipated in 2008. Chevron also holds a 50 percent operated interest in eight Orphan Basin exploration licenses totaling 5.2 million acres (21,044 sq km). One wildcat well was drilled in Orphan during 2006 and 2007, and further exploration activities are planned over the next three years.

**Western Arctic** Chevron has a large onshore exploration lease position in the Mackenzie Delta region. Under an extensive areawide farm-out agreement, two exploration wells were drilled on Chevron leases in 2007. Additional drilling and seismic operations were planned for 2008. In July 2007, Chevron acquired a Beaufort Sea offshore exploration license that covers approximately 267,000 acres (1,082 sq km) located approximately 50 miles (80 km) northwest of the Mackenzie Delta onshore exploration lands. Chevron holds a 32.5 percent nonoperated working interest in the offshore Amauligak discovery and is assessing development concept alternatives. The company also holds a 13 percent nonoperated working interest in the Issungnak discovery and additional minor working interests in other offshore licenses with significant discoveries in the Beaufort Sea.

### Greenland

**Exploration** In October 2007, Chevron was awarded a 29.2 percent nonoperated working interest in the exploration license 2007/26 in Block 4 offshore West Greenland in the Baffin Basin. The planned four-year work program includes seismic acquisition, and geologic, engineering and environmental studies.

### Denmark

Chevron holds a 15 percent nonoperated working interest in the Danish Underground Consortium (DUC), which produces crude oil and natural gas from 15 fields in the Danish North Sea and has a 12 percent interest in each of four exploration licenses.

**Production** Average total daily production in 2007 from the DUC was 273,000 barrels of crude oil and 63 million cubic feet of natural gas. The company's net oil-equivalent production in 2007 was 63,000 barrels per day.



**Development** During 2007, nine development wells were drilled and completed in the Dan, Halfdan and Tyra fields, and two wells each were drilled and completed in the Valdemar North and Valdemar South projects. The Halfdan Phase IV development was approved and is scheduled for start-up in 2009. Halfdan Phase V, the Valdemar Bo South Development and Tyra SE are expected to start up in 2010.

**Exploration** In 2007, Chevron farmed out its 12 percent interest in the Gita/Maja license. Evaluation of geophysical and geological studies conducted within the Sisi license during 2007 was expected to be completed in mid-2008. In early 2008, drilling continued in an exploration well that was spud on the Ebba prospect in December 2007. Interpretation of the well results was expected to continue through 2008.

### Faroe Islands

**Exploration** The company operates and holds a 40 percent interest in five offshore blocks. During 2007, the company continued to evaluate 2-D seismic data for License 008, located near the Rosebank/Lochnagar discovery in the United Kingdom.

### Netherlands

Chevron is the operator and holds interests in nine blocks in the Dutch sector of the North Sea. Four blocks have producing fields, with interests ranging from 45.8 percent to 80 percent. The remaining five blocks with a unitized interest of 34.1 percent comprise the A/B Gas project.

**Production** In 2007, average total daily production from eight fields was 4,000 barrels of crude oil and 6 million cubic feet of natural gas. The company's net oil-equivalent production in 2007 was 4,000 barrels per day.

**Development** Phase 1a of the A/B Gas project in Block A12 was completed in 2007 with the installation of a central processing platform with a capacity of 125 million cubic feet per day and an export pipeline and the drilling of seven development wells. First natural-gas production from this first stage of the project occurred in December 2007 at an initial total daily rate of 60 million cubic feet of natural gas (20 million net). Phase 1b, comprising the development of the other two blocks, was under evaluation in early 2008 and contingent on Phase 1a performance.

### Norway

**Production** At the 7.6 percent-owned and partner-operated Draugen Field, total average daily production in 2007 was 75,000 barrels of crude oil (6,000 net).

**Exploration** In the 30 percent-owned and partner-operated PL324 license in the Norwegian Sea, the first exploration well was drilled in 2007 and deemed a dry hole. The company relinquished its 40 percent rights in early 2008 to PL325 after evaluation of 3-D seismic data. Chevron retained a 12.5 percent nonoperated working interest in PL283 after selling 12.5 percent in November 2007. An exploration well in PL283 was planned for the second quarter of 2008 in follow-up to a 2005 exploration well that tested natural gas at the Stetind prospect. In the 40 percent-owned and partner-operated PL397 in the Barents Sea, a 3-D seismic survey was processed in 2007. Acquisition of additional seismic data was planned for 2008.

### United Kingdom

Chevron has interests in nine offshore producing fields in the United Kingdom, including five operated fields (Alba 23.4 percent, Caledonia 27.4 percent, Captain 85 percent, Erskine 50 percent and Strathspey 67 percent), one jointly operated field (Britannia 32.4 percent) and three partner-operated fields (Clair 19.4 percent, Elgin/Franklin 3.9 percent and Jade 19.9 percent).

In early 2007, Chevron was awarded rights to eight exploration blocks to be operated by the company and two partner-operated blocks west of Shetland Islands. Late in the year, Chevron sold its interest in Mariner and Bressay, two heavy-oil discoveries in the Central North Sea.



**Production** Total daily production in 2007 from the nine fields was 260,000 barrels of liquids and 1.1 billion cubic feet of natural gas. The company's net oil-equivalent production in 2007 was 115,000 barrels per day. Most of the production was from the Captain Field, which averaged 51,000 barrels of crude oil per day (44,000 net) and 10 million cubic feet of natural gas per day (8 million net); the Britannia Field, which averaged 19,000 barrels of crude oil per day (6,000 net) and 437 million cubic feet of natural gas per day (141 million net); and the Alba Field, which averaged 43,000 barrels of crude oil per day (10,000 net).

**Development** Active development drilling programs for Alba and Captain are expected to continue into 2011. At Captain, new development wells, primarily using horizontal drilling, added 15,000 barrels of crude oil per day (13,000 net) in 2007. Horizontal-drilling technology expands the opportunities for development drilling and may enable increased rates of recovery.

**Alder** The Alder high-temperature, high-pressure oil and gas discovery, located approximately 17 miles (27 km) to the west of the Britannia Field, was being evaluated in early 2008 and is likely to be developed as a two-well subsea tieback to Britannia infrastructure. The company has a 70 percent operated interest in the project, which is expected to start up and reach maximum total daily production rates of 9,000 barrels of crude oil and 80 million cubic feet of natural gas in 2012. The timing of the initial proved-reserves recognition was also under evaluation in early 2008. This project has an expected production life of nine years.

**Callanish-Brodgar Project** As of early 2008, offshore construction, hook-up and commissioning activities were continuing on the estimated \$1.5 billion development of the Britannia satellite fields, Callanish and Brodgar, in which Chevron holds 16.5 percent and 25 percent nonoperated working interests, respectively. These fields together were expected to achieve maximum total daily production of 25,000 barrels of crude oil and 133 million cubic feet of natural gas several months after both fields start up in late 2008. Proved undeveloped reserves were initially recognized in 2000. In 2006, proved undeveloped reserves were reclassified to the proved developed category. This project has an estimated production life of 15 years.

**Exploration** At the Rosebank/Lochnagar discovery, west of Shetland Islands, an appraisal program consisting of three wells and a sidetrack was completed in 2007. All four wellbores encountered hydrocarbons and commerciality was under evaluation in early 2008. Additionally, the Tormore exploration well, also in the west of Shetlands gas trend, successfully tested gas at daily rates exceeding 32 million cubic feet. Further evaluation of this prospect in conjunction with other adjacent discoveries was planned for 2008.

In 2007, another successful appraisal well was drilled in the Clair Phase 2 area, substantiating estimates of potentially recoverable volumes.

## Gas

Chevron's global gas strategy is to commercialize the company's equity gas resource base while growing a high-impact global gas business. Significant progress was made in 2007 to connect the business and technical expertise across the entire natural-gas value chain - production, liquefaction, transportation, regasification, marketing and power generation.

### Business Strategies

- › Pursue profitable growth in both liquefied natural gas (LNG) and gas-to-liquids (GTL).
- › Continue to develop and manage profitable value-chain networks.
- › Apply technology to reduce cost.
- › Leverage the value-chain network and technology to access new natural-gas resources.

### 2007 Activities

**Angola LNG** Angola LNG is an integrated natural-gas utilization project encompassing offshore and onshore operations to commercialize natural-gas resources. At the end of 2007, Chevron and partners made a final investment decision for the project that will target the U.S. markets for LNG sales. Construction of the LNG plant began in 2008. For information on significant project milestones, refer to page 19.

**Gorgon** The Greater Gorgon LNG project comprises the development of natural gas production from properties in the Greater Gorgon Area off the northwest coast of Australia and construction of LNG facilities on Barrow Island. For information on the development of Greater Gorgon resources, refer to page 23.

**EGTL** The EGTL project in Escravos, Nigeria, is expected to produce approximately 34,000 barrels per day of GTL diesel, GTL naphtha and a small amount of liquefied petroleum gas. During 2007, Chevron advanced site preparation and module construction. As of early 2008, approximately 90 percent of engineering and procurement activities had been completed. For more information on this project, refer to page 22.

**North America LNG Import Terminals** During 2007, the company continued to make progress in securing additional access to the North America natural-gas market through LNG import and regasification facilities:

- **Sabine Pass** Commissioning of the third-party Sabine Pass LNG terminal in Cameron Parish, Louisiana, was expected in second quarter 2008. Chevron has contractual rights to 1 billion cubic feet per day of regasification capacity at the terminal beginning in 2009. Chevron also has a binding agreement to be one of the anchor shippers in a 3.2 billion-cubic-foot-per-day third-party pipeline. Chevron will have 1.6 billion cubic feet per day of capacity in another third-party pipeline, of which 1 billion cubic feet per day is in a new pipeline and 600 million cubic feet per day is interconnecting capacity to an existing pipeline. The new pipeline system will provide access to Chevron's Sabine and Bridgeline pipelines, which connect to the Henry Hub. The Henry Hub is the pricing point for natural-gas futures contracts traded on the NYMEX (New York Mercantile Exchange) and is located on the natural-gas pipeline system in Louisiana. Henry Hub interconnects to nine interstate and four intrastate pipelines.
- **Casotte Landing** In February 2007, the company received approval from the Federal Energy Regulatory Commission for a proposed natural-gas import terminal at Casotte Landing in Jackson, Mississippi. The terminal is planned to be located adjacent to Chevron's Pascagoula Refinery and designed to process imported LNG for distribution to industrial, commercial and residential customers in Mississippi, Florida and the Northeast. The terminal will be designed to have LNG capacity to deliver 1.3 billion cubic feet of natural gas per day. The company continues to pursue additional permits. A decision to construct the facility is anticipated to be timed to align with the company's LNG supply projects.

**North America Natural Gas Marketing and Trading** Chevron ranks among the leading marketers of natural gas in North America and has strong commercial relationships with utility and industrial customers and pipeline operators. The company's sales of natural gas in 2007 averaged approximately 8.2 billion cubic feet per day. With the anticipated growth in LNG imports to North America, Chevron is well-positioned to help meet growing market demand.

**North West Shelf (NWS) Venture LNG** The 17 percent-owned NWS Venture is constructing a fifth LNG train as part of the expansion of its onshore LNG facilities in Western Australia. The fifth LNG train, which is intended to increase the NWS Venture's export capacity by more than 4 million metric tons per year, to more than 16 million, was expected to be commissioned in late 2008. For more information on this project, refer to page 24.

**Olokola LNG** In 2007, Chevron signed a shareholders agreement for a 19.5 percent interest in the OKLNG Free Zone Enterprise (OKLNG), which will operate the Olokola LNG project. OKLNG plans to build a multitrain LNG facility and marine terminal in a free trade zone east of Lagos. As of early 2008, technical and commercial work was in progress to optimize the final design. For more information on the development of this project, refer to page 22.

Major Development Projects<sup>1</sup>

Major Development Projects¹				Maximum Total Production²	
				Liquids (MBPD)³	Natural Gas (MMCFPD)³
Year of Start-Up/Project	Location	Ownership Percentage	Operator		
2007					
Bibiyan	Bangladesh	98.0	Chevron	3	500
Tengizchevroil Sour Gas Injection/ Second Generation Plant	Kazakhstan	50.0	Affiliate	250	300
2008					
ACG Phase III	Azerbaijan	10.3	Partner	280	350
Agbami	Nigeria	68.2	Chevron	250	-
Arthit	Thailand	16.0	Partner	8	330
Blind Faith	United States	75.0	Chevron	60	60
Callanish-Brodgar	United Kingdom	16.5 & 25.0	Partner	25	133
Moho-Bilondo	Republic of the Congo	31.5	Partner	90	-
North Duri Development (Area 12)	Indonesia	100.0	Chevron	34	-
North West Shelf Train 5	Australia	16.7	Partner	1⁴	570⁴
2009					
Escravos Gas Project Phase 3A	Nigeria	40.0	Chevron	47⁴	395⁴
Frade	Brazil	51.7	Chevron	85	30
Tahiti	United States	58.0	Chevron	125	70
Tombua-Landana⁵	Angola	31.0	Chevron	100	-
Trinidad Incremental Gas	Trinidad and Tobago	50.0	Partner	-	220
2010					
Athabasca Oil Sands Project Expansion	Canada	20.0	Partner	100⁶	-
EGTL	Nigeria	75.0	Chevron	34⁴	-
Perdido Regional Development⁷	United States	33.3-60.0	Partner	130⁴,⁸	-
2011-2013					
Alder	United Kingdom	70.0	Chevron	9	80
Angola LNG Plant	Angola	36.4	Affiliate	-	670⁴
Bonga SW/Aparo	Nigeria	19.7⁹	Partner	150	-
Karachaganak Phase III	Kazakhstan	20.0	Partner	110	750
Papa-Terra	Brazil	37.5	Partner	79	27
Platong Gas II	Thailand	69.8¹⁰	Chevron	10	330
Usan	Nigeria	30.0	Partner	180	-
Vietnam Gas	Vietnam	42.9¹⁰	Chevron	4	500

<sup>1</sup> These projects are considered the most noteworthy in the company's development portfolio. The Chuandongbei project in China is planned to commence production in the table's timeframe; however, the project is in the early evaluation phase and therefore has not been included. This and other projects in the portfolio are discussed in detail beginning on page 14. The year of start-up and production volumes for the projects are projections based on the information available to the company at the date of this publication (March 2008). These projections are forward-looking statements and are subject to the risks and uncertainties described in the "Cautionary Statement" on the inside front cover of this document and the "Risk Factors" on pages 32 and 33 of the company's 2007 Annual Report on Form 10-K.

<sup>2</sup> Targeted maximum total production is total for each field or project except as footnoted. If the project is a new facility, an expansion of existing facilities or a phased project, the indicated production is for the incremental volumes directly attributable to the project or phase.

<sup>3</sup> MBPD = thousands of barrels per day; MMCFPD = millions of cubic feet per day.

<sup>4</sup> Represents total plant processing capacity.

<sup>5</sup> Production from the Landana North reservoir commenced in 2006 through the existing Benguela Belize-Lobito Tomboco facilities.

<sup>6</sup> Total mined bitumen production.

<sup>7</sup> Perdido Regional Development includes interests in Great White (33.3 percent), Silvertip (60.0 percent), Tobago (57.5 percent) and the Perdido Regional Host Shared Producing Facility (37.5 percent).

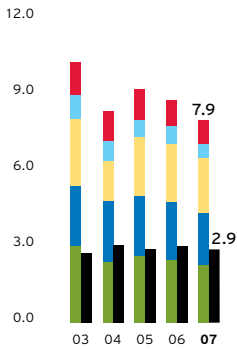
<sup>8</sup> Capacity expressed in thousands of oil-equivalent barrels per day.

