

Human Energy

2005 Supplement to the Annual Report

TABLE OF CONTENTS

2005 AT A GLANCE

- 1 Financial Highlights
- 1 Accomplishments
- 1 Corporate Strategies

FINANCIAL INFORMATION

- 2 Financial Summary
- 3 Consolidated Statement of Income
- 4 Consolidated Statement of Comprehensive Income, Income From Continuing Operations by Major Operating Area and Special Items
- 5 Consolidated Balance Sheet
- 6 Consolidated Statement of Cash Flows
- 7 Capital and Exploratory Expenditures
- 8 Properties, Plant and Equipment
- 9 Miscellaneous Data

UPSTREAM

- 11 Highlights
- 14 United States
- 18 Africa
- 23 Asia-Pacific
- 30 Indonesia
- 32 Other International
- 37 Global Gas
- 38 Major Development Projects
- Upstream Operating Data**
- 39 Net Wells Completed and Net Productive Wells
- 40 Proved Reserves
- 41 Net Oil-Equivalent Production
- 42 Net Liquids Production
- 43 Net Natural Gas Production
- 44 Gross Production
- 45 Realizations, Natural Gas and Natural Gas Liquids Sales, and Exploration and Development Costs
- 46 Acreage

DOWNSTREAM

- 48 Highlights
- 50 Refining
- 51 Marketing
- 52 Lubricants
- 52 Supply & Trading
- 53 Transportation - Pipeline and Shipping
- Downstream Operating Data**
- 54 Refining Capacities and Crude Oil Inputs
- 55 Refining Capacity at Year-End 2005
- 56 Refinery Utilization and Production
- 57 Product Sales and Marketing Retail Outlets
- 58 Inventories and Vessels

CHEMICALS

- 60 Chevron Phillips Chemical Company LLC
- 60 Chevron Oronite Company
- 61 Manufacturing and Research and Development Locations

OTHER BUSINESSES

- 63 Technology
- 64 Power Generation
- 64 Chevron Energy Solutions
- 64 Dynegy
- 65 Coal and Other Minerals

REFERENCE

- 66 Glossary of Energy and Financial Terms
- 67 Cautionary Statement
- 68 Major Organizations

HUMAN ENERGY

At Chevron, we are relentlessly focused on producing safe, reliable energy now and for the future. How are we doing it? By applying the energy we have in most abundance: human energy - our own and that of our partners around the world.

"WHAT WE'RE MADE OF"

Hurricanes Katrina and Rita interrupted crude oil and natural gas production in the U.S. Gulf of Mexico and temporarily shut down one of our largest refineries. Chevron employees throughout the region responded to the storms with exceptional courage, compassion and commitment. They rescued neighbors, located colleagues and provided urgently needed food, water, clothing and medical aid to local communities. At the same time, they launched a massive, around-the-clock effort to restore production, refining, transportation and marketing operations and to

deliver critically needed emergency fuel to the region. "There wasn't a barrier we couldn't overcome," says Roland Kell, general manager of the Pascagoula, Mississippi, refinery, which was damaged by the storms. "We truly found out what we're made of."

ON THE COVER: Roland Kell, general manager, Pascagoula Refinery.
ON THE BACK COVER: The employee team who led relief efforts and the safe startup of the refinery: (left to right) Val Vialpando, Darin Matthews, Amy Brandenstein, Amy Jones, Brian Beech, Marisa Jackson, Bob Phillips and Christine Sims.
INSIDE FRONT COVER: Photo courtesy of NASA.

2005 AT A GLANCE

FINANCIAL HIGHLIGHTS

- › **Sales and other operating revenues** – \$193.6 billion
- › **Net income** – \$14.1 billion; \$6.54 per share – diluted
- › **Return on capital employed** – 21.9%
- › **Return on average stockholders' equity** – 26.1%
- › **Cash dividends** – \$1.75 per share
- › **Total stockholder return** – 11.3%

ACCOMPLISHMENTS

CORPORATE

- › **Record earnings** – Achieved the highest annual earnings in the company's history, \$14.1 billion.
- › **Unocal acquisition** – Completed the \$17.3 billion acquisition of Unocal Corporation, an independent oil and gas exploration and production company. Unocal's upstream portfolio of assets bolstered Chevron's already-strong position in the Asia-Pacific, Gulf of Mexico and Caspian regions.
- › **Common stock** – Increased the quarterly stock dividend by 12.5 percent – the 18th consecutive year of higher annual dividend payouts.
- › **Stock repurchase program** – Completed the \$5 billion stock buyback program that began in April 2004. In December, the company authorized the acquisition of up to \$5 billion of additional shares over a period of up to three years.
- › **Capital and exploratory expenditures** – Reinvested \$11.1 billion in the company's businesses, including \$1.7 billion (Chevron's share) of spending by affiliates. In December, the company announced a 34 percent increase in spending for 2006, to \$14.8 billion, with the focus again on exploration and production activities worldwide.
- › **Debt ratio** – Reduced the ratio of debt to debt-plus-equity from 20 percent to 17 percent.

UPSTREAM - EXPLORATION AND PRODUCTION

- › **Exploration** – Achieved a drilling success rate of 58 percent with 31 successful exploratory wells. Discoveries included Manatee in Trinidad and Tobago, Macuira in Venezuela and Big Foot and Knotty Head in the U.S. Gulf of Mexico.
- › **Production** – Produced more than 2.5 million barrels of oil-equivalent per day, with approximately 70 percent of the volume outside the United States in more than 20 different countries.
- › **Oil and gas reserves** – Added 1.5 billion barrels of oil-equivalent reserves as a result of the Unocal acquisition. Total reserves added during the year equated to 175 percent of production for the period.
- › **Major projects** – Continued progress on the company's "Big 5" projects to deliver future production growth. First oil was achieved in early 2006 at the deepwater Belize Field, offshore Angola. Production startup is scheduled for 2007 at the Tengizchevroil Sour Gas Injection/Second Generation Plant, in 2008 for the discoveries at Agbami in Nigeria and Tahiti in the Gulf of Mexico, and in 2010 at the Gorgon liquefied natural gas (LNG) project in Australia.
- › **U.S. LNG initiatives** – Secured additional LNG storage and pipeline capacity in Sabine Pass in Louisiana and announced plans to own, construct and operate a natural gas import terminal at Casotte Landing, adjacent to the company's refinery in Pascagoula, Mississippi.

DOWNSTREAM - REFINING, MARKETING AND TRANSPORTATION

- › **Refinery upgrades** – Commenced construction on the expansion of the fluid catalytic cracking unit at the company's refinery in Pascagoula, Mississippi. This upgrade will enable increased production of gasoline and other light products. The company's 50 percent-owned GS Caltex affiliate in South Korea also approved a \$1.5 billion upgrade to the Yeosu Refinery, the world's fourth largest. Startup of these two upgrade projects is expected in 2006 and 2007, respectively.

CHEMICALS

- › **Manufacturing facility expansion** – Secured approvals and completed the financial closing of the 50 percent-owned Chevron Phillips Chemical Company's (CPChem) Q-Chem II joint-venture project in Qatar. The project, 49 percent-owned by CPChem, will add significant manufacturing capacity for polyethylene and normal alpha olefins. Startup is expected in late 2008.

CORPORATE STRATEGIES

- › **Financial-return objective** – Create value and achieve sustained financial returns that will enable Chevron to outperform its competitors.
- › **Strategies for major businesses** – Upstream – grow profitably in core areas, build new legacy positions, and commercialize the company's natural gas resource base by targeting North American and Asian markets. Downstream – improve returns by focusing on areas of market and supply strength.
- › **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.