<sup>9</sup> Equity is pending execution of the pre-unit agreement.

<sup>10</sup> Represents a weighted average of Chevron's interest across multiple blocks.

## Upstream Operating Data

**Net Proved Reserves**  
Billions of BOE\*



■ Other International  
■ Indonesia  
■ Asia-Pacific  
■ Africa  
■ United States  
■ Affiliates

\*Barrels of oil-equivalent; excludes oil sands reserves

### Proved Reserves – Crude Oil and Natural Gas Liquids<sup>1,2</sup>

		At December 31				
Millions of barrels		2007	2006	2005	2004	2003
<b>Gross Crude Oil and Natural Gas Liquids</b>						
California	884	953	989	1,034	1,077	
Gulf of Mexico	353	374	384	341	507	
Other U.S.	524	572	611	493	653	
Africa	1,852	2,056	2,203	2,196	2,258	
Asia-Pacific	1,098	1,212	1,288	777	902	
Indonesia	1,025	1,175	1,280	1,548	1,744	
Other International	456	507	600	591	729	
<b>Total Consolidated Companies</b>	<b>6,192</b>	<b>6,849</b>	<b>7,355</b>	<b>6,980</b>	<b>7,870</b>	
<b>Equity Share in Affiliates</b>						
TCO	2,454	2,449	2,429	2,317	2,127	
Other	626	701	522	539	551	
<b>Total Gross Reserves</b>	<b>9,272</b>	<b>9,999</b>	<b>10,306</b>	<b>9,836</b>	<b>10,548</b>	
<b>Net Crude Oil and Natural Gas Liquids</b>						
California	860	926	965	1,011	1,051	
Gulf of Mexico	307	325	333	294	435	
Other U.S.	457	500	533	432	572	
Africa	1,500	1,698	1,814	1,833	1,923	
Asia-Pacific	668	785	829	676	796	
Indonesia	439	576	579	698	807	
Other International	434	484	573	567	696	
<b>Total Consolidated Companies</b>	<b>4,665</b>	<b>5,294</b>	<b>5,626</b>	<b>5,511</b>	<b>6,280</b>	
<b>Equity Share in Affiliates</b>						
TCO	1,989	1,950	1,939	1,994	1,840	
Other	433	562	435	468	479	
<b>Total Net Reserves</b>	<b>7,087</b>	<b>7,806</b>	<b>8,000</b>	<b>7,973</b>	<b>8,599</b>	

### Proved Reserves – Natural Gas<sup>1</sup>

Billions of cubic feet

<b>Gross Natural Gas</b>					
California	322	316	309	320	327
Gulf of Mexico	1,113	1,299	1,162	1,267	2,201
Other U.S.	2,814	3,063	3,453	2,719	3,732
Africa	3,049	3,206	3,204	2,989	2,658
Asia-Pacific	12,250	11,871	10,305	5,922	5,645
Indonesia	553	652	755	555	572
Other International	3,603	3,677	3,971	3,902	3,995
<b>Total Consolidated Companies</b>	<b>23,704</b>	<b>24,084</b>	<b>23,159</b>	<b>17,674</b>	<b>19,130</b>
<b>Equity Share in Affiliates</b>					
TCO	3,440	3,435	3,591	3,427	2,920
Other	326	284	218	155	129
<b>Total Gross Reserves</b>	<b>27,470</b>	<b>27,803</b>	<b>26,968</b>	<b>21,256</b>	<b>22,179</b>
<b>Net Natural Gas</b>					
California	317	310	304	314	323
Gulf of Mexico	943	1,094	1,171	1,064	1,841
Other U.S.	2,417	2,624	2,953	2,326	3,189
Africa	3,049	3,206	3,191	2,979	2,642
Asia-Pacific	8,827	8,920	8,623	5,405	5,373
Indonesia	485	574	646	502	520
Other International	3,099	3,182	3,578	3,538	3,665
<b>Total Consolidated Companies</b>	<b>19,137</b>	<b>19,910</b>	<b>20,466</b>	<b>16,128</b>	<b>17,553</b>
<b>Equity Share in Affiliates</b>					
TCO	2,748	2,743	2,787	3,413	2,526
Other	255	231	181	134	112
<b>Total Net Reserves</b>	<b>22,140</b>	<b>22,884</b>	<b>23,434</b>	<b>19,675</b>	<b>20,191</b>

<sup>1</sup> 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 (SEC) are consistently applied throughout the company. Refer to the Glossary for a definition of proved reserves. Net reserves exclude royalties and interests owned by others and reflect contractual arrangements and royalty obligations in effect at the time of the estimate.

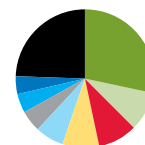
<sup>2</sup> Excludes oil sands reserves at the Athabasca project in Canada, which are considered mining-related under SEC rules. Net proved oil sands reserves were 436 million barrels at December 31, 2007.

## Upstream Operating Data

### Net Oil-Equivalent Production<sup>1</sup>

Thousands of barrels per day	Year ended December 31				
	2007	2006	2005	2004	2003
<b>Consolidated Companies</b>					
<b>United States</b>					
Alabama - Onshore	10	11	10	11	12
- Offshore	10	11	10	12	18
Alaska - Onshore	27	30	19	15	14
- Offshore	10	10	5	-	-
California	221	224	235	239	250
Colorado	27	27	26	25	26
Louisiana - Onshore	4	5	7	10	18
- Offshore	174	175	174	254	299
New Mexico	38	40	36	35	41
Oklahoma	12	13	14	15	15
Texas - Onshore	153	150	124	125	161
- Offshore	16	22	20	21	18
Utah	8	8	9	14	17
Wyoming	29	33	36	38	40
Other states	4	4	2	3	4
<b>Total United States</b>	<b>743</b>	<b>763</b>	<b>727</b>	<b>817</b>	<b>933</b>
<b>Africa</b>					
Angola	179	164	145	144	154
Chad	32	35	39	37	8
Democratic Republic of the Congo	3	3	1	4	9
Nigeria	129	144	136	129	131
Republic of the Congo	8	12	12	12	13
<b>Total Africa</b>	<b>351</b>	<b>358</b>	<b>333</b>	<b>326</b>	<b>315</b>
<b>Asia-Pacific</b>					
Australia	100	99	102	93	95
Azerbaijan	61	47	13	-	-
Bangladesh	47	21	10	-	-
China	26	26	26	18	23
Kazakhstan	66	62	61	52	42
Myanmar	17	15	5	-	-
Papua New Guinea	-	-	-	-	4
Partitioned Neutral Zone	112	114	116	120	136
Philippines	26	24	35	28	31
Thailand	224	216	111	35	42
<b>Total Asia-Pacific</b>	<b>679</b>	<b>624</b>	<b>479</b>	<b>346</b>	<b>373</b>
<b>Total Indonesia</b>	<b>241</b>	<b>248</b>	<b>237</b>	<b>240</b>	<b>251</b>
<b>Other International</b>					
Argentina	47	47	52	56	65
Canada	36	47	57	71	91
Colombia	30	29	31	35	35
Denmark	63	68	71	68	59
Netherlands	4	4	3	-	-
Norway	6	6	9	11	10
Trinidad and Tobago	29	29	19	23	19
United Kingdom	115	115	133	163	179
Venezuela <sup>2</sup>	-	7	10	11	9
<b>Total Other International</b>	<b>330</b>	<b>352</b>	<b>385</b>	<b>438</b>	<b>467</b>
<b>Total International</b>	<b>1,601</b>	<b>1,582</b>	<b>1,434</b>	<b>1,350</b>	<b>1,406</b>
<b>Total Consolidated Companies</b>	<b>2,344</b>	<b>2,345</b>	<b>2,161</b>	<b>2,167</b>	<b>2,339</b>
<b>Equity Share in Affiliates</b>					
TCO	176	167	172	178	167
Hamaca (Petropiar effective January 2008)	41	38	41	24	17
Petroboscan <sup>3</sup>	28	7	-	-	-
Petroindependiente <sup>3</sup>	3	1	-	-	-
<b>Total Equity Share in Affiliates</b>	<b>248</b>	<b>213</b>	<b>213</b>	<b>202</b>	<b>184</b>
<b>Total Consolidated Companies and Affiliates</b>	<b>2,592</b>	<b>2,558</b>	<b>2,374</b>	<b>2,369</b>	<b>2,523</b>
<b>Other Produced Volumes</b>					
Athabasca Oil Sands in Canada	27	27	32	27	15
Boscan operating service agreement in Venezuela <sup>4</sup>	-	82	111	113	99
<b>Total Other Produced Volumes</b>	<b>27</b>	<b>109</b>	<b>143</b>	<b>140</b>	<b>114</b>
<b>Total Worldwide</b>	<b>2,619</b>	<b>2,667</b>	<b>2,517</b>	<b>2,509</b>	<b>2,637</b>

### Net Oil-Equivalent Production by Country\* Percentage

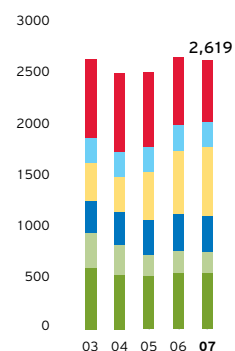


United States	28.4%
Kazakhstan	9.2%
Indonesia	9.2%
Thailand	8.6%
Angola	6.8%
Nigeria	4.9%
United Kingdom	4.4%
Partitioned Neutral Zone	4.3%
Others	24.2%

\*Includes equity share in affiliates and other produced volumes

### Net Oil-Equivalent Production\*

Thousands of barrels per day



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

\*Includes equity share in affiliates and other produced volumes

<sup>1</sup> Net oil-equivalent production excludes royalty interests and a government's agreed-upon share of production under a production-sharing contract.

<sup>2</sup> Includes production from LL-652 through September 2006.

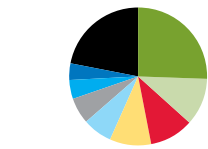
<sup>3</sup> Joint stock company formed in October 2006.

<sup>4</sup> Includes volumes through September 2006.



## Upstream Operating Data

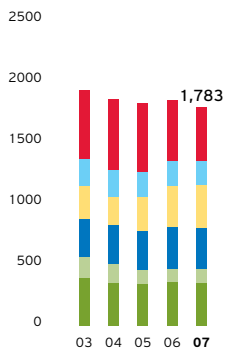
**Net Crude Oil & Natural Gas Liquids Production by Country\***  
Percentage



United States	25.8%
Indonesia	10.9%
Kazakhstan	10.4%
Angola	9.6%
Nigeria	7.1%
Partitioned Neutral Zone	6.1%
United Kingdom	4.4%
Thailand	4.0%
Others	21.7%

\*Includes equity share in affiliates and other produced volumes

**Net Crude Oil & Natural Gas Liquids Production\***  
Thousands of barrels per day



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

\*Includes equity share in affiliates and other produced volumes.

### Net Crude Oil and Natural Gas Liquids Production<sup>1</sup>

Thousands of barrels per day	Year ended December 31				
	2007	2006	2005	2004	2003
<b>Consolidated Companies</b>					
<b>United States</b>					
Alaska - Onshore	14	15	10	7	7
- Offshore	5	5	3	-	-
California	205	207	217	221	231
Colorado	10	10	10	10	10
Louisiana - Onshore	2	2	3	4	7
- Offshore	106	101	104	145	170
New Mexico	21	20	19	22	25
Texas - Onshore	77	79	61	61	84
- Offshore	5	6	11	13	6
Wyoming	7	8	9	10	11
Other states	8	9	8	12	11
<b>Total United States</b>	<b>460</b>	<b>462</b>	<b>455</b>	<b>505</b>	<b>562</b>
<b>Africa</b>					
Angola	171	156	139	140	154
Chad	31	34	38	37	8
Democratic Republic of the Congo	3	3	1	4	9
Nigeria	126	139	125	119	123
Republic of the Congo	7	11	11	12	13
<b>Total Africa</b>	<b>338</b>	<b>343</b>	<b>314</b>	<b>312</b>	<b>307</b>
<b>Asia-Pacific</b>					
Australia	39	39	42	43	48
Azerbaijan	60	46	13	-	-
Bangladesh	2	-	-	-	-
China	22	23	26	18	23
Kazakhstan	41	38	37	31	25
Papua New Guinea	-	-	-	-	4
Partitioned Neutral Zone	109	111	112	117	134
Philippines	5	6	8	7	8
Thailand	71	73	43	20	25
<b>Total Asia-Pacific</b>	<b>349</b>	<b>336</b>	<b>281</b>	<b>236</b>	<b>267</b>
<b>Total Indonesia</b>	<b>195</b>	<b>198</b>	<b>202</b>	<b>215</b>	<b>223</b>
<b>Other International</b>					
Argentina	39	38	43	45	52
Canada	35	46	54	62	73
Denmark	41	44	47	46	42
Netherlands	3	3	2	-	-
Norway	6	6	8	11	10
United Kingdom	78	75	83	106	116
Venezuela <sup>2</sup>	-	3	4	5	5
<b>Total Other International</b>	<b>202</b>	<b>215</b>	<b>241</b>	<b>275</b>	<b>298</b>
<b>Total International</b>	<b>1,084</b>	<b>1,092</b>	<b>1,038</b>	<b>1,038</b>	<b>1,095</b>
<b>Total Consolidated Companies</b>	<b>1,544</b>	<b>1,554</b>	<b>1,493</b>	<b>1,543</b>	<b>1,657</b>
<b>Equity Share in Affiliates</b>					
TCO	144	135	136	143	134
Hamaca (Petropar effective January 2008)	39	36	40	24	17
Petroboscan <sup>3</sup>	28	7	-	-	-
Petroindependiente <sup>3</sup>	1	-	-	-	-
<b>Total Equity Share in Affiliates</b>	<b>212</b>	<b>178</b>	<b>176</b>	<b>167</b>	<b>151</b>
<b>Total Consolidated Companies and Affiliates</b>	<b>1,756</b>	<b>1,732</b>	<b>1,669</b>	<b>1,710</b>	<b>1,808</b>
<b>Other Produced Volumes</b>					
Athabasca Oil Sands in Canada	27	27	32	27	15
Boscan operating service agreement in Venezuela <sup>4</sup>	-	82	111	113	99
<b>Total Other Produced Volumes</b>	<b>27</b>	<b>109</b>	<b>143</b>	<b>140</b>	<b>114</b>
<b>Total Worldwide</b>	<b>1,783</b>	<b>1,841</b>	<b>1,812</b>	<b>1,850</b>	<b>1,922</b>

### Daily Net Production of Natural Gas Liquids

(Included above)

Thousands of barrels per day

United States	51	48	54	55	60
International	18	19	20	13	16

<sup>1</sup> Net liquids production excludes royalty interests and a government's agreed-upon share of production under a production-sharing contract.

<sup>2</sup> Includes production from LL-652 through September 2006.

<sup>3</sup> Joint stock company formed in October 2006.

<sup>4</sup> Includes volumes through September 2006.

## Upstream Operating Data

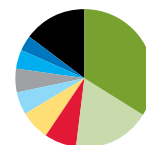
### Net Natural Gas Production<sup>1</sup>

Millions of cubic feet per day	Year ended December 31				
	2007	2006	2005	2004	2003
<b>Consolidated Companies</b>					
<b>United States</b>					
Alabama - Onshore	31	36	31	33	43
- Offshore	62	67	61	71	106
Alaska - Onshore	80	85	52	46	44
- Offshore	30	30	17	-	-
California	97	101	106	108	112
Colorado	98	100	98	91	98
Louisiana - Onshore	16	22	22	33	63
- Offshore	405	443	423	653	776
New Mexico	101	122	101	87	97
Oklahoma	52	55	57	67	73
Texas - Onshore	457	425	380	382	463
- Offshore	64	95	53	48	71
Utah	48	50	52	69	81
Wyoming	135	153	161	166	179
Other states	23	26	20	19	22
<b>Total United States</b>	<b>1,699</b>	<b>1,810</b>	<b>1,634</b>	<b>1,873</b>	<b>2,228</b>
<b>Africa</b>					
Angola	48	47	36	26	-
Chad	4	4	3	-	-
Democratic Republic of the Congo	2	2	-	-	-
Nigeria	15	29	68	59	50
Republic of the Congo	7	8	8	-	-
<b>Total Africa</b>	<b>76</b>	<b>90</b>	<b>115</b>	<b>85</b>	<b>50</b>
<b>Asia-Pacific</b>					
Australia	372	360	362	305	284
Azerbaijan	5	4	1	-	-
Bangladesh	275	126	59	-	-
China	22	18	-	-	-
Kazakhstan	149	143	142	125	101
Myanmar	100	89	32	-	-
Partitioned Neutral Zone	17	19	22	20	15
Philippines	126	108	163	131	140
Thailand	916	856	409	93	104
<b>Total Asia-Pacific</b>	<b>1,982</b>	<b>1,723</b>	<b>1,190</b>	<b>674</b>	<b>644</b>
<b>Total Indonesia</b>	<b>277</b>	<b>302</b>	<b>211</b>	<b>149</b>	<b>166</b>
<b>Other International</b>					
Argentina	50	54	55	64	74
Canada	5	6	19	51	110
Colombia	178	174	185	210	206
Denmark	132	146	146	130	99
Netherlands	5	7	4	-	-
Norway	1	1	2	2	-
Trinidad and Tobago	174	174	115	135	116
United Kingdom	220	242	300	340	378
Venezuela <sup>2</sup>	-	21	35	34	21
<b>Total Other International</b>	<b>765</b>	<b>825</b>	<b>861</b>	<b>966</b>	<b>1,004</b>
<b>Total International</b>	<b>3,100</b>	<b>2,940</b>	<b>2,377</b>	<b>1,874</b>	<b>1,864</b>
<b>Total Consolidated Companies</b>	<b>4,799</b>	<b>4,750</b>	<b>4,011</b>	<b>3,747</b>	<b>4,092</b>
<b>Equity Share in Affiliates</b>					
TCO	193	193	216	208	197
Hamaca (Petropiar effective January 2008)	10	9	6	3	3
Petroboscan <sup>3</sup>	6	1	-	-	-
Petroindependiente <sup>3</sup>	11	3	-	-	-
<b>Total Worldwide</b>	<b>5,019</b>	<b>4,956</b>	<b>4,233</b>	<b>3,958</b>	<b>4,292</b>
<sup>1</sup> Net natural gas production excludes royalty interests and a government's agreed-upon share of production under a production-sharing contract; includes natural gas consumed in operations:					
United States	65	56	48	50	65
International	433	419	356	293	268
<b>Total</b>	<b>498</b>	<b>475</b>	<b>404</b>	<b>343</b>	<b>333</b>

<sup>2</sup> Includes production from LL-652 through September 2006.

<sup>3</sup> Joint stock company formed in October 2006.

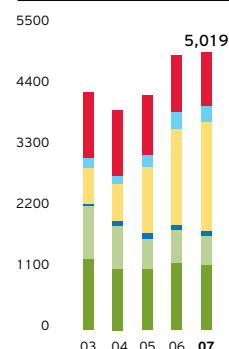
### Net Natural Gas Production by Country\* Percentage



United States	33.9%
Thailand	18.3%
Australia	7.4%
Kazakhstan	6.8%
Indonesia	5.5%
Bangladesh	5.5%
United Kingdom	4.4%
Colombia	3.5%
Others	14.7%

\*Includes equity share in affiliates

### Net Natural Gas Production\* Millions of cubic feet per day



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

\*Includes equity share in affiliates

## Upstream Operating Data

### Gross Oil-Equivalent Production

	Year ended December 31				
Thousands of barrels per day	2007	2006	2005	2004	2003
California	225	228	240	242	254
Gulf of Mexico	254	265	238	345	428
Other U.S.	359	370	331	333	374
Africa	432	427	411	391	376
Asia-Pacific	819	752	520	389	420
Indonesia	527	558	544	540	544
Other International	357	377	406	463	501
<b>Total Consolidated Companies</b>	<b>2,973</b>	<b>2,977</b>	<b>2,690</b>	<b>2,703</b>	<b>2,897</b>
<b>Equity Share in Affiliates</b>					
TCO	203	196	202	199	187
Hamaca (Petropiar effective January 2008)	49	45	47	30	20
Petroboscan*	42	11	-	-	-
Petroindependiente*	5	1	-	-	-
<b>Total Worldwide</b>	<b>3,272</b>	<b>3,230</b>	<b>2,939</b>	<b>2,932</b>	<b>3,104</b>

### Gross Liquids Production

Thousands of barrels per day					
California	208	211	222	224	235
Gulf of Mexico	140	134	132	183	221
Other U.S.	159	165	145	148	163
Africa	408	413	392	377	368
Asia-Pacific	406	392	320	273	309
Indonesia	471	499	504	514	516
Other International	211	222	252	290	317
<b>Total Consolidated Companies</b>	<b>2,003</b>	<b>2,036</b>	<b>1,967</b>	<b>2,009</b>	<b>2,129</b>
<b>Equity Share in Affiliates</b>					
TCO	165	159	162	161	151
Hamaca (Petropiar effective January 2008)	47	43	46	30	20
Petroboscan*	41	11	-	-	-
Petroindependiente*	2	-	-	-	-
<b>Total Worldwide</b>	<b>2,258</b>	<b>2,249</b>	<b>2,175</b>	<b>2,200</b>	<b>2,300</b>

### Gross Natural Gas Production

Millions of cubic feet per day					
California	99	101	107	109	113
Gulf of Mexico	685	784	638	973	1,242
Other U.S.	1,200	1,230	1,115	1,109	1,264
Africa	145	88	115	87	50
Asia-Pacific	2,477	2,159	1,200	697	663
Indonesia	334	353	241	153	170
Other International	877	929	923	1,036	1,103
<b>Total Consolidated Companies</b>	<b>5,817</b>	<b>5,644</b>	<b>4,339</b>	<b>4,164</b>	<b>4,605</b>
<b>Equity Share in Affiliates</b>					
TCO	230	222	239	227	214
Hamaca (Petropiar effective January 2008)	13	11	8	3	3
Petroboscan*	6	1	-	-	-
Petroindependiente*	16	5	-	-	-
<b>Total Worldwide</b>	<b>6,082</b>	<b>5,883</b>	<b>4,586</b>	<b>4,394</b>	<b>4,822</b>

\* Joint stock company formed in October 2006.

## Upstream Operating Data

### Natural Gas Realizations<sup>1</sup>

	Year ended December 31				
Dollars per thousand cubic feet	2007	2006	2005	2004	2003
United States	\$ 6.12	\$ 6.29	\$ 7.43	\$ 5.51	\$ 5.01
International	3.90	3.73	3.19	2.68	2.64

### Crude Oil and Natural Gas Liquids Realizations<sup>2</sup>

Dollars per barrel	2007	2006	2005	2004	2003
United States	\$ 63.16	\$ 56.66	\$ 46.97	\$ 34.12	\$ 26.66
International	65.01	57.65	47.59	34.17	26.79

### Natural Gas Sales

(Includes equity share in affiliates)  
Millions of cubic feet per day

United States	7,624	7,051	5,449	4,518	4,304
International	3,792	3,478	2,450	1,885	1,951
<b>Total</b>	<b>11,416</b>	<b>10,529</b>	<b>7,899</b>	<b>6,403</b>	<b>6,255</b>

### Natural Gas Liquids Sales

(Includes equity share in affiliates)  
Thousands of barrels per day

United States	160	124	151	177	194
International	118	102	120	105	107
<b>Total</b>	<b>278</b>	<b>226</b>	<b>271</b>	<b>282</b>	<b>301</b>

<sup>1</sup> 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 share in affiliates.

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

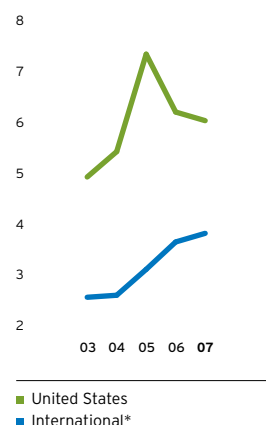
### Exploration and Development Costs\*

	Year ended December 31				
Millions of dollars	2007	2006	2005	2004	2003
<b>United States</b>					
California					
Exploration	\$ 4	\$ -	\$ -	\$ -	\$ -
Development	1,198	686	494	412	264
<b>Gulf of Mexico</b>					
Exploration	617	705	612	478	495
Development	2,237	1,632	639	457	434
<b>Other U.S.</b>					
Exploration	37	46	32	5	12
Development	1,775	868	596	372	350
<b>Total United States</b>					
Exploration	\$ 658	\$ 751	\$ 644	\$ 483	\$ 507
Development	5,210	3,186	1,729	1,241	1,048
<b>International</b>					
Africa					
Exploration	\$ 408	\$ 379	\$ 225	\$ 271	\$ 203
Development	4,176	2,890	1,871	1,047	974
<b>Asia-Pacific</b>					
Exploration	324	314	124	82	110
Development	1,897	1,788	1,026	567	605
<b>Indonesia</b>					
Exploration	64	90	31	15	7
Development	620	460	325	245	363
<b>Other International</b>					
Exploration	372	388	341	226	148
Development	1,504	1,019	713	542	461
<b>Total International</b>					
Exploration	\$ 1,168	\$ 1,171	\$ 721	\$ 594	\$ 468
Development	8,197	6,157	3,935	2,401	2,403

\* Consolidated companies only. Excludes costs of the Unocal acquisition in 2005 and other property acquisitions.

### Natural Gas Realizations

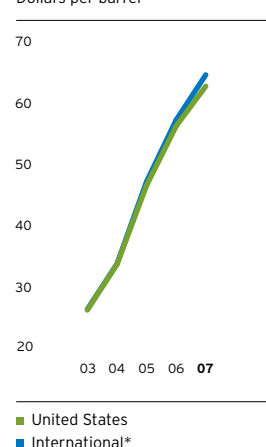
Dollars per thousand cubic feet



\*Includes equity share in affiliates

### Crude Oil Realizations & Natural Gas Liquids

Dollars per barrel



\*Includes equity share in affiliates

## Upstream Operating Data

### Proved and Unproved Oil and Gas Acreage\*

At December 31

Thousands of acres	Gross Acres		Net Acres			
	2007	2007	2006	2005	2004	2003
<b>United States</b>						
<b>Onshore</b>						
Alabama	96	75	76	79	50	55
Alaska	1,628	850	805	827	339	474
California	312	294	291	292	257	302
Colorado	1,476	234	274	274	211	220
Louisiana	307	274	344	399	448	421
New Mexico	545	354	376	389	310	352
Oklahoma	338	204	224	229	224	239
Texas	4,809	3,405	3,684	3,844	3,143	3,484
Utah	157	81	79	82	106	169
Wyoming	285	163	185	200	226	266
Other states	333	230	253	262	212	242
<b>Total Onshore</b>	<b>10,286</b>	<b>6,164</b>	6,591	6,877	5,526	6,224
<b>Offshore</b>						
Alaska Coast	17	4	23	23	8	18
Gulf Coast	3,796	2,732	3,646	4,304	3,657	3,703
Pacific Coast	12	6	8	5	5	5
<b>Total Offshore</b>	<b>3,825</b>	<b>2,742</b>	3,677	4,332	3,670	3,726
<b>Total United States</b>	<b>14,111</b>	<b>8,906</b>	10,268	11,209	9,196	9,950
<b>Africa</b>						
Angola	2,132	737	887	923	918	924
Chad	8,173	2,043	2,043	2,043	2,043	2,556
Democratic Republic of the Congo	250	44	44	22	-	123
Equatorial Guinea	-	-	-	142	473	473
Libya	2,796	2,796	2,796	-	-	-
Nigeria	6,402	2,871	3,120	3,150	3,868	3,868
Republic of the Congo	158	50	59	54	53	53
<b>Total Africa</b>	<b>19,911</b>	<b>8,541</b>	8,949	6,334	7,355	7,997
<b>Asia-Pacific</b>						
Australia	19,008	9,106	8,740	9,444	3,832	6,470
Azerbaijan	108	11	41	41	30	30
Bahrain	-	-	-	-	48	48
Bangladesh	2,675	1,258	2,115	2,117	-	-
Cambodia	1,163	640	853	853	853	853
China	2,372	1,079	812	2,431	3,656	3,960
Georgia	2,057	206	206	206	-	-
Kazakhstan	80	16	16	16	16	16
Myanmar	6,476	1,832	1,832	1,829	-	-
Partitioned Neutral Zone	1,576	788	788	788	786	786
Philippines	206	93	93	98	93	93
Thailand	18,459	9,531	8,059	5,603	2,578	3,203
Turkey	502	251	251	1,363	251	251
Vietnam	3,171	1,479	1,479	617	-	-
<b>Total Asia-Pacific</b>	<b>57,853</b>	<b>26,290</b>	25,285	25,406	12,143	15,710
<b>Total Indonesia</b>	<b>9,491</b>	<b>6,234</b>	6,885	7,494	3,534	3,530
<b>Other International</b>						
Argentina	2,925	1,548	1,671	2,133	3,101	2,780
Brazil	225	74	180	725	677	688
Canada	25,410	14,900	14,633	14,943	14,664	15,926
Colombia	203	87	87	87	101	101
Denmark	570	81	79	66	74	97
Faroe Islands	170	68	68	68	-	-
Germany	98	26	26	123	123	123
Greenland	3,088	1,029	-	-	-	-
Netherlands	53	22	22	22	-	27
Norway	1,783	549	549	372	587	361
Trinidad and Tobago	168	84	84	84	84	84
United Kingdom	2,137	979	1,328	430	385	775
Venezuela	1,255	1,239	1,239	1,252	1,035	38
<b>Total Other International</b>	<b>38,085</b>	<b>20,686</b>	19,966	20,305	20,831	21,000
<b>Total International</b>	<b>125,340</b>	<b>61,751</b>	61,085	59,539	43,863	48,237
<b>Total Worldwide</b>	<b>139,451</b>	<b>70,657</b>	71,353	70,748	53,059	58,187

\* Net acreage includes wholly owned interests and the sum of the company's fractional interests in gross acreage. Consolidated companies only.