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

FINANCIAL SUMMARY

REVIEW OF OPERATIONS 2001-2005

FINANCIAL SUMMARY

Millions of Dollars, except per-share amounts

	2005 ¹	2004	2003	2002	2001
Net Income	\$ 14,099	\$ 13,328	\$ 7,230	\$ 1,132	\$ 3,288
Sales and Other Operating Revenues ²	\$ 193,641	\$150,865	\$119,575	\$ 98,340	\$103,951
Cash Dividends - Common Stock	3,778	3,236	3,033	2,965	2,733
Capital and Exploratory Expenditures	11,063	8,315	7,363	9,255	12,028
Cash Provided by Operating Activities	20,105	14,690	12,315	9,943	11,475
At December 31:					
Working Capital	9,325	9,708	3,315	(2,100)	(2,327)
Total Assets	125,833	93,208	81,470	77,359	77,572
Total Debt and Capital Lease Obligations	12,870	11,272	12,597	16,269	17,418
Stockholders' Equity	62,676	45,230	36,295	31,604	33,958
Common Shares Outstanding at December 31 (Millions) ^{3,4}	2,218.5	2,093.0	2,124.1	2,122.1	2,120.2
Per-Share Data ³					
Net Income	\$ 6.58	\$ 6.30	\$ 3.48	\$ 0.53	\$ 1.55
- Diluted	6.54	6.28	3.48	0.53	1.55
Cash Dividends	1.75	1.53	1.43	1.40	1.33
Stockholders' Equity at December 31	28.25	21.61	17.09	14.89	16.02
Market Price at December 31	56.77	52.51	43.19	33.24	44.81
- High	65.49	56.07	43.49	45.80	49.25
- Low	54.80	41.99	30.65	32.71	39.22
Financial Ratios ⁴					
Current Ratio	1.4	1.5	1.2	0.9	0.9
Interest Coverage	47.5	47.6	24.3	7.6	9.6
Total Debt to Total Debt-Plus-Equity	17.0%	19.9%	25.8%	34.0 %	33.9%
Return on Average Stockholders' Equity	26.1%	32.7%	21.3%	3.5 %	9.8%
Return on Capital Employed	21.9%	25.8%	15.7%	3.2 %	7.8%
Return on Average Total Assets	12.9%	15.3%	9.1%	1.5 %	4.2%
Cash Dividends/Net Income (Payout Ratio)	26.8%	24.3%	42.0%	261.9 %	83.3%
Cash Dividends/Cash from Operations	18.8%	22.0%	24.6%	29.8 %	23.9%
Total Stockholder Return	11.3%	25.5%	35.2%	(23.1)%	9.2%

¹ Includes effects of former-Unocal operations from August 1, 2005.

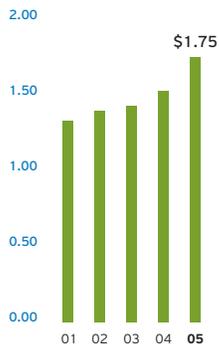
² Excludes \$291, \$457, \$351 and \$458 for discontinued operations for 2004, 2003, 2002 and 2001, respectively.

³ Per-share amounts in all periods reflect two-for-one stock split effected as a 100 percent stock dividend in September 2004.

⁴ Refer to page 67 for Financial Ratios definitions.

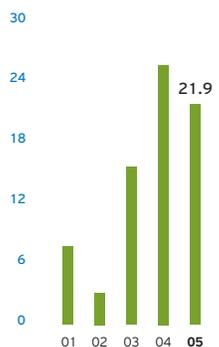
ANNUAL CASH DIVIDENDS

Dollars per share



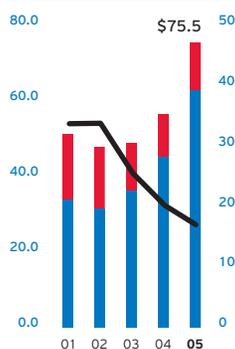
RETURN ON CAPITAL EMPLOYED

Percent



TOTAL DEBT TO TOTAL DEBT-PLUS-EQUITY RATIO

Billions of dollars/Percent



■ Debt (left scale)
■ Stockholders' Equity (left scale)
■ Ratio (right scale)

CONSOLIDATED STATEMENT OF INCOME

CONSOLIDATED STATEMENT OF INCOME

Year Ended December 31

Millions of Dollars

	2005	2004	2003	2002	2001
REVENUES AND OTHER INCOME					
SALES AND OTHER OPERATING REVENUES					
Gasolines	\$ 33,892	\$ 27,717	\$ 22,545	\$ 18,363	\$ 19,788
Jet Fuel	13,572	9,735	6,916	6,242	7,110
Gas Oils and Kerosene	22,495	16,480	13,632	11,430	11,471
Residual Fuel Oils	6,651	5,500	5,144	4,135	5,393
Other Refined Products	4,706	4,282	3,703	2,911	3,836
TOTAL REFINED PRODUCTS	81,316	63,714	51,940	43,081	47,598
Crude Oil and Condensate	66,552	52,836	40,173	29,822	26,981
Natural Gas	18,248	9,841	8,426	5,959	10,534
Natural Gas Liquids	3,206	2,632	2,208	1,732	1,901
Other Petroleum Revenues	3,145	2,321	2,551	2,674	2,926
Excise Taxes, Other Taxes and Duties	19,470	18,109	13,338	14,010	13,007
TOTAL UPSTREAM AND DOWNSTREAM	191,937	149,453	118,636	97,278	102,947
CHEMICALS	1,117	1,106	1,009	971	1,017
ALL OTHER	587	597	387	442	445
LESS: REVENUES FROM DISCONTINUED OPERATIONS	-	291	457	351	458
TOTAL SALES AND OTHER OPERATING REVENUES^{1,2}	193,641	150,865	119,575	98,340	103,951
INCOME (LOSS) FROM EQUITY AFFILIATES	3,731	2,582	1,029	(25)	1,144
OTHER INCOME	828	1,853	308	222	607
GAIN FROM EXCHANGE OF DYNEGY PREFERRED STOCK	-	-	365	-	-
TOTAL REVENUES AND OTHER INCOME	198,200	155,300	121,277	98,537	105,702
COSTS AND OTHER DEDUCTIONS					
Purchased Crude Oil and Products	127,968	94,419	71,310	57,051	60,255
Operating Expenses	12,191	9,832	8,500	7,795	7,597
Selling, General and Administrative Expenses	4,828	4,557	4,440	4,155	3,984
Exploration Expenses	743	697	570	591	1,030
Depreciation, Depletion and Amortization ³	5,913	4,935	5,326	5,169	6,986
Taxes Other Than on Income ¹	20,782	19,818	17,901	16,682	15,148
Interest and Debt Expense	482	406	474	565	833
Minority Interests	96	85	80	57	121
Write-Down of Investments in Dynegy Inc.	-	-	-	1,796	-
Merger-Related Expenses ⁴	-	-	-	576	1,563
TOTAL COSTS AND OTHER DEDUCTIONS	173,003	134,749	108,601	94,437	97,517
INCOME FROM CONTINUING OPERATIONS BEFORE					
INCOME TAX EXPENSE	25,197	20,551	12,676	4,100	8,185
Income Tax Expense	11,098	7,517	5,294	2,998	4,310
INCOME FROM CONTINUING OPERATIONS	14,099	13,034	7,382	1,102	3,875
INCOME FROM DISCONTINUED OPERATIONS	-	294	44	30	56
Income Before Extraordinary Item and Cumulative					
Effect of Changes in Accounting Principles	\$ 14,099	\$ 13,328	\$ 7,426	\$ 1,132	\$ 3,931
Extraordinary Loss, Net of Income Tax ⁵	-	-	-	-	(643)
Cumulative Effect of Changes in Accounting Principles, Net of Income Tax ⁶	-	-	(196)	-	-
NET INCOME	\$ 14,099	\$ 13,328	\$ 7,230	\$ 1,132	\$ 3,288

¹ Includes consumer excise taxes:

	\$ 8,719	\$ 7,968	\$ 7,095	\$ 7,006	\$ 6,546
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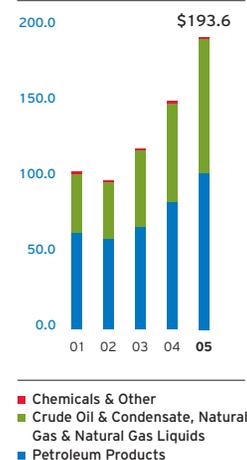
² Includes amounts for buy/sell contracts; associated costs

are in "Purchased Crude Oil and Products" (2001 data not available):	\$ 23,822	\$ 18,650	\$ 14,246	\$ 7,963	\$ N/A
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³ Includes \$25, \$90, \$254, \$331 and \$2,296 in 2005, 2004, 2003, 2002 and 2001, respectively, for asset impairment charges.⁴ Includes employee severance and other benefits associated with workforce reductions, professional service fees, employee and office relocations, facility-closure costs and other incremental costs to effect the Texaco merger.⁵ Represents loss on asset sales mandated by the U.S. Federal Trade Commission and disposition of other assets made duplicative by the Texaco merger.⁶ Includes a net loss of \$200 for the adoption of FAS 143 and a gain of \$4 for the company's share of Dynegy's cumulative effect for the adoption of EITF No. 02-3.

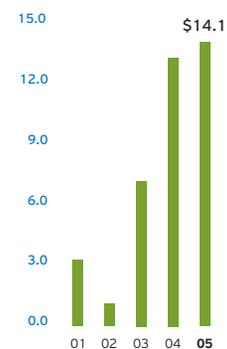
SALES & OTHER OPERATING REVENUES

Billions of dollars



NET INCOME*

Billions of dollars

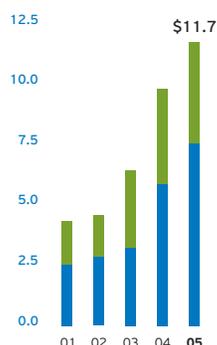


*Includes discontinued operations

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, INCOME FROM CONTINUING OPERATIONS BY MAJOR OPERATING AREA AND SPECIAL ITEMS

WORLDWIDE UPSTREAM EARNINGS*

Billions of dollars



■ United States
■ International

*Before the cumulative effect of changes in accounting principles but including discontinued operations

WORLDWIDE DOWNSTREAM EARNINGS

Billions of dollars



■ United States
■ International

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year Ended December 31

Millions of Dollars	2005	2004	2003	2002	2001
NET INCOME	\$ 14,099	\$ 13,328	\$ 7,230	\$ 1,132	\$ 3,288
Net Unrealized Holding (Loss) Gain on Securities	(32)	(9)	80	44	3
Net Derivatives (Loss) Gain on Hedge Transactions	(131)	(9)	75	34	3
Minimum Pension Liability Adjustment	58	472	2	(785)	9
Currency Translation Adjustment	(5)	36	32	15	(11)
OTHER COMPREHENSIVE (LOSS) GAIN, NET OF TAX	(110)	490	189	(692)	4
COMPREHENSIVE INCOME	\$ 13,989	\$ 13,818	\$ 7,419	\$ 440	\$ 3,292
RETAINED EARNINGS AT JANUARY 1	\$ 45,414	\$ 35,315	\$ 30,942	\$ 32,767	\$ 32,206
Net Income	14,099	13,328	7,230	1,132	3,288
Cash Dividends	(3,778)	(3,236)	(3,033)	(2,965)	(2,739)
Tax Benefit from Dividends Paid on Unallocated ESOP Shares	3	7	6	8	12
Exchange of Dynegy Securities*	-	-	170	-	-
RETAINED EARNINGS AT DECEMBER 31	\$ 55,738	\$ 45,414	\$ 35,315	\$ 30,942	\$ 32,767

* 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

Year Ended December 31

Millions of Dollars	2005	2004	2003	2002	2001
Upstream					
- United States	\$ 4,168	\$ 3,868	\$ 3,160	\$ 1,703	\$ 1,736
- International	7,556	5,622	3,199	2,823	2,520
- Total	11,724	9,490	6,359	4,526	4,256
Downstream					
- United States ¹	980	1,261	482	(398)	1,254
- International	1,786	1,989	685	31	560
- Total	2,766	3,250	1,167	(367)	1,814
Chemicals	298	314	69	86	(128)
All Other^{2,3}	(689)	(20)	(213)	(3,143)	(2,067)
Income from Continuing Operations	\$ 14,099	\$ 13,034	\$ 7,382	\$ 1,102	\$ 3,875
Income from Discontinued Operations - Upstream	-	294	44	30	56
Extraordinary Loss, Net of Tax	-	-	-	-	(643)
Cumulative Effect of Changes in Accounting Principles	-	-	(196)	-	-
NET INCOME	\$ 14,099	\$ 13,328	\$ 7,230	\$ 1,132	\$ 3,288

¹ Includes the company's share of Equilon and Motiva earnings until the sale of the assets in February 2002.

² Consists of the company's interest in Dynegy, mining operations of coal and other minerals, power generation businesses, worldwide cash management and debt financing activities, corporate administrative functions, insurance operations, real estate activities and technology companies.

³ Includes special items for Texaco merger- and Dynegy-related activities in 2001 and 2002.

SPECIAL ITEMS

Year Ended December 31

Millions of Dollars - Gains (Charges)	2005	2004	2003	2002	2001
Asset Dispositions					
Continuing Operations	\$ -	\$ 960	\$ 122	\$ -	\$ 49
Discontinued Operations	-	257	-	-	-
Litigation Provisions	-	(55)	-	(57)	-
Asset Impairments/Write-Offs and Revaluations	-	-	(340)	(485)	(1,709)
Dynegy-Related	-	-	325	(2,306)	-
Tax Adjustments	-	-	118	60	(5)
Restructurings and Reorganizations	-	-	(146)	-	-
Environmental Remediation Provisions	-	-	(132)	(160)	(78)
Merger-Related Expenses ¹	-	-	-	(386)	(1,136)
Extraordinary Loss on Merger-Related Asset Sales ²	-	-	-	-	(643)
TOTAL SPECIAL ITEMS	\$ -	\$ 1,162	\$ (53)	\$ (3,334)	\$ (3,522)

¹ Includes employee severance and other benefits associated with workforce reductions, professional service fees, employee and office relocations, facility-closure costs and other incremental costs to effect the Texaco merger.

² Asset sales mandated by the U.S. Federal Trade Commission and disposition of other assets made duplicative by the Texaco merger.

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET

At December 31

Millions of Dollars	2005	2004	2003	2002	2001
ASSETS					
Cash and Cash Equivalents	\$ 10,043	\$ 9,291	\$ 4,266	\$ 2,957	\$ 2,117
Marketable Securities	1,101	1,451	1,001	824	1,033
Accounts and Notes Receivable	17,184	12,429	9,722	9,385	8,279
Inventories					
Crude Oil and Petroleum Products	3,182	2,324	2,003	2,019	2,207
Chemicals	245	173	173	193	209
Materials, Supplies and Other	694	486	472	551	532
Total Inventories	4,121	2,983	2,648	2,763	2,948
Prepaid Expenses and Other Current Assets	1,887	2,349	1,789	1,847	1,769
Assets Held for Sale - Texaco Merger-Related	-	-	-	-	2,181
TOTAL CURRENT ASSETS	34,336	28,503	19,426	17,776	18,327
Long-Term Receivables, Net	1,686	1,419	1,493	1,338	1,225
Investments and Advances	17,057	14,389	12,319	11,097	12,252
Properties, Plant and Equipment, at Cost	127,446	103,954	100,556	105,231	99,860
Less: Accumulated Depreciation, Depletion and Amortization	63,756	59,496	56,018	61,076	56,978
Net Properties, Plant and Equipment	63,690	44,458	44,538	44,155	42,882
Deferred Charges and Other Assets	4,428	4,277	2,594	2,993	2,886
Goodwill	4,636	-	-	-	-
Assets Held for Sale	-	162	1,100	-	-
TOTAL ASSETS	\$125,833	\$ 93,208	\$ 81,470	\$ 77,359	\$ 77,572
LIABILITIES AND STOCKHOLDERS' EQUITY					
Short-Term Debt	\$ 739	\$ 816	\$ 1,703	\$ 5,358	\$ 8,429
Accounts Payable	16,074	10,747	8,675	8,455	6,427
Accrued Liabilities	3,690	3,410	3,172	3,364	3,399
Federal and Other Taxes on Income	3,127	2,502	1,392	1,626	1,398
Other Taxes Payable	1,381	1,320	1,169	1,073	1,001
TOTAL CURRENT LIABILITIES	25,011	18,795	16,111	19,876	20,654
Long-Term Debt and Capital Lease Obligations	12,131	10,456	10,894	10,911	8,989
Deferred Credits and Other Noncurrent Obligations	10,507	7,942	7,758	4,474	4,394
Noncurrent Deferred Income Taxes	11,262	7,268	6,417	5,619	6,132
Reserves for Employee Benefit Plans	4,046	3,345	3,727	4,572	3,162
Minority Interests	200	172	268	303	283
TOTAL LIABILITIES	63,157	47,978	45,175	45,755	43,614
STOCKHOLDERS' EQUITY	62,676	45,230	36,295	31,604	33,958
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$125,833	\$ 93,208	\$ 81,470	\$ 77,359	\$ 77,572