## Upstream Operating Data

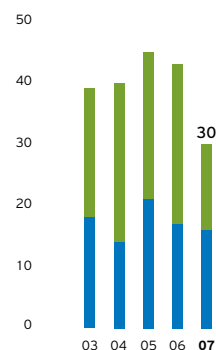
### Net Wells Completed\*

	Year ended December 31									
	2007		2006		2005		2004		2003	
	Productive	Dry	Productive	Dry	Productive	Dry	Productive	Dry	Productive	Dry
<b>California</b>										
Exploratory	-	-	-	-	-	-	-	-	-	-
Development	620	-	600	-	661	-	636	1	418	-
<b>Total California</b>	<b>620</b>	<b>-</b>	<b>600</b>	<b>-</b>	<b>661</b>	<b>-</b>	<b>636</b>	<b>1</b>	<b>418</b>	<b>-</b>
<b>Gulf of Mexico</b>										
Exploratory	4	7	9	8	14	8	13	8	25	9
Development	30	1	34	5	29	3	43	3	47	6
<b>Total Gulf of Mexico</b>	<b>34</b>	<b>8</b>	<b>43</b>	<b>13</b>	<b>43</b>	<b>11</b>	<b>56</b>	<b>11</b>	<b>72</b>	<b>15</b>
<b>Other U.S.</b>										
Exploratory	-	1	7	-	5	6	3	1	2	1
Development	225	4	317	6	256	4	221	3	232	12
<b>Total Other U.S.</b>	<b>225</b>	<b>5</b>	<b>324</b>	<b>6</b>	<b>261</b>	<b>10</b>	<b>224</b>	<b>4</b>	<b>234</b>	<b>13</b>
<b>United States</b>										
Exploratory	4	8	16	8	19	14	16	9	27	10
Development	875	5	951	11	946	7	900	7	697	18
<b>Total United States</b>	<b>879</b>	<b>13</b>	<b>967</b>	<b>19</b>	<b>965</b>	<b>21</b>	<b>916</b>	<b>16</b>	<b>724</b>	<b>28</b>
<b>Africa</b>										
Exploratory	6	2	1	-	4	1	3	1	3	1
Development	43	-	45	2	38	-	36	-	24	-
<b>Total Africa</b>	<b>49</b>	<b>2</b>	<b>46</b>	<b>2</b>	<b>42</b>	<b>1</b>	<b>39</b>	<b>1</b>	<b>27</b>	<b>1</b>
<b>Asia-Pacific</b>										
Exploratory	14	10	18	7	10	-	16	-	6	3
Development	223	-	235	1	150	-	84	-	43	-
<b>Total Asia-Pacific</b>	<b>237</b>	<b>10</b>	<b>253</b>	<b>8</b>	<b>160</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>49</b>	<b>3</b>
<b>Indonesia</b>										
Exploratory	1	-	2	-	5	-	2	-	1	-
Development	374	-	258	-	107	-	163	-	562	-
<b>Total Indonesia</b>	<b>375</b>	<b>-</b>	<b>260</b>	<b>-</b>	<b>112</b>	<b>-</b>	<b>165</b>	<b>-</b>	<b>563</b>	<b>-</b>
<b>Other International</b>										
Exploratory	5	2	6	3	7	4	3	7	2	4
Development	52	-	43	-	79	-	84	-	107	-
<b>Total Other International</b>	<b>57</b>	<b>2</b>	<b>49</b>	<b>3</b>	<b>86</b>	<b>4</b>	<b>87</b>	<b>7</b>	<b>109</b>	<b>4</b>
<b>Total International</b>	<b>718</b>	<b>14</b>	<b>608</b>	<b>13</b>	<b>400</b>	<b>5</b>	<b>391</b>	<b>8</b>	<b>748</b>	<b>8</b>
<b>Total Worldwide</b>	<b>1,597</b>	<b>27</b>	<b>1,575</b>	<b>32</b>	<b>1,365</b>	<b>26</b>	<b>1,307</b>	<b>24</b>	<b>1,472</b>	<b>36</b>

\* Net Wells Completed includes wholly owned wells and the sum of the company's fractional interests in jointly owned wells completed during the year, regardless of when drilling was initiated. Completion refers to the installation of permanent equipment for the production of crude oil or natural gas or, in the case of a dry well, the reporting of abandonment to the appropriate agency. Some exploratory wells are not drilled with the intention of producing from the well bore. In such cases, "completion" refers to the completion of drilling. Further categorization of productive or dry is based on the determination as to whether hydrocarbons in a sufficient quantity were found to justify completion as a producing well, whether or not the well is actually going to be completed as a producer. Consolidated companies only.

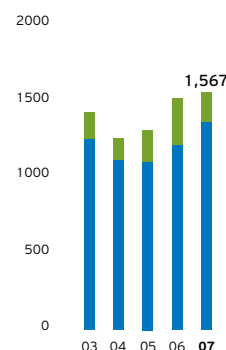
### Net Completed Productive Exploratory Wells

Number of wells



### Net Completed Productive Development Wells

Number of wells



### Net Productive Wells<sup>1,2</sup>

	At December 31				
	2007	2006	2005	2004	2003
<b>United States</b>					
Oil	33,217	33,067	32,712	29,270	31,535
Gas	6,043	6,212	6,014	5,733	6,486
<b>Total United States</b>	<b>39,260</b>	<b>39,279</b>	<b>38,726</b>	<b>35,003</b>	<b>38,021</b>
<b>International</b>					
Oil	10,538	9,903	9,891	9,447	9,805
Gas	1,730	1,513	891	257	329
<b>Total International</b>	<b>12,268</b>	<b>11,416</b>	<b>10,782</b>	<b>9,704</b>	<b>10,134</b>
<b>Total Worldwide</b>	<b>51,528</b>	<b>50,695</b>	<b>49,508</b>	<b>44,707</b>	<b>48,155</b>

<sup>1</sup> Net Productive Wells includes wholly owned wells and the sum of the company's fractional interests in wells completed in jointly owned operations. Consolidated companies only.

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



# Downstream

Improve returns and selectively grow, with a focus on integrated value creation.

## Highlights

Downstream is a key element of Chevron's vertically integrated operations. The company enjoys a strong global presence in all aspects of the downstream industry – refining, marketing and transportation. Refining assets are concentrated in North America, the United Kingdom, South Africa and the Asia-Pacific Rim. Downstream markets refined products and lubricants under the strong brands of Chevron, Texaco and Caltex.

### Industry Conditions

Industry refining margins trended upward during the first half of 2007. Product demand was strong, refined-product supplies were constrained by planned and unplanned refinery maintenance, and plentiful inventories of crude oil kept feedstock costs in check.

In the second half of the year, refining margins narrowed significantly as refined-product inventories increased and prices for refined products could not keep pace with the rising cost of crude-oil feedstocks.

Marketing margins were volatile during the year, driven primarily by local and regional supply-and-demand conditions.

### Business Strategies

Downstream's business strategy is to improve returns and selectively grow, with a focus on integrated value creation.

In support of this, Downstream has identified five enabling strategies:

- › Drive top competitive performance in the base business through excellence in operations.
- › Grow selectively in refining flexibility and scale.
- › Align portfolio to capture integration value across the energy supply chain.
- › Develop enhanced supply-chain and commercial capabilities.
- › Leverage technology to drive competitive performance.

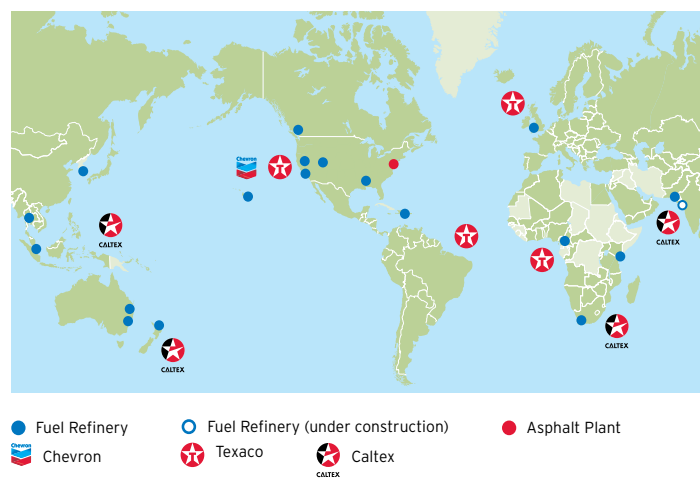
### 2007 Accomplishments

- › Achieved record personal-safety performance.
- › Completed a number of projects designed to improve refinery product-yield and lower refining costs by increasing feedstock flexibility.
- › Sold refining interest and related assets in the Netherlands; fuels marketing businesses in Belgium, the Netherlands, Luxembourg and Uruguay; and the North American credit card operations.
- › Implemented major information-system upgrades to improve supply-chain and commercial capabilities.

### 2008 Outlook

- › Continue safe operations while improving refinery reliability and utilization.
- › Advance projects to improve refinery scale and flexibility.
- › Increase integration across the energy value chain.
- › Enhance supply-chain and commercial capabilities through advanced tools and processes.
- › Advance technology deployment to improve manufacturing operations and capabilities.

Downstream Overview



## Downstream Financial and Operating Highlights<sup>1</sup>

Dollars in millions	2007	2006
Segment income	\$ 3,502	\$ 3,973
Fuel refinery crude oil inputs (Thousands of barrels per day) <sup>2</sup>	1,813	1,958
Fuel refinery capacity at year-end (Thousands of barrels per day) <sup>2</sup>	2,035	2,141
U.S. gasoline and jet fuel yields (Percent of U.S. refinery production)	64%	64%
Refined-product sales (Thousands of barrels per day)	3,484	3,621
Motor gasoline sales (Thousands of barrels per day)	1,309	1,307
Number of marketing retail outlets at December 31	25,082	25,831
Number of controlled seagoing vessels at December 31 <sup>3</sup>	48	44
Cargo transported by controlled vessels (Millions of barrels) <sup>3</sup>	314	322
Refining capital expenditures	\$ 2,207	\$ 1,980
Marketing capital expenditures	\$ 598	\$ 530
Transportation and other downstream capital expenditures	\$ 638	\$ 665
Total downstream capital expenditures	\$ 3,443	\$ 3,175

<sup>1</sup> Includes equity share in affiliates unless otherwise noted.

<sup>2</sup> Refinery input and capacity exclude asphalt plant volumes.

<sup>3</sup> Consolidated companies only.

## Refining

Chevron's global refining system can process more than 2 million barrels of crude oil per day. The system is anchored by seven core refineries in key areas that make up more than 75 percent of the company's total fuel-refining capacity. Five of these core refineries - located in Singapore, Thailand, South Korea, and Richmond and El Segundo, California - provide Pacific Basin coverage. The other two refineries, in Pascagoula, Mississippi, and Pembroke, United Kingdom, supply the Atlantic Basin.

Three-fourths of Chevron's refining capacity is located in areas of the world that are expected to account for one-half of the world's growth in energy demand. Many of these refineries are capable of converting significant volumes of lower-quality crude oil into a variety of clean, high-value light products. This type of refinery configuration enabled the company in 2007 to take advantage of the significant price differential that existed between the light, sweet crude oils that were in shorter supply and the less-costly heavy, sour crudes that were more plentiful worldwide.

### Business Strategies

- › Achieve world-class performance in safety and reliability by leveraging technology and best practices.
- › Grow selectively in refining flexibility and scale.
- › Increase the deployment of technology options to enhance competitive performance.

### Improving Reliability

The company continued its focus on improving refinery reliability during 2007. Process safety, equipment reliability and the systematic elimination of root causes of incidents remain top priorities. To increase momentum and sustainability, the company has deployed reliability experts across its system, launched standardized processes and allocated significant capital investment toward enhancing equipment and infrastructure reliability.

### Increasing Flexibility and Scale

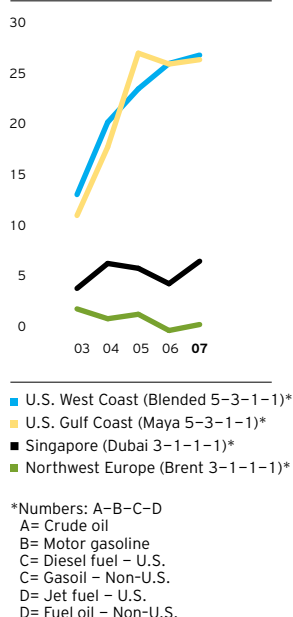
In 2007, the company completed a number of projects designed to improve high-value product yield and lower costs by increasing feedstock flexibility. The Pembroke Refinery in the United Kingdom was modified to enhance its capability of processing crude oil received from the company's upstream operations in the Caspian region. With this upgrade, the refinery is able to process Caspian-blend crude oils at rates up to approximately 40 percent of the refinery's total crude feedstock slate.

In late 2007, GS Caltex, the company's 50 percent-owned affiliate, completed a major upgrade of its refinery in Yeosu, South Korea, designed to increase production of high-value products by 33,000 barrels per day, add 15,000 barrels per day in new lubricants base-oil production and reduce feedstock costs through the processing of heavier, higher-sulfur crude oils. This project included the installation of one of the world's largest vacuum distillation units, a hydrocracker and a lubricant base-oil facility.

At the company's refinery in El Segundo, California, an upgrade has enabled the processing of heavier crude oils into transportation fuels and other refined products. Design and engineering work progressed during 2007 on conversion upgrade projects at the El Segundo and Yeosu refineries to improve high-value product yields. At the refinery in Richmond, California, engineering and design work continued on a project to increase the flexibility to process higher sulfur crude oils.

In other growth projects during 2007, work progressed on a continuous catalytic reformer project at the refinery in Pascagoula, Mississippi. This project is expected to increase gasoline production at the refinery by 10 percent, or 600,000 gallons per day, by mid-2010. At the company's 50 percent-owned Singapore Refining Company, modifications were begun to enable the refinery to meet stringent specifications for clean diesel fuels.

**Industry Refining Margins**  
Dollars per barrel



### Leveraging Advanced Technologies

During 2007, Chevron continued to maintain a leadership position in the licensing of hydroprocessing technologies to enable the industry to meet clean-fuel specifications. In addition, the company developed advanced corrosion-monitoring best practices to improve reliability using commercially available technologies. Leveraging Chevron's industry leadership position in hydroprocessing technologies, the company is developing a new heavy-oil upgrading technology called Vacuum Resid Slurry Hydrocracking (VRSH). The new technology converts essentially 100 percent of heavy-oil feedstock into clean-burning transportation fuels without producing any lower-value products. VRSH has the potential to significantly increase yields of gasoline, diesel and jet fuel from heavy and extra-heavy crude oils. Construction of a precommercial plant to test the technical and economic viability of this technology was slated to begin in 2008 at the Pascagoula Refinery, with anticipated completion in 2010.

## Marketing

The Marketing organization is responsible for the marketing, advertising, sale and delivery of products and services to retail, commercial and industrial customers worldwide. Approximately 25,000 retail outlets, including affiliate operations, are located primarily on the West Coast of North America, the U.S. Gulf Coast, Latin America, Asia, sub-Saharan Africa and the United Kingdom.

### Business Strategies

- › Provide clean, safe and reliable operations.
- › Align the marketing portfolio to capture integration value with the refining system.
- › Leverage brands to grow value in key markets.

### Improving Performance Through Operational Excellence

Marketing is dedicated to ensuring that its network of service stations and product terminals and the transportation fleet operate safely and reliably. Reliable supply is essential to meeting customer expectations, and Marketing processed approximately 4 million deliveries per day during 2007 through its 250 terminals worldwide. Measures of reliability in this area exceeded 99 percent.

Reliability is especially critical during natural disasters. Marketing maintains spare equipment and supplies in key facilities outside hurricane-prone areas. In 2007, this preparation allowed the company to provide electrical generators, food, water and fuel supplies to communities affected by Hurricanes Felix and Dean in Central America and the Caribbean, as well as those displaced by the wildfires in Southern California.

In the area of environment and safety, Marketing continued to make progress in removing or replacing underground storage tanks worldwide. Employee and contractor personal-safety measures continued to improve in 2007.

### Aligning the Marketing Portfolio

Marketing continued to more closely align its portfolio within the company's integrated value chain through market exits and divestitures of retail sites. In 2007, the company sold its fuels marketing businesses in Belgium, the Netherlands, Luxembourg and Uruguay. With the close of these sales, the company has exited 13 countries since 2004.

Approximately 500 individual company-owned retail sites were also sold during 2007. In most cases, Chevron continues to supply branded fuels to these locations. From 2003 through 2007, Marketing sold interests in approximately 3,300 retail sites.

During 2007, the company also sold its North America commercial and consumer credit card portfolios. These sales to major credit card companies allow Marketing to expand card offerings to its customers, ensuring that they have access to the latest features and options available within the credit card industry.

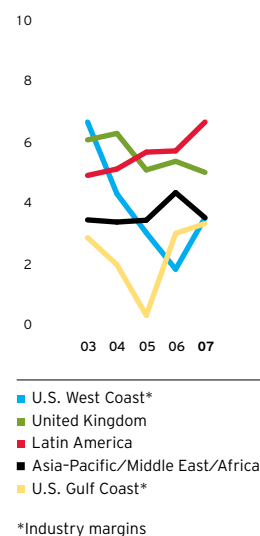
### Leveraging Brands to Capture Value in Key Markets

Marketing manages three premium brands - Chevron, Texaco and Caltex - each with a long-established and distinguished legacy. These three brands continue to hold top positions in their markets around the world. In 2007, an independent source ranked Chevron as the most powerful gasoline brand in the United States for the fourth consecutive year. To enhance the Chevron brand, the company continued to execute its multiyear program to refresh the Chevron brand image. By the end of 2007, more than 2,900 Chevron retail sites in the United States had been updated with improved features to enhance the customer experience. Likewise, the company's convenience store brand, Extra Mile, was ranked as the No. 1 convenience store in an independent survey.

In 2007, the company added approximately 300 sites to its Texaco-branded retail network in the United States, which has increased to more than 2,400 sites since its launch in 2004. This network comprised more than 14 percent of the company's U.S. branded-gasoline trade sales volumes in 2007. Texaco is a leading brand in Latin America, and Caltex is a brand leader in Asia-Pacific and Africa.

The company is further enhancing its market-leading position in clean premium fuels through the expanded incorporation of Chevron patented additives, such as Techron®, into branded fuel formulations and the introduction of new alternative fuels in several markets. In early 2008, gasoline with Techron® was sold in 26 countries and comprised 90 percent of the branded gasoline sold by Marketing worldwide. Markets added in 2007 included Brazil, Colombia and Ireland. A very high-quality diesel fuel produced from natural gas (gas-to-liquids diesel) was piloted in California in 2007 in both retail and commercial applications. Biodiesel was also marketed by the company for the first time in 2007 in the Philippines and Portland, Oregon, and was being tested in a commercial bus fleet in California.

Industry/Chevron Marketing Fuel Margins  
Dollars per barrel





## Lubricants

Chevron is among the leading global marketers of finished lubricants and is the top U.S. supplier of premium lubricant base stocks west of the Rockies. Lubricants' global workforce, together with its partners, provides value-added lubrication solutions to a mix of commercial, retail, industrial and marine customers. The product line of lubrication and coolant products includes such well-known branded products as Havoline®, Delo®, Ursa®, Meropa® and Taro®, which are marketed globally under the three major brands - Chevron, Texaco and Caltex.

### Business Strategies

- › Operate with excellence.
- › Enhance business performance.
- › Grow profitably in select markets.

### Turning Strategy Into Action

In 2007, Lubricants delivered its strongest-ever financial performance. Underpinning the improvement in financial performance were the deployment of standardized processes and tools and excellence in the execution of daily operations by Lubricants employees worldwide.

Lubricants is committed to continuously improving its base business by prioritizing markets and business sectors, creating value for its customers, improving supply-chain management, and leveraging its growing premium base-oil manufacturing capacity.

The premium base-oil expansion project at Chevron's Richmond, California, refinery was completed in the second quarter of 2007, and the new base-oil manufacturing plant at GS Caltex's refinery in Yeosu, South Korea, came online in the fourth quarter, providing premium base stocks to the fast-growing Asia-Pacific markets.

## Supply & Trading

The Supply & Trading organization manages Chevron's global supply chain to maximize the company's equity crude-oil revenues and reduce the cost of Downstream's raw materials and transportation. Activities include supplying crude oil and refined products to the company's refining and marketing network, trading and marketing crude oil and refined products, and managing associated market risks. Supply & Trading also markets aviation and marine fuels.

The company trades more than 200 different grades of crude oil and petroleum products. In addition, Chevron is among the leading global suppliers of jet fuel and aviation gasoline to commercial airlines, general aviation and military customers. Supply & Trading markets aviation fuel at more than 1,000 airports, representing a worldwide market share of approximately 11 percent, and is a leading marketer of jet fuels in the United States.

### Business Strategies

- › Optimize the company's raw material selection, refined-product supply, and related transportation and infrastructure requirements.
- › Promote integration of Chevron operations along the energy supply chain.
- › Extract value through trading and marketing activities, which are enabled by the company's equity positions in crude oil and refined products.

### Developing New Opportunities for Chevron

In 2007, crude-oil selection options for the company's global refining system continued to grow, with the company refining 43 crude oils during the year that were new to individual refineries, including 25 new to the company's system. Supply & Trading also partnered with Chevron Technology Ventures to expand the company's supply capabilities in biofuels such as ethanol. Deployment began on a new generation of information technology tools to enhance optimization of the energy supply chain.

## Transportation

The company's transportation businesses include Chevron Pipe Line Company (Pipeline) and Chevron Shipping Company (Shipping), which are responsible for transportation of crude oil, refined products, natural gas, liquefied petroleum gas (LPG) and liquefied natural gas (LNG) to customers worldwide.

Pipeline operates an extensive network of company-owned oil, natural gas and refined product pipelines and other infrastructure assets in North America. The company also has direct and indirect interests in other U.S. and international pipelines.

During 2007, Shipping managed approximately 3,000 deep-sea tanker voyages, using a combination of single-voyage charters, short- and medium-term charters, and a company-owned or bareboat-chartered fleet.

### Business Strategies

The strategies of the company's transportation businesses are focused on creating value by providing internal customers with innovative, high-quality transportation; commercial and risk management; and technical consulting. The goals of Pipeline and Shipping are to:

- › Deliver safe, incident-free transportation.
- › Reduce the total cost of transportation for Chevron operations.
- › Support the profitable growth of Chevron's upstream and downstream businesses.

### Supporting Profitable Growth

**Pipeline** During 2007, Pipeline led the development of a natural-gas gathering pipeline serving the Piceance Basin in northwest Colorado; participated in the successful installation of the 55-mile (90-km) Amberjack-Tahiti lateral pipeline on the seafloor of the U.S. Gulf of Mexico; completed a pipeline running from the U.S. Gulf of Mexico subsea to the Fourchon terminal in Louisiana; and led the underway expansion of the partially owned West Texas LPG Pipeline system.

Refer to pages 20, 22, 24 and 25 in the upstream section for information on the Chad/Cameroon pipeline, the West African Gas Pipeline, the Baku-Tbilisi-Ceyhan pipeline, the Western Route Export Pipeline and the Caspian Pipeline Consortium.

**Shipping** In 2007, Shipping took delivery of one new double-hulled crude tanker with a total capacity of 500,000 barrels and one U.S.-flagged product tanker capable of carrying 300,000 barrels of cargo. Three additional U.S.-flagged product tankers were scheduled for delivery between 2008 through 2010. Shipping also redelivered a 1 million-barrel crude tanker at the end of its lease. All of Shipping's owned and bareboat-chartered fleet are double-hulled.



### Net Pipeline Mileage<sup>1,2</sup>

At December 31

(Includes equity share in affiliates)

2007

#### Crude Oil Lines

United States	2,853
International	700

#### Total Crude Oil Lines

3,553

#### Natural Gas Lines

United States	2,275
International	768

#### Total Natural Gas Lines

3,043

#### Product Lines

United States <sup>3</sup>	7,053
International	426

#### Total Product Lines

7,479

#### Total Net Pipeline Mileage

14,075

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

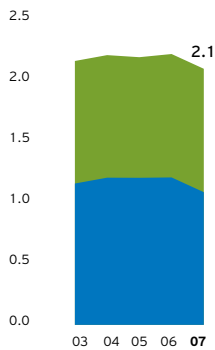
<sup>2</sup> Excludes gathering pipelines relating to U.S. and international crude oil and natural gas production function.

<sup>3</sup> Includes the company's share of chemical pipelines managed by the 50 percent-owned Chevron Phillips Chemical Company LLC.

## Downstream Operating Data

### Refinery Capacity at December 31\*

Millions of barrels per day

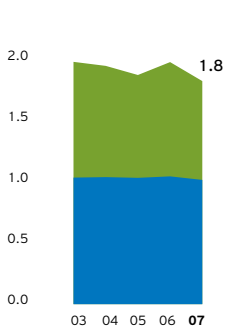


■ United States  
■ International

\*Includes equity share in affiliates

### Refinery Crude Oil Inputs\*

Millions of barrels per day



■ United States  
■ International

\*Includes equity share in affiliates

## Refining Capacities and Crude Oil Inputs

(Includes equity share in affiliates)

Year ended December 31

Thousands of barrels per day	Chevron Share of Capacity		Chevron Share of Refinery Inputs			
	At December 31, 2007	2007	2006	2005	2004	2003
<b>United States - Fuel Refineries</b>						
El Segundo, California	260	222	258	230	234	242
Kapolei, Hawaii	54	51	50	50	51	52
Pascagoula, Mississippi	330	285	337	263	312	301
Richmond, California	243	192	224	233	233	235
Salt Lake City, Utah	45	42	39	41	42	40
El Paso, Texas <sup>1</sup>	-	-	-	-	-	36
<b>Total United States Fuel Refineries</b>	<b>932</b>	<b>792</b>	<b>908</b>	<b>817</b>	<b>872</b>	<b>906</b>
<b>United States - Asphalt Plants</b>						
Perth Amboy, New Jersey	80	20	31	28	40	41
Portland, Oregon <sup>2</sup>	-	-	-	-	2	4
<b>Total United States Asphalt Plants</b>	<b>80</b>	<b>20</b>	<b>31</b>	<b>28</b>	<b>42</b>	<b>45</b>
<b>Total United States</b>	<b>1,012</b>	<b>812</b>	<b>939</b>	<b>845</b>	<b>914</b>	<b>951</b>
<b>International - Wholly Owned</b>						
Canada - Burnaby, British Columbia	55	49	49	45	49	50
South Africa - Cape Town <sup>3</sup>	110	72	71	61	62	72
United Kingdom - Pembroke	210	212	165	186	209	175
Philippines - Batangas <sup>4</sup>	-	-	-	-	-	49
<b>Total International Wholly Owned</b>	<b>375</b>	<b>333</b>	<b>285</b>	<b>292</b>	<b>320</b>	<b>346</b>
<b>International - Affiliates</b>						
Australia - Brisbane (50%)	53	44	42	41	47	44
Australia - Sydney (50%)	54	58	57	52	52	49
Cameroon - Limbe (8%)	3	3	3	-	-	-
Côte d'Ivoire - Abidjan (3.7%) <sup>5</sup>	2	2	2	2	2	2
Kenya - Mombasa (16%)	14	6	5	5	6	6
Martinique - Fort-de-France (11.5%)	2	1	2	2	2	2
Netherlands - Europoort (31%) <sup>6</sup>	-	24	104	103	98	100
New Zealand - Whangarei (12.7%)	13	12	12	12	12	12
Pakistan - Karachi (12%)	6	5	5	5	5	5
Singapore - Pualau Merlimau (50%) <sup>7</sup>	145	132	129	133	102	77
South Korea - Yeosu (50%)	340	307	307	303	305	311
Thailand - Map Ta Phut (64%)	96	94	97	88	93	86
<b>Total International Affiliates</b>	<b>728</b>	<b>688</b>	<b>765</b>	<b>746</b>	<b>724</b>	<b>694</b>
<b>Total International</b>	<b>1,103</b>	<b>1,021</b>	<b>1,050</b>	<b>1,038</b>	<b>1,044</b>	<b>1,040</b>
<b>Total Worldwide</b>	<b>2,115</b>	<b>1,833</b>	<b>1,989</b>	<b>1,883</b>	<b>1,958</b>	<b>1,991</b>

<sup>1</sup> Chevron sold its interest in the El Paso Refinery in August 2003.

<sup>2</sup> Chevron sold the Portland asphalt plant in February 2005.

<sup>3</sup> Chevron holds 100 percent of the common stock issued by Chevron South Africa (Pty) Limited, which owns the Cape Town Refinery. A consortium of South African partners owns preferred shares ultimately convertible to a 25 percent equity interest in Chevron South Africa (Pty) Limited. None of those preferred shares had been converted as of March 2008.

<sup>4</sup> Refining operations ceased at the Batangas Refinery in November 2003. The Batangas facility was converted to a product import terminal operation in early 2004.

<sup>5</sup> Chevron sold its ownership interest in Société Ivoirienne de Raffinage in January 2008.

<sup>6</sup> Chevron sold its interest in this refinery (Nerefco) in March 2007.

<sup>7</sup> Equity ownership increased in July 2004 from 33 percent to 50 percent.

## Refining Capacity at Year-End 2007

(Includes equity share in affiliates)

Thousands of barrels per day	Chevron Share of Capacity <sup>1</sup>				
	Atmospheric Distillation <sup>2</sup>	Catalytic Cracking <sup>3</sup>	Hydro-cracking <sup>4</sup>	Residuum Conversion <sup>5</sup>	Lubricants <sup>6</sup>
<b>United States - Fuel Refineries</b>					
El Segundo, California	260	71	46	59	-
Kapolei, Hawaii	54	21	-	-	-
Pascagoula, Mississippi	330	78	58	98	-
Richmond, California	243	80	154	-	16
Salt Lake City, Utah	45	13	-	7	-
<b>Total United States Fuel Refineries</b>	<b>932</b>	<b>263</b>	<b>258</b>	<b>164</b>	<b>16</b>
<b>United States - Asphalt Plant</b>					
Perth Amboy, New Jersey	80	-	-	-	-
<b>Total United States Asphalt Plant</b>	<b>80</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total United States</b>	<b>1,012</b>	<b>263</b>	<b>258</b>	<b>164</b>	<b>16</b>
<b>International - Wholly Owned</b>					
Canada - Burnaby, British Columbia	55	18	-	-	-
South Africa - Cape Town <sup>7</sup>	110	22	-	11	-
United Kingdom - Pembroke	210	90	-	26	-
<b>Total International Wholly Owned</b>	<b>375</b>	<b>130</b>	<b>-</b>	<b>37</b>	<b>-</b>
<b>International - Affiliates<sup>8</sup></b>					
Australia - Brisbane (50%)	53	18	-	-	-
Australia - Sydney (50%)	54	18	-	-	-
Cameroon - Limbe (8%)	3	-	-	-	-
Côte d'Ivoire - Abidjan (3.7%) <sup>9</sup>	2	-	1	-	-
Kenya - Mombasa (16%)	14	-	-	-	-
Martinique - Fort-de-France (11.5%)	2	-	-	-	-
New Zealand - Whangarei (12.7%)	13	-	3	-	-
Pakistan - Karachi (12%)	6	-	-	-	-
Singapore - Pualau Merlimau (50%)	145	23	17	16	-
South Korea - Yeosu (50%)	340	41	-	-	2
Thailand - Map Ta Phut (64%)	96	17	-	-	-
<b>Total International Affiliates</b>	<b>728</b>	<b>117</b>	<b>21</b>	<b>16</b>	<b>2</b>
<b>Total International</b>	<b>1,103</b>	<b>247</b>	<b>21</b>	<b>53</b>	<b>2</b>
<b>Total Worldwide</b>	<b>2,115</b>	<b>510</b>	<b>279</b>	<b>217</b>	<b>18</b>

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

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

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

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

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

<sup>6</sup> Lubricants capacity is based on dewaxed base oil production.