SEGMENT ASSETS

Millions of Dollars

Exploration and Production ¹	\$ 70,143	\$ 43,108	\$ 41,021	\$ 37,843	\$ 36,895
Refining, Marketing and Transportation	34,567	29,506	26,981	27,380	25,328
Chemicals	3,179	2,983	2,827	2,852	2,760
All Other ²	17,944	17,611	10,641	9,284	12,589
TOTAL SEGMENT ASSETS	\$125,833	\$ 93,208	\$ 81,470	\$ 77,359	\$ 77,572

¹ Includes \$4,636 of goodwill associated with the acquisition of Unocal Corporation in 2005.

² Consists primarily of worldwide cash, cash equivalents and marketable securities, real estate, information systems, the company's investment in Dynegey, mining operations of coal and other minerals, power generation businesses, technology companies and assets of the corporate administrative functions.

CONSOLIDATED STATEMENT OF CASH FLOWS

CASH FROM OPERATING ACTIVITIES COMPARED WITH CAPITAL EXPENDITURES & DIVIDENDS

Billions of dollars



CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31

Millions of Dollars	2005	2004	2003	2002	2001
OPERATING ACTIVITIES					
Net Income	\$ 14,099	\$ 13,328	\$ 7,230	\$ 1,132	\$ 3,288
Adjustments					
Depreciation, Depletion and Amortization	5,913	4,935	5,326	5,169	6,986
Dry Hole Expense	226	286	256	288	646
Distributions (Less) More Than Income from Equity Affiliates	(1,304)	(1,422)	(383)	510	(489)
Net Before-Tax Gains on Asset Retirements and Sales	(134)	(1,882)	(194)	(33)	(116)
Net Foreign Currency Effects	62	60	199	5	(122)
Deferred Income Tax Provision	1,393	(224)	164	(81)	(768)
Net (Increase) Decrease in Operating Working Capital Composed of:					
(Increase) Decrease in Accounts and Notes Receivable	(3,164)	(2,515)	(265)	(1,135)	2,472
(Increase) Decrease in Inventories	(968)	(298)	115	185	(294)
(Increase) Decrease in Prepaid Expenses and Other Current Assets	(54)	(76)	261	92	(211)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	3,851	2,175	242	1,845	(742)
Increase (Decrease) in Income and Other Taxes Payable	281	1,144	(191)	138	(582)
Net (Increase) Decrease in Operating Working Capital	(54)	430	162	1,125	643
Minority Interest in Net Income	96	85	80	57	121
(Increase) Decrease in Long-Term Receivables	(191)	(60)	12	(39)	(9)
Decrease (Increase) in Other Deferred Charges	668	(69)	1,646	428	61
Cash Contributions to Employee Pension Plans	(1,022)	(1,643)	(1,417)	(246)	(107)
Cumulative Effect of Changes in Accounting Principles	-	-	196	-	-
Gain from Exchange of Dynegy Preferred Stock	-	-	(365)	-	-
Write-Down of Investments in Dynegy, Before Tax	-	-	-	1,796	-
Extraordinary Before-Tax Loss on Texaco Merger-Related Asset Dispositions	-	-	-	-	787
Other	353	866	(597)	(168)	554
NET CASH PROVIDED BY OPERATING ACTIVITIES	20,105	14,690	12,315	9,943	11,475
INVESTING ACTIVITIES					
Cash Portion of Unocal Acquisition, Net of Unocal Cash Received	(5,934)	-	-	-	-
Capital Expenditures	(8,701)	(6,310)	(5,625)	(7,597)	(9,713)
Advances to Equity Affiliate	-	(2,200)	-	-	-
Repayment of Loans by Equity Affiliates	57	1,790	293	-	-
Proceeds from Asset Sales	2,681	3,671	1,107	2,341	298
Net Sales (Purchases) of Marketable Securities*	336	(450)	153	209	(183)
Net Sales of Other Short-Term Investments	-	-	-	-	56
NET CASH USED FOR INVESTING ACTIVITIES	(11,561)	(3,499)	(4,072)	(5,047)	(9,542)
FINANCING ACTIVITIES					
Net (Payments) Borrowings of Short-Term Obligations	(109)	114	(3,628)	(1,810)	3,830
Proceeds from Issuances of Long-Term Debt	20	-	1,034	2,045	412
Repayments of Long-Term Debt and Other Financing Obligations	(966)	(1,398)	(1,347)	(1,356)	(2,856)
Net (Purchases) Sales of Treasury Shares	(2,597)	(1,645)	57	41	110
Cash Dividends	(3,876)	(3,277)	(3,070)	(2,991)	(2,858)
Redemption of Preferred Stock by Subsidiaries	(140)	(18)	(75)	-	(463)
Redemption of Market Auction Preferred Shares	-	-	-	-	(300)
Issuance of Preferred Stock by Subsidiaries	-	-	-	-	12
NET CASH USED FOR FINANCING ACTIVITIES	(7,668)	(6,224)	(7,029)	(4,071)	(2,113)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(124)	58	95	15	(31)
NET CHANGE IN CASH AND CASH EQUIVALENTS	752	5,025	1,309	840	(211)
CASH AND CASH EQUIVALENTS AT JANUARY 1	9,291	4,266	2,957	2,117	2,328
CASH AND CASH EQUIVALENTS AT DECEMBER 31	\$ 10,043	\$ 9,291	\$ 4,266	\$ 2,957	\$ 2,117

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

Marketable Securities Purchased	\$ (918)	\$ (1,951)	\$ (3,563)	\$ (5,789)	\$ (2,848)
Marketable Securities Sold	1,254	1,501	3,716	5,998	2,665
Net Sales (Purchases) of Marketable Securities	\$ 336	\$ (450)	\$ 153	\$ 209	\$ (183)

CAPITAL AND EXPLORATORY EXPENDITURES

CAPITAL AND EXPLORATORY EXPENDITURES

(Includes Equity in Affiliates)

	Year Ended December 31				
Millions of Dollars	2005 ¹	2004	2003	2002	2001
UNITED STATES					
Exploration	\$ 667	\$ 511	\$ 548	\$ 658	\$ 730
Production	1,783	1,309	1,093	1,230	1,690
Refining	480	255	236	407	355
Marketing	125	134	106	122	372
Transportation	202	70	56	136	146
Other Downstream	11	38	5	85	-
Chemicals	108	123	173	272	145
All Other	329	512	371	855	2,570 ²
TOTAL UNITED STATES	3,705	2,952	2,588	3,765	6,008
INTERNATIONAL					
Exploration	828	681	538	550	917
Production	5,111	3,820	3,496	3,845	3,792
Refining	654	388	234	192	314
Marketing	338	281	243	256	464
Transportation	231	31	163	245	446
Other Downstream	109	132	57	189	47
Chemicals	43	27	24	37	34
All Other	44	3	20	176	6
TOTAL INTERNATIONAL	7,358	5,363	4,775	5,490	6,020
WORLDWIDE					
Exploration	1,495	1,192	1,086	1,208	1,647
Production	6,894	5,129	4,589	5,075	5,482
Refining	1,134	643	470	599	669
Marketing	463	415	349	378	836
Transportation	433	101	219	381	592
Other Downstream	120	170	62	274	47
Chemicals	151	150	197	309	179
All Other	373	515	391	1,031	2,576
TOTAL WORLDWIDE	\$ 11,063	\$ 8,315	\$ 7,363	\$ 9,255	\$ 12,028
Memo: Equity Share of Affiliates' Expenditures Included Above	\$ 1,681	\$ 1,562	\$ 1,137	\$ 1,353	\$ 1,712