<sup>7</sup> Chevron holds 100 percent of the common stock issued by Chevron South Africa (Pty) Limited, which owns the Cape Town Refinery. A consortium of South African partners owns preferred shares ultimately convertible to a 25 percent equity interest in Chevron South Africa (Pty) Limited. None of those preferred shares had been converted as of March 2008.

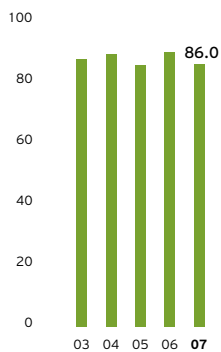
<sup>8</sup> Source: 2007 Oil & Gas Journal Refining Survey.

<sup>9</sup> Chevron sold its ownership interest in the Société Ivoirienne de Raffinage in January 2008.

## Downstream Operating Data

### Worldwide Refinery Utilization\*

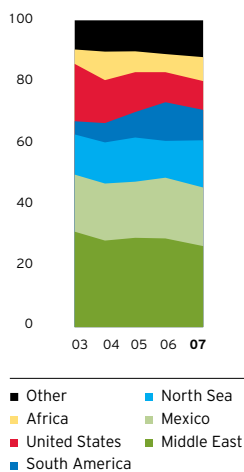
Percent of capacity



\*Includes equity share in affiliates

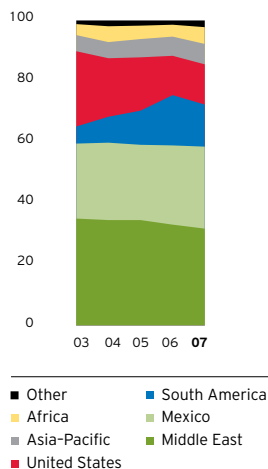
### Sources of Crude Oil Input for Worldwide Refineries (Wholly Owned)

Percentage



### Sources of Crude Oil Input for U.S. Refineries (Wholly Owned)

Percentage



### Refinery Crude Distillation Utilization

(Includes equity share in affiliates)

Percentage of average capacity	Year ended December 31				
	2007	2006	2005	2004	2003
United States - Fuel Refineries	85.0	98.6	89.9	95.9	95.1
Africa-Pakistan	65.0	63.6	54.9	56.0	63.4
Asia-Pacific	94.3	94.3	91.9	92.4	89.7
Europe	97.8	80.4	86.5	91.9	82.3
Other	87.7	89.2	84.7	94.4	96.3
Worldwide <sup>1</sup>	86.0	90.0	85.7	89.5	87.7

### Utilization of Cracking and Coking Facilities<sup>2</sup>

(Wholly owned)

Percentage of average capacity

United States	77.6	85.8	76.1	87.9	84.5
---------------	------	------	------	------	------

### Sources of Crude Oil Input for Worldwide Refineries

(Wholly owned)

Percentage of total input

Middle East	26.4	28.9	29.1	28.2	31.0
Mexico	19.1	19.8	18.3	18.6	18.6
North Sea	15.4	12.0	14.4	13.4	13.1
South America	9.9	12.6	8.3	6.3	4.3
United States	9.4	9.8	13.0	14.0	18.7
Africa	7.8	5.9	6.8	9.3	4.5
Other	12.0	11.0	10.1	10.2	9.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

### Worldwide Refinery Production of Finished Products

(Wholly owned)

Thousands of barrels per day

Gasoline	598	569	529	564	586
Jet fuel	217	236	221	241	250
Gas oil	266	265	238	251	251
Fuel oil	99	90	104	100	101
Other	146	149	130	162	180
<b>Total</b>	<b>1,326</b>	<b>1,309</b>	<b>1,222</b>	<b>1,318</b>	<b>1,368</b>

### Sources of Crude Oil Input for U.S. Refineries

(Wholly owned)

Percentage of total input

Middle East	31.7	33.0	34.5	34.5	35.0
Mexico	26.9	26.0	24.7	25.4	24.6
South America	13.8	16.5	11.2	8.5	5.6
United States - Excluding Alaska North Slope	7.6	7.0	7.8	8.5	12.5
United States - Alaska North Slope	5.6	5.9	9.7	10.7	12.2
Asia-Pacific - Including Indonesia	6.7	6.3	6.0	5.3	5.3
Africa	5.5	3.9	4.4	5.2	3.6
Other	2.2	1.4	1.7	1.9	1.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

### U.S. Refinery Production of Finished Products

(Wholly owned)

Thousands of barrels per day

Gasoline	431	416	375	402	445
Jet fuel	174	200	189	203	208
Gas oil	157	170	136	148	144
Fuel oil	58	51	60	54	59
Other	128	132	115	148	147
<b>Total</b>	<b>948</b>	<b>969</b>	<b>875</b>	<b>955</b>	<b>1,003</b>

<sup>1</sup> Includes asphalt plants.

<sup>2</sup> Hydrocrackers, catalytic crackers and coking facilities are the primary facilities used to convert heavier products into gasoline and other light products.



## Downstream Operating Data

### Refined-Product Sales

Thousands of barrels per day	Year ended December 31				
	2007	2006	2005	2004	2003
<b>United States</b>					
Gasoline	728	712	709	701	669
Gas oils and kerosene	221	252	231	218	196
Jet fuel	271	280	291	302	314
Residual fuel oil	138	128	122	148	123
Other petroleum products	99	122	120	137	134
<b>Total United States</b>	<b>1,457</b>	1,494	1,473	1,506	1,436
<b>International<sup>1</sup></b>					
Gasoline	581	595	662	715	642
Gas oils and kerosene	730	776	781	804	780
Jet fuel	274	266	258	250	228
Residual fuel oil	271	324	404	458	487
Other petroleum products	171	166	147	141	137
<b>Total International</b>	<b>2,027</b>	2,127	2,252	2,368	2,274
<b>Worldwide<sup>2</sup></b>					
Gasoline	1,309	1,307	1,371	1,416	1,311
Gas oils and kerosene	951	1,028	1,012	1,022	976
Jet fuel	545	546	549	552	542
Residual fuel oil	409	452	526	606	610
Other petroleum products	270	288	267	278	271
<b>Total Worldwide</b>	<b>3,484</b>	3,621	3,725	3,874	3,710
<sup>1</sup> Includes share of equity affiliates' sales:	492	492	498	502	497
<sup>2</sup> Includes buy/sell contracts:	-	50	217	180	194

### Light-Product Sales<sup>1,2</sup>

	Year ended December 31				
	2007	2006	2005	2004	2003
<b>Sales Revenues</b> (Millions of dollars)					
United States	\$ 41,561	\$ 38,474	\$ 32,716	\$ 24,451	\$ 18,481
International <sup>3</sup>	53,904	51,195	47,743	39,448	30,774
<b>Total Sales Revenues</b>	<b>\$ 95,465</b>	\$ 89,669	\$ 80,459	\$ 63,899	\$ 49,255
<b>Sales Volumes</b> (Thousands of barrels per day)					
United States	1,220	1,244	1,231	1,221	1,179
International	1,278	1,329	1,373	1,433	1,329
<b>Total Sales Volumes</b>	<b>2,498</b>	2,573	2,604	2,654	2,508

<sup>1</sup> Consolidated companies only and includes amounts for buy/sell contracts prior to second quarter 2006.

<sup>2</sup> Light-product sales include motor gasoline, jet fuel, gas oils and kerosene.

<sup>3</sup> 2003 through 2006 conformed to 2007 presentation.

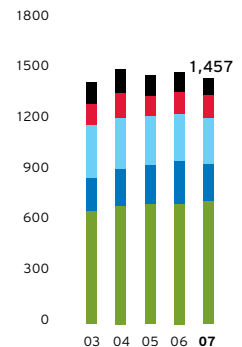
### Petroleum Inventories\*

Millions of barrels	At December 31				
	2007	2006	2005	2004	2003
Raw stocks	84	81	80	61	63
Unfinished stocks	28	29	25	22	19
Finished products	51	48	45	48	53
<b>Total</b>	<b>163</b>	158	150	131	135

\* On an "owned" inventories basis (i.e., physical inventory adjusted for volumes payable to or receivable from others). Consolidated companies only.

### U.S. Gasoline & Other Refined-Product Sales

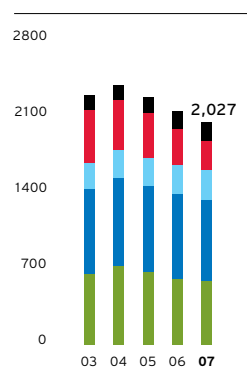
Thousands of barrels per day



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

### International Gasoline & Other Refined-Product Sales\*

Thousands of barrels per day

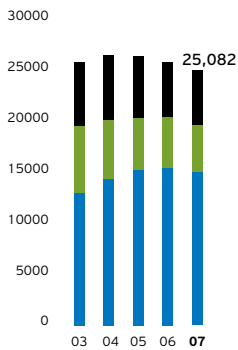


■ Other  
■ Residual Fuel Oil  
■ Jet Fuel  
■ Gas Oils & Kerosene  
■ Gasoline

\*Includes equity in affiliates

## Downstream Operating Data

**Marketing Retail Outlets**  
Number of outlets



■ Affiliate  
■ Company  
■ Retailer

### Marketing Retail Outlets<sup>1,2</sup>

At December 31

	2007		2006		2005		2004		2003	
	Company	Other	Company	Other	Company	Other	Company	Other	Company	Other
United States	548	9,183	578	9,050	611	8,672	677	8,296	956	6,846
Canada	162	2	162	2	162	2	162	3	165	-
Europe	101	1,227	396	1,760	423	1,733	729	1,485	849	1,701
Latin America	1,040	2,510	1,134	2,575	1,218	2,760	1,296	2,863	1,338	3,096
Asia-Pacific	1,272	955	1,229	950	1,201	905	1,386	744	1,524	655
Africa-Pakistan	1,509	1,148	1,480	1,177	1,435	1,232	1,531	1,048	1,745	740
<b>Total</b>	<b>4,632</b>	<b>15,025</b>	<b>4,979</b>	<b>15,514</b>	<b>5,050</b>	<b>15,304</b>	<b>5,781</b>	<b>14,439</b>	<b>6,577</b>	<b>13,038</b>

<sup>1</sup> Excludes outlets of equity affiliates totaling 5,425, 5,338, 6,128, 6,313 and 6,236 for 2007, 2006, 2005, 2004 and 2003, respectively.

<sup>2</sup> Company 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.

### Vessels

At December 31

	2007		2006		2005		2004		2003	
	U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.
<b>Crude Oil and Refined-Product Tankers by Type, Dead Weight Tonnage<sup>1</sup></b>										
<b>Company-Owned and Bareboat-Chartered</b>										
25,000-65,000	4	-	3	-	3	-	3	-	3	-
65,000-120,000	-	6	-	5	-	4	-	4	-	4
120,000-160,000	-	5	-	5	-	6	-	6	-	8
160,000-320,000	-	6	-	6	-	6	-	6	-	6
Above 320,000	-	3	-	3	-	2	-	-	-	-
<b>Total Company-Owned and Bareboat-Chartered</b>	<b>4</b>	<b>20</b>	<b>3</b>	<b>19</b>	<b>3</b>	<b>18</b>	<b>3</b>	<b>16</b>	<b>3</b>	<b>18</b>
<b>Time-Chartered<sup>2</sup></b>										
25,000-65,000	-	16	-	14	-	11	-	10	-	7
65,000-120,000	-	8	-	8	-	7	-	9	-	6
160,000-320,000	-	-	-	-	-	-	-	-	-	1
<b>Total Time-Chartered</b>	<b>-</b>	<b>24</b>	<b>-</b>	<b>22</b>	<b>-</b>	<b>18</b>	<b>-</b>	<b>19</b>	<b>-</b>	<b>14</b>
<b>Total Crude Oil and Refined-Product Tankers</b>	<b>4</b>	<b>44</b>	<b>3</b>	<b>41</b>	<b>3</b>	<b>36</b>	<b>3</b>	<b>35</b>	<b>3</b>	<b>32</b>

<sup>1</sup> Consolidated companies only. Excludes tankers used exclusively for storage.

<sup>2</sup> Includes time charters by consolidated companies for more than one year.

### Cargo Transported - Crude Oil and Refined Products\*

Year ended December 31

	2007		2006		2005		2004		2003	
	U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.
Millions of barrels	36	278	25	297	28	271	33	275	35	236
Billions of ton-miles	6	333	3	344	2	285	3	299	3	254

\* Consolidated companies only. Includes cargo carried by company-owned, bareboat-chartered and time-chartered vessels; excludes single-voyage charters.

# Chemicals



Photo: Chevron Oronite's manufacturing facility in Gonfreville, France.

## Chevron Phillips Chemical Company LLC (CPChem)

CPChem is equally owned with ConocoPhillips Corporation and is one of the world's leading producers of commodity petrochemicals.

### Business Environment in 2007

Sales margins on commodity chemicals narrowed in 2007, as increasing costs of crude-oil feedstocks could not be fully recovered in the marketplace. Operations at manufacturing plants in Orange and Port Arthur, Texas, were shut down briefly as a result of a power outage caused by Hurricane Humberto. The additional hurricane-related loss of steam to Port Arthur resulted in an extended curtailment of ethylene and cyclohexane production.

Benzene margins trended downward for the year, even as pricing peaked at a record level in May before retreating and providing some relief for styrene. Compared with 2006, CPChem production and sales were higher for polyethylene, polypropylene and styrene, due in part to strong export demand, whereas paraxylene, polystyrene and K-Resin® SBC volumes were significantly lower. Equity earnings from CPChem's Middle East joint ventures continued to make significant contributions to CPChem's profits.

### Business Strategies

- › Protect employees, contractors and the community by maintaining a strong safety culture dedicated to the goal of zero incidents and zero injuries.
- › Deliver superior financial results through operational excellence and innovation and by leveraging core technologies to reduce costs.
- › Focus sales on large, growing markets around the world, particularly Asia.
- › Grow profitably through flawless execution of world-scale petrochemical projects, supported by secure, low-cost feedstocks.