EXPLORATION EXPENSES³

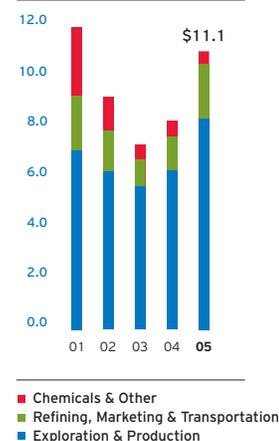
Millions of Dollars

	2005 ¹	2004	2003	2002	2001
Geological and Geophysical	\$ 253	\$ 221	\$ 162	\$ 230	\$ 188
Unproductive Wells Drilled	226	286	256	230	646
Other ⁴	264	190	152	131	196
TOTAL EXPLORATION EXPENSES	\$ 743	\$ 697	\$ 570	\$ 591	\$ 1,030
Memo: United States	\$ 320	\$ 232	\$ 193	\$ 216	\$ 395
International	423	465	377	375	635

¹ Excludes \$17.3 billion acquisition cost of Unocal Corporation.² Includes \$1.5 billion investment in Dynegy redeemable, convertible preferred stock.³ Continuing operations for consolidated companies only. Excludes amortization of undeveloped leaseholds.⁴ Other exploration expenses include expensed well contributions, oil and gas lease rentals and research and development costs.

CAPITAL & EXPLORATORY EXPENDITURES*

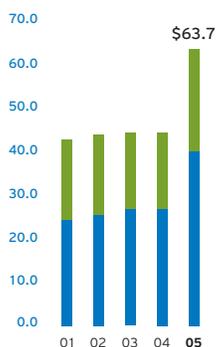
Billions of dollars



*Includes equity in affiliates but excludes cost of Unocal acquisition

PROPERTIES, PLANT AND EQUIPMENT

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 - INCLUDING CAPITAL LEASES

Millions of Dollars	Year Ended December 31				
	2005	2004	2003	2002	2001
NET PROPERTIES, PLANT AND EQUIPMENT AT JANUARY 1	\$ 44,458	\$ 44,538	\$ 44,155	\$ 42,882	\$ 43,968
ADDITIONS AT COST					
Upstream - Acquisition of Unocal ¹	16,401	-	-	-	-
Upstream - Other ¹	7,057	4,674	5,022	5,001	4,873
Downstream - Acquisition of Unocal	619	-	-	-	-
Downstream - Other	1,246	923	777	1,082	1,192
Chemicals	55	39	36	53	41
All Other - Acquisition of Unocal	268	-	-	-	-
All Other - Other ²	203	316	177	285	174
TOTAL ADDITIONS AT COST	25,849	5,952	6,012	6,421	6,280
DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSE³					
Upstream	(4,496)	(3,598)	(4,504)	(3,938)	(5,593)
Downstream	(1,010)	(1,062)	(1,148)	(1,100)	(1,031)
Chemicals	(42)	(46)	(59)	(42)	(41)
All Other ²	(178)	(158)	(160)	(151)	(394)
TOTAL DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSE	(5,726)	(4,864)	(5,871)	(5,231)	(7,059)
NET RETIREMENTS AND SALES					
Upstream	(409)	(1,393)	(376)	52	26
Downstream	(443)	(458)	(395)	(90)	(123)
Chemicals	(9)	(18)	(5)	(6)	(7)
All Other ²	(83)	(204)	(20)	(20)	(70)
TOTAL NET RETIREMENTS AND SALES	(944)	(2,073)	(796)	(64)	(174)
NET INTERSEGMENT TRANSFERS AND OTHER CHANGES⁴					
Upstream ⁵	(154)	1,031	1,018	(53)	(34)
Downstream ⁵	232	(174)	(15)	128	5
Chemicals	(4)	2	(2)	6	(4)
All Other ²	(21)	46	37	66	(100)
TOTAL NET INTERSEGMENT TRANSFERS AND OTHER CHANGES	53	905	1,038	147	(133)
NET PROPERTIES, PLANT AND EQUIPMENT AT DECEMBER 31					
Upstream ⁶	49,638	31,239	30,525	29,365	28,303
Downstream	11,698	11,054	11,825	12,606	12,586
Chemicals	684	684	707	737	726
All Other ²	1,670	1,481	1,481	1,447	1,267
TOTAL NET PROPERTIES, PLANT AND EQUIPMENT AT DECEMBER 31	\$ 63,690	\$ 44,458	\$ 44,538	\$ 44,155	\$ 42,882
Memo: Gross Properties, Plant and Equipment	\$ 127,446	\$ 103,954	\$ 100,556	\$ 105,231	\$ 99,860
Accumulated Depreciation, Depletion and Amortization	(63,756)	(59,496)	(56,018)	(61,076)	(56,978)
Net Properties, Plant and Equipment	\$ 63,690	\$ 44,458	\$ 44,538	\$ 44,155	\$ 42,882

¹ Net of exploratory well write-offs.

² Primarily mining operations of coal and other minerals, power generation businesses, real estate assets and management information systems.

³ 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 reporting and the cumulative effect for the implementation of FAS 143. Reconciliation as follows:

	2005	2004	2003	2002	2001
DD&A on Consolidated Statement of Income	\$ 5,913	\$ 4,935	\$ 5,326	\$ 5,169	\$ 6,986
Less: Accretion expense	(187)	(93)	(132)	-	-
Plus: Depreciation expense on discontinued operations	-	22	58	62	73
Cumulative effect for the implementation of FAS 143	-	-	619	-	-
DD&A - Properties, plant and equipment	\$ 5,726	\$ 4,864	\$ 5,871	\$ 5,231	\$ 7,059

⁴ Includes reclassifications to/from other asset accounts.

⁵ In 2004 and 2003, includes reclassification adjustments for Assets Held for Sale.

⁶ Includes net investment in unproved oil and gas properties of \$5,168, \$1,410, \$1,485, \$1,677 and \$2,027 in 2005, 2004, 2003, 2002 and 2001, respectively.

MISCELLANEOUS DATA

MISCELLANEOUS DATA

	2005	2004	2003	2002	2001
COMMON STOCK					
Number of Shares Outstanding at December 31 (Millions) ¹	2,218.5	2,093.0	2,124.1	2,122.1	2,120.2
Weighted Average Shares Outstanding for the Year (Millions) ¹	2,142.7	2,114.4	2,123.2	2,121.4	2,118.6
Number of Stockholders of Record at December 31 (Thousands)	234	228	241	248	248
Cash Dividends on Common Stock					
Millions of Dollars	\$ 3,778	\$ 3,236	\$ 3,033	\$ 2,965	\$ 2,733
Per Common Share ¹	\$ 1.75	\$ 1.53	\$ 1.43	\$ 1.40	\$ 1.33
Net Income (Loss) per Common Share - Diluted ^{1,2}					
First Quarter	\$ 1.28	\$ 1.20	\$ 0.90	\$ 0.34	\$ 1.15
Second Quarter	1.76	1.94	0.75	0.19	0.99
Third Quarter	1.64	1.51	1.01 ³	(0.42)	0.60
Fourth Quarter	1.86	1.63	0.82	0.42	(1.19)
Year	\$ 6.54	\$ 6.28	\$ 3.48	\$ 0.53	\$ 1.55
Stockholders' Equity per Common Share at December 31 ¹	\$ 28.25	\$ 21.61	\$ 17.09	\$ 14.89	\$ 16.02
PERSONNEL, PAYROLL AND BENEFITS⁴					
Number of Employees at December 31					
Excluding Service Station Employees	53,440	47,265	50,582	53,014	55,698
Service Station Employees	6,255	9,269	10,951	13,024	13,718
Total	59,695	56,534	61,533	66,038	69,416
Payroll Costs (Millions of Dollars) ⁵	\$ 3,151	\$ 2,858	\$ 2,816	\$ 2,958	\$ 3,071
Employee Benefit Costs (Millions of Dollars) ⁶	\$ 1,777	\$ 1,386	\$ 1,957	\$ 1,192	\$ 920
Investment per Employee at December 31 (Thousands of Dollars) ⁷	\$ 1,269	\$ 1,002	\$ 799	\$ 730	\$ 744
Average Sales per Employee (Thousands of Dollars) ⁸	\$ 3,182	\$ 2,421	\$ 1,763	\$ 1,349	\$ 1,391
Average Monthly Wage per Employee	\$ 4,518	\$ 4,035	\$ 3,679	\$ 3,639	\$ 3,654
CAPITAL EMPLOYED (Millions of Dollars)					
Upstream					
- United States	\$ 10,100	\$ 6,570	\$ 7,310	\$ 7,740	\$ 8,765
- International	28,454	20,225	18,580	18,345	16,855
- Goodwill	4,636	-	-	-	-
- Total	43,190	26,795	25,890	26,085	25,620
Downstream					
- United States	5,430	4,405	4,960	4,995	5,580
- International	14,370	13,015	12,145	12,570	11,990
- Total	19,800	17,420	17,105	17,565	17,570
Chemicals	2,250	2,055	2,125	2,160	1,990
All Other	10,510	10,405	4,040	2,365	6,480
TOTAL CAPITAL EMPLOYED	\$ 75,750	\$ 56,675	\$ 49,160	\$ 48,175	\$ 51,660

¹ Per-share amounts in all periods reflect a two-for-one stock split effected as a 100 percent stock dividend in September 2004.

² Before the cumulative effect of changes in accounting principles in 2003 and a loss from an extraordinary item in 2001.

³ Includes a benefit of \$0.08 for the company's share of a capital stock transaction of its 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.

⁴ Consolidated companies only.

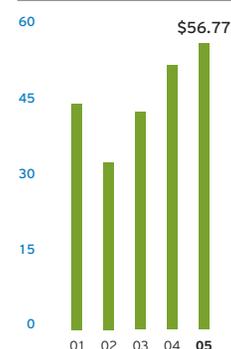
⁵ Excludes incentive bonuses.

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

⁷ Investment = Total Year-End Capital Employed.

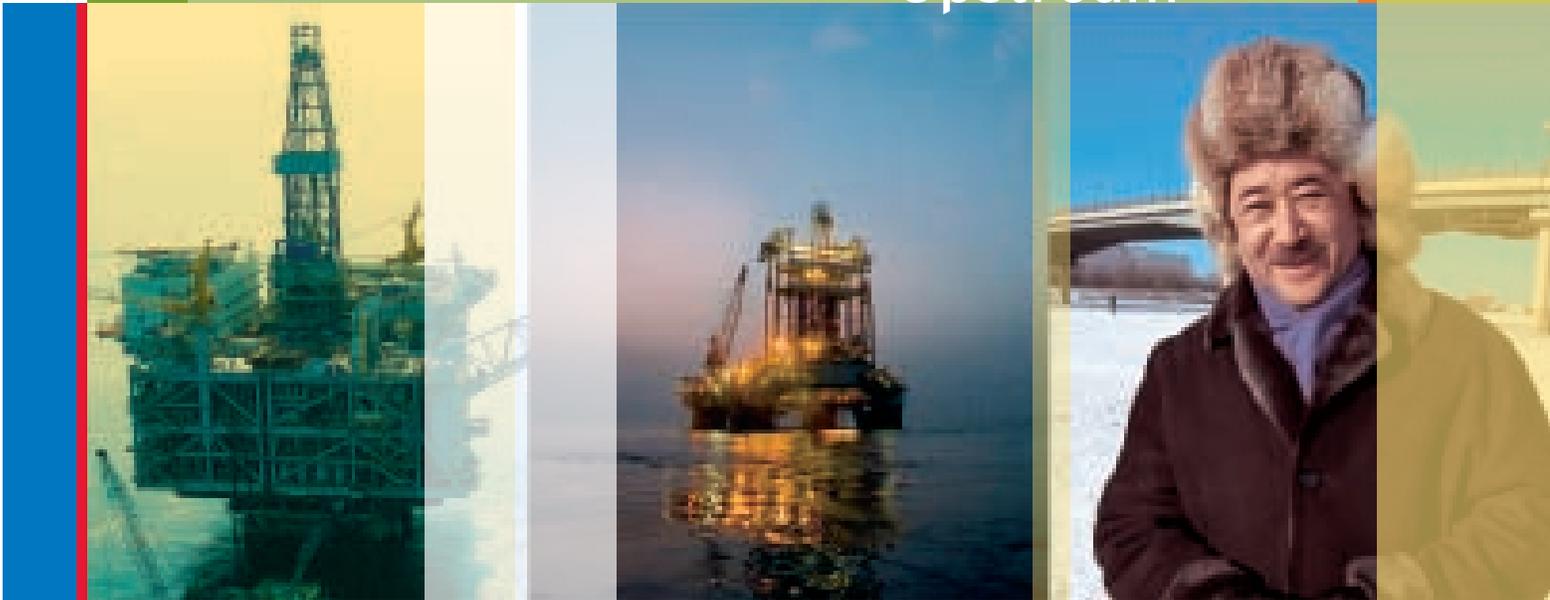
⁸ Average Sales per Employee = Sales and Other Operating Revenues (net of Excise Taxes and excluding discontinued operations) / Average Number of Employees (Beginning and End of Year).

CHEVRON YEAR-END COMMON STOCK PRICE* Dollars per share



*2001-2003 adjusted for stock split in 2004

Upstream



Grow profitability in core areas, build new legacy positions, and commercialize the company's natural gas resource base by targeting North American and Asian markets.

PHOTOS: (Left) Benguela Belize-Lobito Tomboco production platform, Angola; (Middle) Agbami drill rig, Nigeria; (Right) Zhanuzak Urazov, Field Regulatory Compliance Manager, Tengizchevroil, Kazakhstan.

UPSTREAM HIGHLIGHTS

Chevron conducts its exploration and production operations in the United States and approximately 35 other countries. Upstream headquarters are in San Ramon, California.

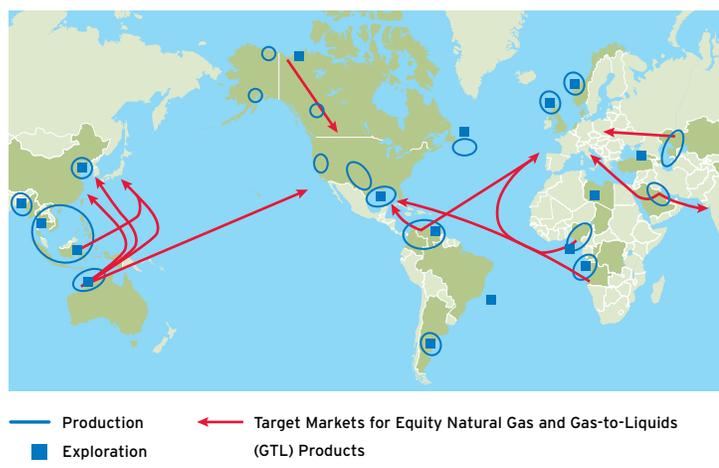
Worldwide net oil-equivalent production – including the company’s share of volumes produced by its equity affiliates, from oil-sands operations in Canada and under an operating service agreement in Venezuela – averaged 2.5 million barrels per day in 2005.

Approximately 30 percent of this production was in the United States. Outside the United States, the company’s producing operations are geographically dispersed, with production in no single country accounting for more than 10 percent of the company’s total output worldwide.