### 2007 Accomplishments

- › Maintained top-tier safety performance by participating in the Occupational Safety and Health Administration (OSHA) Voluntary Protection Program (VPP). By the end of 2007, 19 CPChem facilities were included in OSHA's VPP, with 18 star sites and one merit site. In addition, four of these facilities earned the coveted VPP Star Among Stars' *Star of Excellence* award.
- › Improved environmental performance. The 49 percent-owned Q-Chem joint venture received the Gulf Cooperation Council's prize for the Best Environmental Activities Program, which recognizes organizations for environmental stewardship.
- › Broke ground on construction of a 22 million-pound-per-year Ryton® polyphenylene sulfide (PPS) manufacturing facility. The plant is designed to increase the Borger, Texas, production capacity for engineering polymer business by 100 percent. As a global leader in PPS technology, completion of this plant in 2009 will help to secure CPChem's leading marketplace position.
- › Completed nearly 20 million work-hours in 2007 on CPChem's 50-percent owned, styrene facility at Al Jubail, Saudi Arabia. Commercial production was expected to commence in mid-2008.
- › Completed nearly 25 million work-hours in 2007 on the 49 percent-owned Q-Chem II project in Mesaieed, Qatar. Q-Chem II includes a high-density polyethylene and normal alpha olefins plant and a separate joint venture for an ethylene cracker at Ras Laffan Industrial City, where Q-Chem II owns 54 percent of the capacity rights. Both facilities are expected to start up in first-half 2009.
- › Signed a nonbinding memorandum of understanding with The Dow Chemical Company related to the formation of a 50/50 joint venture involving certain styrenics businesses in the Americas, with operations scheduled to commence in second quarter 2008. By partnering the St. James, Louisiana, styrene and Marietta, Ohio, polystyrene with Dow's Americas polystyrene operations, CPChem expects to gain scale and improve asset utilization, which are key drivers of success in the commodity styrenics business.
- › Secured final approval for a third petrochemical project in Saudi Arabia. The project scope includes an olefins unit and downstream units to produce polyethylene, polypropylene, 1-hexene and polystyrene. Upon completion in 2011, this project will capitalize on CPChem's proven technologies. It will be located in Al Jubail, next to an existing aromatics complex and the styrene facility under construction.

### Manufacturing and Research and Development Locations

At year-end 2007, CPChem had manufacturing facilities at 30 locations:

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

For other information on CPChem's major businesses, refer to the Web site at [www.cpchem.com](http://www.cpchem.com).



## Chevron Oronite Company

Chevron Oronite is a world leader in the development, manufacture and marketing of performance enhancement additives for lubricating oils and fuels. Oronite lubricant additives are blended into refined base oil to produce finished lubricants used in most engine applications, such as passenger cars, heavy-duty diesel trucks and buses, ships, locomotives and motorcycles. Each engine type has different needs and industry specifications, requiring different additive packages to properly protect the engines from premature wear, corrosion and deposit-related performance problems. Several additive components, such as dispersants, detergents, inhibitors and viscosity index improvers, are blended together to meet the desired performance standards. Also, specialty additives are marketed for other oil applications, such as power transmission fluids and hydraulic oils.

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

The lubricating oil additives and fuel additives businesses are organized on a global functional basis, with major regional offices in the Americas, Asia-Pacific and Europe/Africa/Middle East regions. Major manufacturing facilities and technology centers are also located in each region to provide superior service and value to customers.

### Business Strategies

- › Continue to build an incident- and injury-free culture throughout the organization to achieve world-class performance.
- › Continue to improve safety and reliability by implementing best practices and standardizing production processes.
- › Deliver superior financial results by implementing process improvements that focus on the effectiveness and reliability of supply-chain operations, the reduction of operating costs and an increase in customer satisfaction.
- › Implement a single global ERP (enterprise resource planning) system that will improve the speed and quality of decision making.
- › Grow profitability by expanding business in high-demand areas such as the Asia-Pacific region and by optimizing the product portfolio.

### 2007 Accomplishments

- › Achieved best overall safety and reliability performance throughout Oronite's manufacturing system.
- › Completed construction of the carboxylate detergent unit in Gonfreville, France. This facility will produce new sulfur-free detergent components for marine engine and low-sulfur automotive engine oil applications. Full commercial production was expected to commence in second quarter 2008.
- › Launched a new global brand positioning and advertising campaign: "Keeping the World Moving."
- › Began detailed evaluation of the expansion of detergent production capacity at the Singapore manufacturing facility.
- › Received Responsible Care 14001 certification for the Oak Point manufacturing facility in Belle Chasse, Louisiana. All manufacturing and blending facilities are certified.
- › Completed major business process improvement initiatives and met design milestones for the global ERP system implementation.

### Manufacturing and Research and Development Locations

Chevron Oronite manufactured and/or blended products at seven locations in 2007:

United States	Products/Services	International	Products/Services
Richmond, California Belle Chasse, Louisiana	Technology Center Fuel and Lube Additives, Manufacturing and Distribution (M&D)	Maua, Brazil Gonfreville, France Omaezaki, Japan (82.8%)	Lube Additives M&D M&D and Technology Center Lube Additives Blending, Distribution and Technology Center
San Antonio, Texas	Testing and Development	Chennai, India (50%) San Juan del Rio, Mexico (40%) Rotterdam, Netherlands Palau Sakra, Singapore	Lube Additives M&D Lube Additives M&D Technology Center Lube Additives M&D





# » Other Businesses

Photo: Sunrise Power Company LLC, a joint-venture partnership with Edison Mission Energy, is a 580-megawatt combined-cycle power plant that supplies electric power to the California Department of Water Resources in Fellows, California.

## Technology

Chevron has three technology companies in support of the company's worldwide upstream and downstream businesses. Planning and implementation are integrated across the company to ensure strong linkage of technology to business strategy.

### Business Strategies

The technology strategies focus on delivering superior performance in core businesses and establishing leading positions in emerging and transformational technologies.

- › Align technology resources with business needs to achieve world-class performance.
- › Position Chevron to successfully compete in future energy markets.
- › Develop and retain key technical capabilities.
- › Develop world-class technology deployment capabilities.

### 2007 Accomplishments

#### Exploration and Production

- › Established Global Technology Centers in Aberdeen, Scotland, and Perth, Australia, to support Chevron's worldwide businesses and facilitate access to global research-and-development talent.
- › Deployed additional leading-edge seismic technologies to improve subsurface reservoir interpretation and decrease investment risk – particularly in offshore subsalt deepwater developments.
- › Increased the focus on Chevron's base business and reservoir management with various technologies such as dynamic production data-mapping, integrated reservoir properties from seismic workflows, and refocused R&D on 4-D seismic and leading-edge earth-science frameworks.
- › Completed additional testing and evaluation of the next-generation reservoir simulator, with deployment to selected assets on track for 2008.
- › Received U.S. Energy Policy Act funding for the Chevron-managed, industry-collaborative DeepStar project to develop ultra-deepwater technologies to drill, produce and transport hydrocarbons from depths of 4,000 to 10,000 feet (1,219 m to 3,048 m).
- › Continued field testing of various technologies under the Chevron and Los Alamos National Laboratory alliance. The technologies include wireless downhole communication, true multiphase flow measurement in pipelines and trapped annular pressure for preventing casing collapse in deepwater wells.
- › Tested a new environmental and facility monitoring system for use on floating production platforms. This monitoring system will provide improved data for operations and management of data integrity.

#### Natural Gas

- › Initiated the qualification of larger processing unit trains for LNG facilities.
- › Qualified cryogenic subsea pipeline technology for use in capital projects.

#### Refining

- › Implemented an improved crude assay database enabling better crude selection and processing decisions.
- › Developed new catalysts focused on improving refining processing capabilities.

#### Information Technology and Infrastructure

- › Completed and began executing a five-year information technology investment strategy and roadmaps for Chevron operating companies and service functions.
- › Deployed new software that automates and improves security of global computer systems. Continued the partnership with the U.S. Department of Homeland Security by completing a field pilot of a cyber-security project in Chevron Pipe Line Company.
- › Developed plans to begin refreshing Chevron's computing infrastructure and desktop/laptop equipment with much-improved collaboration, search and information management capabilities.
- › Deployed a global SAP system, standardizing key business functions within downstream operations. Completed the first two phases in the United States and Africa, with Asia-Pacific scheduled later in 2008. These deployments lay the foundation for delivering key capabilities needed to execute other aspects of the downstream strategy.

#### Technology Ventures

- › Coordinated and compiled the renewable energy segments for the National Petroleum Council's Oil and Gas report, *Facing the Hard Truths About Energy*.
- › Completed 10 technology transfers from Chevron's venture capital group into Chevron business units.

### Hydrogen/Biofuels

- › Advanced discussions with Weyerhaeuser to assess the feasibility of commercializing production of biofuels from cellulose-based sources. A joint venture was created in early 2008.
- › Established a research alliance with Texas A&M University to accelerate production and conversion of crops for manufacturing ethanol and other biofuels from cellulose.
- › Entered into a collaborative research-and-development agreement with the National Renewable Energy Laboratory to study and advance technology for production of liquid transportation fuels using algae.
- › Formed an alliance with the Colorado Center for Biorefining and Biofuels focused on conversion technologies.
- › Continued research activities with the University of California at Davis and the Georgia Institute of Technology to pursue advanced technology aimed at converting cellulosic biomass into transportation fuels.
- › Commissioned three hydrogen fueling stations (Selfridge, Michigan; Rosemead, California; and Orlando, Florida) while continuing safe operations of hydrogen fueling stations in Chino, California, and Oakland, California.
- › Recognized for hydrogen innovation by the Steering Committee of the International Partnership for the Hydrogen Economy for the Oakland, California, fueling station.

### Emerging Energy

- › Executed a technology development agreement with Wavebob to deploy a prototype ocean wave energy device.
- › Completed the operational portion of the California E85 Demonstration Program - a collaboration among Chevron, the state of California, Pacific Ethanol and General Motors. The objectives of the demonstration program were to evaluate the performance, efficiency and environmental effects of E85 utilization. E85 fuel is a blend of 85 percent ethanol and 15 percent gasoline.

## Power Generation

Chevron has an interest in 15 power generation facilities through joint-venture structures and has more than 20 years of experience in evaluating power markets and successfully developing and operating commercial power projects for utilities and large industrial customers worldwide. The vision of the global power organization is to be the “center of excellence” for Chevron’s power-generation assets, including those embedded in production and refining facilities. The joint-venture companies operate efficient combined-cycle and gas-fired cogeneration facilities that utilize waste heat recovery to produce additional electricity and to support industrial thermal hosts. A number of the company facilities provide steam for heavy-oil-recovery operations.

In addition to the power-generation business, Chevron is the leading private producer of geothermal power, with major operations in Indonesia and the Philippines, and is investigating several advanced solar technologies for use in oil field operations.

### Business Strategies

- › Maximize long-term value of the power-generation portfolio by operating safely, reliably and efficiently.
- › Leverage commercial, technical, operational and regulatory expertise to optimize the utilization of power-generation assets across Chevron.
- › Develop an expanded Chevron power portfolio that includes both gas-fired and renewable-power-generation assets.
- › Support the commercialization of Chevron’s natural gas resources by analyzing and developing power-market opportunities in conjunction with the company’s worldwide upstream organization.

## Chevron Energy Solutions (CES)

CES is a wholly owned subsidiary that provides public institutions and businesses with projects designed to increase energy efficiency and reliability, reduce energy costs and utilize renewable and alternative power technologies. CES has energy-saving projects installed in more than a thousand buildings in the United States. Major projects completed by CES in 2007 included energy-efficiency installations for the state of Colorado government facilities and a 1.1-megawatt solar system at California’s Fresno State University.

## Mining

Chevron's U.S.-based mining company produces and markets coal, molybdenum, rare-earth minerals and calcined petroleum coke.

In 2007, The Pittsburg & Midway Coal Mining Co., a wholly owned coal mining and marketing subsidiary, changed its name to Chevron Mining Inc. (CMI) and merged with Molycorp Inc., another Chevron subsidiary, to form a single Chevron mining entity. The company operates two surface coal mines (McKinley in New Mexico and Kemmerer in Wyoming), one underground coal mine (North River in Alabama) and a molybdenum mine in Questa, New Mexico, and owns a rare-earth (lanthanides) mine in Mountain Pass, California. Chevron also owns Chicago Carbon Company, a 250,000 ton-per-year petroleum coke calciner in Lemont, Illinois.

Chevron owns a 33 percent interest in Sumikin Molycorp, which manufactures neodymium compounds at its facilities in Japan, and a 50 percent interest in Youngs Creek Mining Company LLC, a joint venture to develop a coal mine in northern Wyoming. CMI also operates a specialized technology group to identify high-value opportunities utilizing the group's expertise around the mining-product base.

### U.S. Mineral Business Environment

Coal markets are dominated by electricity generators, which consume approximately 90 percent of the coal used in the United States. Competition in the power industry places a premium on low-cost, low-sulfur, coal-fired power generation.

Molybdenum is primarily used as an alloy agent in steel. Continued strong demand in 2007 supported increases in sales prices. Demand and pricing for lanthanide improved in 2007 following reductions in supply from China.

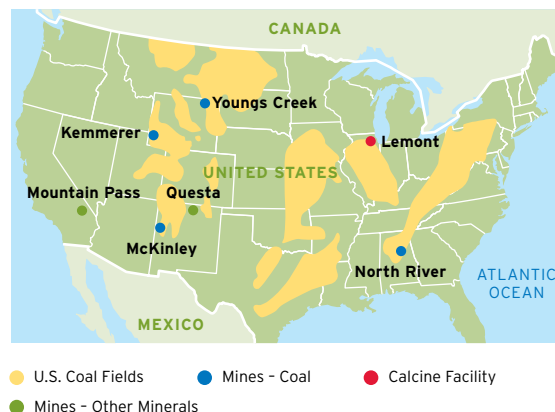
### Business Strategies

The company's goal is to manage profitable growth and sustainability opportunities while maximizing cash flow by employing the following strategies:

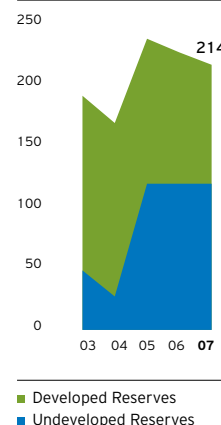
- Mine coal and other minerals in a safe and environmentally responsible manner.
- Strategically manage assets to improve productivity and further reduce costs while managing capital expenditures.
- Optimize mine sales and production volumes and the value of coal and other mineral reserves.
- Maintain a mining competency within Chevron.

### 2007 Accomplishments

- Improved safety performance from 2006, receiving awards for safety at the Questa and Mountain Pass mines.
- Exceeded two years without a lost work-day injury at the Kemmerer Mine.
- Entered into a joint venture agreement to develop a proposed coal mine in northern Wyoming.
- Achieved record sales and production volumes at the Kemmerer Mine.
- Restarted production facilities to process the existing rare-earth inventory at the Mountain Pass Mine.



Coal Reserves  
Millions of tons



### Mining Operations<sup>1</sup>

Mine Name/Affiliate	State/ Country	Principal Operation	Sulfur Content	Estimated Annual Capacity at 12/31/07	Annual Sales				
				2007	2006	2005	2004	2003	
Coal:									
Kemmerer	Wyoming	Truck-and-Shovel (T&S)	Low	5.5	5.2	4.6	4.5	4.5	4.1
McKinley	New Mexico	Dragline/T&S	Low	3.8	3.7	5.2	5.5	5.8	4.7
North River	Alabama	Longwall	Medium	3.8	3.1	2.8	3.6	3.6	3.8
Inter-American Coal (30%) <sup>2</sup>	Venezuela	T&S	Low	-	-	-	0.5	0.7	0.8
Total Coal Sales				13.1	12.0	12.6	14.1	14.6	13.4
Minerals:									
Mountain Pass <sup>3,4</sup>	California	T&S	Rare Earths	-	4.3	5.3	2.4	-	-
Questa <sup>3</sup>	New Mexico	Underground	Molybdenum	6.0	3.9	4.0	1.2	-	-
CBMM (35%) <sup>2</sup>	Brazil	T&S	Niobium	-	-	6.1	7.7	-	-

<sup>1</sup> Sales and capacity represent the company's share. Quantities at the coal facilities and niobium facility are shown in millions of tons. Volumes of the rare earth and molybdenum facilities are expressed in millions of pounds.