The company’s “focus areas” for exploration in 2005 were the deepwater regions of West Africa, the deepwater U.S. Gulf of Mexico and offshore North West Australia. Drilling activities were also conducted or were in various stages of planning in several “test areas,” including offshore Norway, west of Shetlands in the United Kingdom, East Coast Canada, offshore Venezuela, deep-water Brazil and the Mackenzie Delta in northern Canada. The company is evaluating these test areas and areas brought into the portfolio through the Unocal acquisition to determine their potential for more extensive exploration and possible future development.

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

Upstream Portfolio and Global Gas Strategy



INDUSTRY CONDITIONS IN 2005

Industry price levels for crude oil continued an upward trend in 2005, reflecting 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, including the Gulf of Mexico that was partially shut in following damage by hurricanes.

The spot price for West Texas Intermediate (WTI) crude oil, one of the benchmark crudes, peaked above \$66 per barrel in late August and averaged \$57 for the year – or \$16 higher than the average price in 2004. Natural gas prices, particularly in the United States, were also higher than in 2004. The U.S. Henry Hub benchmark spot price peaked in December above \$14 per thousand cubic feet. For the year, prices averaged about \$8, approximately \$2 higher than 2004.

BUSINESS STRATEGIES

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

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

2005 ACCOMPLISHMENTS

WORLDWIDE

- › Reported record net income of \$11.7 billion.
- › Successfully integrated Unocal exploration and production operations, enhancing the company’s portfolio of assets in areas of strategic importance.
- › Achieved an exploration drilling success rate of 58 percent. Discoveries included finds in the deepwater U.S. Gulf of Mexico, Angola, Argentina, Cambodia, Chad, China, Indonesia, Nigeria, Thailand, Trinidad and Tobago, the United Kingdom and Venezuela.
- › Sold former-Unocal’s nonstrategic onshore assets in Canada for \$1.7 billion.

UPSTREAM HIGHLIGHTS

UNITED STATES

- › Drilled successful exploratory wells at Big Foot (Walker Ridge Block 29) and Knotty Head (Green Canyon Block 512) in the deepwater Gulf of Mexico. Established a new drilling depth record for the Gulf of Mexico at 34,194 feet (10,422 m) while drilling the Knotty Head well.
- › Drilled a successful appraisal well following the 2004 Jack discovery in the deepwater Gulf of Mexico's Walker Ridge Block 759.
- › Began construction of the floating production facility that will be installed in the deepwater Gulf of Mexico's Tahiti Field.
- › Added 37 new leases in the deepwater Gulf of Mexico.
- › Evacuated safely and later remobilized employees and contractors seven times in the Gulf of Mexico during the hurricane season.

INTERNATIONAL

- › Achieved first production in:
 - Angola – Sanha Field.
 - Azerbaijan – Azeri Field.
 - Bangladesh – Moulavi Bazar Field.
 - Chad – Nya Field.
 - Indonesia – Reco Field.
 - Thailand – Block 9A.
 - Trinidad and Tobago – Began natural gas supply to Atlantic LNG Train 3.
 - United Kingdom – Clair Field.
- › Completed construction projects in:
 - Angola – First compliant piled tower outside the U.S. Gulf of Mexico, in Block 14. These structures are designed to operate in water depths ranging from 1,000 to 3,000 feet (305 m to 914 m).
 - Azerbaijan – Central and West Azeri platforms of the Azeri-Chirag-Gunashli development and began line-fill for the Baku-Tbilisi-Ceyhan (BTC) crude oil export pipeline.
 - Thailand – Second crude oil central processing platform at the Platong operating area in the Gulf of Thailand.
- › Acquired new exploration acreage in Venezuela (Cardon III), Western Australia (Carnarvon Basin), Libya (Murzuk Basin Area 177), U.K. Atlantic Margin (12 blocks located adjacent to the Faroes/United Kingdom international boundary) and U.K. North Sea (block near the Captain Field). Acreage was also added in the Gulf of Thailand and Vietnam's Phu Khan Basin.
- › Confirmed significant resources in Trinidad and Tobago (Manatee 1), Brazil (609 and 610 areas), Angola (Livuite) and Nigeria (Usan) through appraisal drilling.
- › Awarded front-end engineering and design (FEED) contracts for the Australia Gorgon LNG project and Angola's Tombua Landana and Mafumeria projects and started Thailand's Arthit Phase 1 development project.
- › Completed the largest single-season contiguous proprietary 3-D seismic project ever conducted in Canada, in the Orphan Basin offshore Newfoundland.

GLOBAL NATURAL GAS PROJECTS

- › Filed an application to construct a natural gas import terminal at Casotte Landing in Mississippi to process imported LNG for distribution to customers in the southeastern United States.
- › Signed a memorandum of understanding with partners to evaluate the feasibility of an LNG plant to be located in the Olokola Free Trade Zone on the coast of Nigeria. FEED commenced in March 2006.
- › Reached milestones on projects connected with the company's global gas strategy:
 - Awarded a \$1.7 billion engineering, procurement and construction (EPC) contract for the Escravos Gas-to-Liquids (GTL) project in Nigeria.
 - Announced plans for a 4.2 million-metric-ton expansion of export capacity for the North West Shelf venture's onshore LNG facilities in Australia by adding a fifth train.
 - Awarded FEED contracts for a 5 million-metric-ton-per-year LNG plant for Angola's LNG project.
 - Signed preliminary Heads of Agreement totaling 4.2 million metric tons per year with three separate Japanese companies to supply LNG from the Gorgon project in Australia starting in 2010.
 - Exercised option to increase capacity to 1 billion cubic feet per day at the Sabine Pass LNG terminal in Louisiana.

UPSTREAM HIGHLIGHTS

2006 OUTLOOK

- › Project execution – Advance the major projects that are expected to add significant production beginning in 2006. These and other capital projects are expected to contribute approximately 800,000 net oil-equivalent barrels per day between 2006 and 2010:
 - Nigeria – Construction of a floating production, storage and offloading (FPSO) facility at the deepwater Agbami Field.
 - Angola – Installation of subsea systems, pipelines and wells at the deepwater Benguela Belize–Lobito Tomboco fields, with first oil expected in 2006.
 - Kazakhstan – Continuation of construction at Tengizchevroil’s Sour Gas Injection/Second Generation Plant.
 - Azerbaijan – Installation and first production from the East Azeri platform of the Azeri-Chirag-Gunashli development in late 2006.
 - Australia – Continuation of progress toward the final investment decision for the Gorgon offshore LNG project.
 - Australia – Construction and installation of the fifth LNG train at the North West Shelf project.
 - Bangladesh – Development of the Bibiyana Field, with initial natural gas production expected in fourth quarter 2006.
 - United States – Initiation of FEED for the nonoperated Great White discovery in the deepwater Gulf of Mexico.
 - United States – Commencement of development drilling operations at Tahiti.
 - Canada – Evaluation of feasibility for the expansion of the nonoperated Athabasca Oil Sands Project.
- › Exploration – Follow up on 2005 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 – Continue construction on the Escravos GTL facility in Nigeria; advance FEED for the Angola LNG and Nigeria Olokola LNG projects; and continue progress toward the permitting and evaluation of other sites and facilities in the United States, Mexico and Qatar.