<sup>2</sup> Chevron's interest in Inter-American Coal was sold in late 2005; Chevron's interest in CBMM was sold in mid-2006.

<sup>3</sup> Environmental reclamation activities are in progress at Questa and Mountain Pass.

<sup>4</sup> Mining operations at Mountain Pass were idled in 2006 and 2007 due to market conditions and excess inventories.

## Reference

### Glossary of Energy and Financial Terms

#### Energy Terms

**Acreage** Land leased for crude oil and natural gas exploration and production.

**Additives** Chemicals to control engine deposits and improve lubricating performance.

**Barrels of Oil-Equivalent (BOE)** A unit of measure to quantify crude oil, natural gas liquids and natural gas amounts using the same basis. Natural gas volumes are converted to barrels on the basis of energy content. See *oil-equivalent gas* and *production*.

**Biofuel** Any fuel that is derived from biomass - recently living organisms or their metabolic byproducts - from sources such as farming, forestry and biodegradable industrial and municipal waste.

**Condensate** Hydrocarbons that are in a gaseous state at reservoir conditions but condense into liquid as they travel up the well bore and reach surface conditions.

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

**Enhanced Recovery** Techniques used to increase or prolong production from crude oil and natural gas fields.

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

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

**Gas-to-Liquids (GTL)** A process that converts natural gas into high-quality transportation fuel and other products.

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

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

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

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

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

**Oil Sands** Naturally occurring mixture of bitumen (a heavy viscous form of crude oil), water, sand and clay. Using hydro-processing technology, bitumen can be refined to yield synthetic crude oil.

**Petrochemicals** Chemicals derived from petroleum, they include: aromatics - used to make plastics, adhesives, synthetic fibers and household detergents; and olefins - used to make packaging, plastic pipes, tires, batteries, household detergents and synthetic motor oils.

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

**Production-Sharing Contract (PSC)** An agreement between a government and a contractor (generally an oil and gas company) in which production is shared between the parties in a prearranged manner. The contractor typically incurs all exploration, development and production costs that are subsequently recoverable out of an agreed-upon share of any future PSC production, referred to as cost recovery oil and/or gas. Any remaining production, referred to as profit oil and/or gas, is shared between the parties on an agreed-upon basis as stipulated in the PSC. The government also may retain a share of PSC production as a royalty payment, and the contractor may owe income taxes on its portion of the profit oil or gas. The contractor's share of PSC oil and/or gas production and reserves varies over time, as it is dependent on prices, costs and specific PSC terms.

**Refinery Utilization Rate** Represents average crude oil consumed in fuel and asphalt refineries for the year expressed as a percentage of the refineries' average annual crude unit capacity.

**Renewables** Energy resources that are not depleted when consumed or converted into other forms of energy (e.g., solar, geothermal, ocean and tide, wind, hydroelectric power, biofuels and hydrogen).

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

The rules of the U.S. Securities and Exchange Commission (SEC) permit oil and gas companies to disclose in their SEC filings only *proved reserves*. Certain terms, such as "probable" or "possible" reserves, "potentially recoverable" volumes, or "resources," among others, may be used to describe certain oil and gas properties in this document, which is not filed with the SEC. The company uses these other terms, which are not approved for use in SEC filings, because they are commonly used in the industry, are measures considered by management to be important in making capital investment and operating decisions, and provide some indication to stockholders of the potential ultimate recovery of oil and gas from properties in which the company has an interest. In that regard, potentially recoverable volumes are those that can be produced using all known primary and enhanced recovery methods. Investors should refer to disclosures in Chevron's *Annual Report on Form 10-K* for the year ended December 31, 2007.



**Synthetic Crude Oil** A marketable and transportable hydrocarbon liquid, resembling crude oil, that is produced by upgrading highly viscous or solid hydrocarbons, such as extra-heavy crude oil or *oil sands*.

**Wells** Oil and gas wells are classified as either exploratory or development wells. *Exploratory wells* are wildcat wells drilled in an unproved area where no crude oil or natural gas production exists. *Appraisal wells* are exploratory wells drilled out from the side of a discovery well to determine the area of a new field. *Delineation wells* are exploratory wells drilled to determine the boundaries of a productive formation or to delineate the extent of a find. *Development wells* are wells drilled in an existing reservoir in a proved oil- or gas-producing area. *Completed wells* are wells in which drilling work has been completed and that are capable of producing. *Dry wells* are wells completed as dry holes, that is, wells not capable of producing in commercial quantities.

### Financial Terms

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

**Cash Flow From Operating Activities** Cash generated from the company's businesses, an indicator of a company's ability to pay dividends and fund capital and common stock repurchase programs. Excludes cash flows related to the company's financing and investing activities.

**Cumulative Effect of Change in Accounting Principle** The effect in the financial statements in the period of change of a retroactive application of a new accounting principle.

**Current Ratio** Current assets divided by current liabilities.

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

**Goodwill** The excess of the purchase price of an acquired entity over the total fair value assigned to assets acquired and liabilities assumed.

**Interest Coverage Ratio** Income before income tax expense, including cumulative effect of change in accounting principles and extraordinary items, plus interest and debt expense and amortization of capitalized interest, divided by before-tax interest costs.

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

**Net Income** The primary earnings measure for a company, as determined under U.S. Generally Accepted Accounting Principles (GAAP), detailed on a separate financial statement.

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

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

**Return on Capital Employed (ROCE)** Ratio is calculated by dividing net income (adjusted for after-tax interest expense and minority interest) by the average of total debt, minority interest and stockholders' equity for the year.

**Stockholders' Equity** The owners' share of the company - the difference between total assets and total liabilities.

**Total Debt to Total Debt-Plus-Equity Ratio** Total debt, including capital lease obligations, divided by total debt and stockholders' equity.

**Total Stockholder Return (TSR)** The return to stockholders as measured by stock price appreciation and reinvested dividends for a period of time.

## Additional Information

### Stock Exchange Listing

Chevron common stock is listed on the New York Stock Exchange. The symbol is "CVX."

### Publications and Other News Sources

Additional information relating to Chevron is contained in its *2007 Annual Report* to stockholders and its *Annual Report on Form 10-K* for the fiscal year ended December 31, 2007, filed with the U.S. Securities and Exchange Commission. For copies of these reports, stockholders and others may write to:

Chevron Corporation  
Comptroller's Department  
6001 Bollinger Canyon Road, A3201  
San Ramon, CA 94583-2324

The *2007 Corporate Responsibility Report* is available in late May, and a copy may be requested by writing to:

Chevron Corporation  
Policy, Government and Public Affairs  
6001 Bollinger Canyon Road, A2181  
San Ramon, CA 94583-2324

Chevron's Web site, [www.chevron.com](http://www.chevron.com), offers facts and figures about the company and the energy industry. It includes articles, news releases, speeches, quarterly earnings information, the *Proxy Statement* and the complete text of the *2007 Annual Report*.

### Legal Notice

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

### Investor Information

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

Chevron Corporation  
Investor Relations  
6001 Bollinger Canyon Road, A3064  
San Ramon, CA 94583-2324  
925 842 5690  
Email: [invest@chevron.com](mailto:invest@chevron.com)

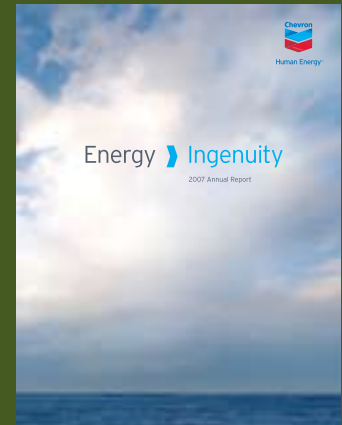
## Organizations

Organization Type/Name	Principal Business	Principal Areas of Activity
<b>Operating</b>		
Cabinda Gulf Oil Company Limited	Exploration and Production	Angola
Chevron Africa and Latin America Exploration and Production Company	Exploration and Production	International
Chevron Argentina S.R.L.	Exploration and Production	Argentina
Chevron Asia Pacific Exploration and Production Company	Exploration and Production	Asia-Pacific
Chevron Canada Limited	Integrated Energy Activities	Canada
Chevron Europe, Eurasia and Middle East Exploration & Production Limited	Exploration and Production	International
Chevron Geothermal Indonesia, Ltd.	Power Generation	Indonesia
Chevron Global Energy Inc.	Integrated Energy Activities	International
Chevron Global Power Company	Electric Power and Cogeneration	Worldwide
Chevron Mining Inc.	Mining	United States
Chevron Nigeria Limited	Exploration and Production	Nigeria
Chevron North America Exploration and Production Company	Exploration and Production	United States
Chevron Oronite Company LLC	Lubricating Oils and Fuels Additives	Worldwide
Chevron Pipe Line Company	Crude Oil, Petroleum Products and Natural Gas Transportation	United States
Chevron Products Company	Refining, Marketing and Sale/Trading of Crude Oil and Refined Products	Worldwide
Chevron Thailand Exploration and Production, Ltd.	Exploration and Production	Thailand
Chevron Transport Corporation Ltd.	Marine Transportation	Worldwide
Chevron United Kingdom Limited	Exploration and Production	North Sea
Chevron U.S.A. Inc.	Integrated Energy Activities	Worldwide
PT. Chevron Pacific Indonesia	Exploration and Production	Indonesia
Saudi Arabian Chevron Inc.	Exploration and Production	Partitioned Neutral Zone
Texaco Inc.	Integrated Energy Activities	Worldwide
Unocal Corporation	Exploration and Production	Worldwide
<b>Affiliates</b>		
Angola LNG Limited (36.4%)	Liquefied Natural Gas	Angola
The Baku-Tbilisi-Ceyhan Pipeline Company (8.9%)	Crude Oil Transportation	Eurasia
Caltex Australia Limited (50%)	Refining and Marketing	Australia
Caspian Pipeline Consortium (15%)	Crude Oil Transportation	Eurasia
Chevron Phillips Chemical Company LLC (50%)	Petrochemicals	Worldwide
Colonial Pipeline (23.4%)	Refined Product Transportation	United States
Escravos Gas-to-Liquids (75%)	Gas-to-Liquids	Nigeria
GS Caltex Corporation (50%)	Refining and Marketing	International
Petrobrascan, S.A. (39.2%)	Exploration and Production	Venezuela
Petroindependiente, S.A. (25.2%)	Exploration and Production	Venezuela
Petropiar, S.A. (30%)	Exploration and Production	Venezuela
Star Petroleum Refining Co., Ltd. (64%)	Refining	Thailand
Tengizchevroil LLP (50%)	Exploration and Production	Kazakhstan
<b>Services</b>		
Chevron Business and Real Estate Services	Property Management	Worldwide
Chevron Energy Solutions Company	Energy Services	United States
Chevron Energy Technology Company	Engineering, Oil Field Technical Services and Technology Company	Worldwide
Chevron Environmental Management Company	Environmental Remediation	United States
Chevron Information Technology Company	Communications and Data Processing	Worldwide
Chevron Services Company	Administrative Services	Worldwide
Chevron Technology Ventures	Emerging Technologies	United States
<b>Finance</b>		
Chevron Canada Funding Corporation	Debt Financing	
Chevron Funding Corporation	Commercial Paper Issuer	
Texaco Capital Inc.	Debt Financing	

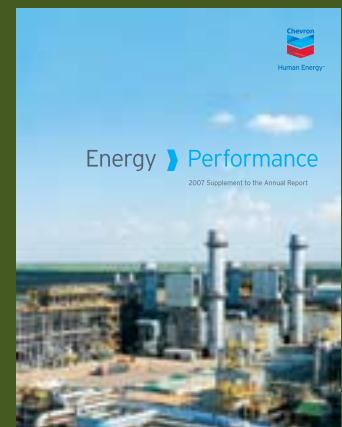
Chevron Corporation has ownership interests in more than 1,000 subsidiaries, branches, divisions, partnerships and affiliates. The above listing represents the most significant of the company's operations. These organizations may represent legal entities or divisions of operating units of legal entities.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

## Chevron History

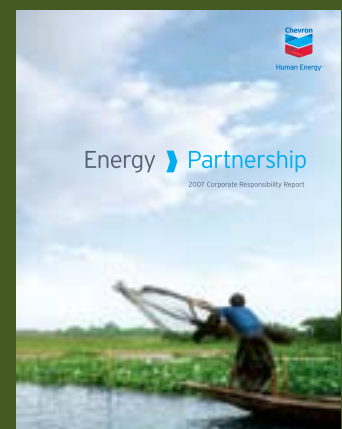
- 1879 Incorporated in San Francisco, California, as the Pacific Coast Oil Company.
- 1900 Acquired by the West Coast operations of John D. Rockefeller's original Standard Oil Company.
- 1911 Emerged as an autonomous entity - Standard Oil Company (California) - following U.S. Supreme Court decision to divide the Standard Oil conglomerate into 34 independent companies.
- 1926 Acquired Pacific Oil Company to become Standard Oil Company of California (Socal).
- 1936 Formed the Caltex Group of Companies, jointly owned by Socal and The Texas Company (later became Texaco), to manage exploration and production interests of the two companies in the Middle East and Indonesia and provide an outlet for crude oil through The Texas Company's European markets.
- 1947 Acquired Signal Oil Company, obtaining the Signal brand name and adding 2,000 retail stations in the western United States.
- 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 U.S. Gulf of Mexico, where the company was a major producer.
- 1984 Acquired Gulf Corporation - nearly doubling the size of crude oil and natural 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 U.S. Gulf of Mexico crude oil and natural gas properties, becoming one of the largest U.S. natural gas producers.
- 1993 Formed Tengizchevroil, a joint venture with the Republic of Kazakhstan, to develop and produce the giant Tengiz Field, becoming the first major Western oil company to enter newly independent Kazakhstan.
- 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.
- 2001 Merged with Texaco Inc. and changed name to ChevronTexaco Corporation. Became the second-largest U.S.-based energy company.
- 2002 Relocated corporate headquarters from San Francisco, California, to San Ramon, California.
- 2005 Acquired Unocal Corporation, an independent crude oil and natural gas exploration and production company. Unocal's upstream assets bolstered Chevron's already-strong position in the Asia-Pacific, U.S. Gulf of Mexico and Caspian regions. Changed name to Chevron Corporation to convey a clearer, stronger and more unified presence in the global marketplace.



2007 Annual Report



2007 Supplement to the Annual Report



2007 Corporate Responsibility Report

This publication was issued in March 2008 solely for the purpose of providing additional Chevron financial and statistical data. It is not a circular or prospectus regarding any security or stock of the company, nor is it issued in connection with any sale, offer for sale of or solicitation of any offer to buy any securities. This report supplements the *Chevron Corporation 2007 Annual Report* to stockholders and should be read in conjunction with it. The financial information contained in this *2007 Supplement to the Annual Report* is expressly qualified by reference to the *2007 Annual Report*, which contains audited financial statements, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and other supplemental data.

**Produced by** Comptroller's Department, Chevron Corporation  
**Design** f troop design, San Francisco, California  
**Printing** ColorGraphics, San Francisco, California



**Chevron Corporation**

6001 Bollinger Canyon Road  
San Ramon, CA 94583-2324  
[www.chevron.com](http://www.chevron.com)

912-0942