UPSTREAM FINANCIAL AND OPERATING HIGHLIGHTS ¹	United States		International	
	2005	2004	2005	2004
<i>Dollars in Millions</i>				
Segment Income	\$ 4,168	\$ 3,938	\$ 7,556	\$ 5,846
Gross Liquids Production (Thousands of Barrels per Day) ²	499	555	1,676	1,645
Net Liquids Production (Thousands of Barrels per Day) ²	455	505	1,214	1,205
Other Produced Volumes (Thousands of Barrels per Day) ³	-	-	143	140
Gross Natural Gas Production (Millions of Cubic Feet per Day) ²	1,860	2,191	2,726	2,203
Net Natural Gas Production (Millions of Cubic Feet per Day) ²	1,634	1,873	2,599	2,085
Gross Proved Liquids Reserves (Millions of Barrels) ²	1,984	1,868	8,322	7,968
Net Proved Liquids Reserves (Millions of Barrels) ²	1,831	1,737	6,169	6,236
Gross Proved Natural Gas Reserves (Billions of Cubic Feet) ²	4,924	4,306	22,044	16,950
Net Proved Natural Gas Reserves (Billions of Cubic Feet) ²	4,428	3,704	19,006	15,971
Natural Gas Sales (Millions of Cubic Feet per Day)	5,449	4,518	2,289	1,885
Natural Gas Liquids Sales (Thousands of Barrels per Day)	151	177	108	105
Net Exploratory Oil and Gas Wells Completed ^{4,5}	19	16	34	24
Net Development Oil and Gas Wells Completed ^{4,5}	946	900	397	367
Net Productive Wells at Year-End ^{4,5,6}	40,503	35,003	12,230	9,704
Net Proved and Unproved Acreage (Thousands of Acres) ⁴	11,209	9,196	60,555	43,280
Exploration Expenditures	\$ 667	\$ 511	\$ 828	\$ 681
Production Expenditures	\$ 1,783	\$ 1,309	\$ 5,111	\$ 3,820
Total Upstream Capital and Exploratory Expenditures ⁷	\$ 2,450	\$ 1,820	\$ 5,939	\$ 4,501

¹ Includes equity share of affiliates unless otherwise noted.

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

³ Represents volumes produced at Athabasca (Canada) Oil Sands and Boscan (Venezuela) under an operating service agreement.

⁴ Consolidated companies only.

⁵ Net wells include all wholly owned wells and the sum of the fractional interests in wells that are joint ventures or unitized operations.

⁶ 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.

⁷ Excludes expenditures for Upstream net assets included in the acquisition cost of Unocal Corporation.

UNITED STATES

Chevron was the third-largest hydrocarbon producer in the United States during 2005, with average net daily production of 455,000 barrels of crude oil and natural gas liquids and 1.6 billion cubic feet of natural gas. As a percentage of the company's production worldwide, the U.S. component represented 27 percent of the liquids produced and 39 percent of natural gas. U.S. production on an oil-equivalent basis was 31 percent of the world-wide total.

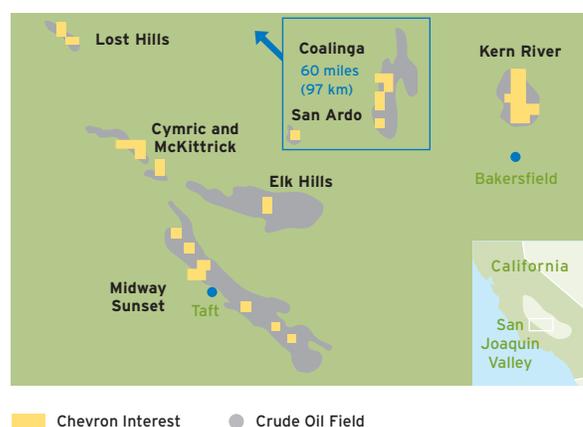
The U.S. portfolio is anchored by mature assets concentrated in the Gulf of Mexico, California, Louisiana, Texas, New Mexico and the Rocky Mountains. Production has declined at a higher rate in each of the past two years due to damages to facilities and third-party infrastructure caused by hurricanes and tropical storms and portfolio-optimization efforts that resulted in sales of nonstrategic properties. In 2005, this trend was partially offset by the volumes added as a result of the Unocal acquisition. Net daily production from the former Unocal properties for the last five months of the year averaged 53,000 barrels of crude oil and natural gas liquids and 360 million cubic feet of natural gas, or 113,000 barrels on an oil-equivalent basis. When converted to a full-year basis, this contribution equated to average net daily production of 22,000 barrels of crude oil and natural gas liquids and 150 million cubic feet of natural gas, or about 47,000 barrels on an oil-equivalent basis. These properties complemented and enhanced an already-strong position in the Gulf of Mexico and the Permian Basin in West Texas and New Mexico.

By most measures, 2005 was one of the worst storm seasons on record in the United States, with two massive hurricanes, Katrina and Rita, inflicting significant amounts of damage in the Gulf of Mexico region. In order to relocate workers from harm's way in advance of seven storms in total, the company evacuated and later remobilized more than 9,200 workers in the Gulf, all incident-free. Throughout this active storm season, concern for safety and the environment were demonstrated core values. The company's operations were also disrupted in the first half 2005 as a result of carryover effects from Hurricane Ivan in September 2004. In all, Chevron's production was adversely affected almost every day of 2005 by tropical storms or hurricanes.

U.S. Upstream received several health, environment and safety awards during 2005, including the *Clean Lease Award* from the California Department of Conservation for operations in the Kern River Area, the California Department of Conservation *Award for Outstanding Lease Maintenance* for multiyear excellence at four separate lease locations in the Coalinga Area, the U.S. Environmental Protection Agency Region VIII *Excellence Award* for the Potable Water System at the Carter Creek Gas Plant and recertification for the Wyoming Workers Safety *Voluntary Protection Program OSHA Star Award* at the Painter Reservoir Unit. Chevron was also named as one of the 2005 finalists for the National *Safety Award for Excellence (SAFE)* by the Minerals Management Service.

CALIFORNIA

Operating primarily in the San Joaquin Valley, Chevron again ranked No. 1 in oil-equivalent production in California in 2005, with average net daily production of 212,000 barrels of crude oil, 106 million cubic feet of natural gas and 5,000 barrels of natural gas liquids. With 83 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. In June 2003, a strategic decision was made to increase capital investment to double the number of wells being drilled. As a result, from January 2004 the production decline rate has been reduced by more than half. A deep queue of drilling opportunities and a focused resource-to-reserves process is expected to allow this trend to continue.



The three major San Joaquin Valley crude oil fields – Kern River, Midway Sunset and Cymric – had combined net oil-equivalent production of 165,000 barrels per day in 2005. The Kern River Field is a mature steamflood operation, with net oil-equivalent production exceeding 89,000 barrels per day during the year. Activity at Kern River in 2005 focused primarily on an accelerated drilling program for 131 infill wells. An infill program with more than 150 wells is planned for 2006.

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 99 production wells and 95 injection wells during 2005 and increased water injection rates from 134,000 to 164,000 barrels per day. Waterflood technology is being employed in the region to improve recovery of the field's hydrocarbons. Net oil-equivalent production for 2005 in the Lost Hills area averaged 22,000 barrels per day, an increase of 10 percent from 2004 levels.

UNITED STATES

The company also has diatomite reservoirs containing heavy oil. Producing hydrocarbons from this type of formation presents unique technical challenges. At the Cymric Field, a recovery technique utilizing a high-pressure cyclic steaming process continues to improve recovery from the Antelope formation. The 1Y and 6Z Antelope projects drilled 73 wells in new, infill and replacement locations during 2005. Antelope net oil-equivalent production increased by 3 percent in 2005 over 2004 levels. An additional 24 wells have been approved to be drilled throughout 2006. Successful high-pressure cyclic steaming (i.e., steaming that is not continuous) pilot testing programs in the Midway Sunset Field resulted in further diatomite development projects in 2005 that extend into 2006. Chevron's ownership in these diatomite areas is nearly 100 percent.

Elk Hills An active development program continued in the nonoperated Elk Hills Field, in which the company has an average ownership interest of 23 percent in four producing zones. During 2005, 292 development wells (including producers and injectors) were drilled to mitigate the decline of crude oil and natural gas production to less than 5 percent from a base level of 15 percent annually. In 2005, Chevron's share of net daily production was 13,000 barrels of light crude oil, 66 million cubic feet of natural gas and 4,000 barrels of natural gas liquids. A pilot project employing carbon dioxide injection was completed in 2005, and designs for a fireflood pilot to extract hydrocarbons from shale are in the advanced stages. Capital expenditures for a nitrogen injection project in the Shallow Oil Zone were also approved. These activities will continue to move the field toward recovering additional crude oil and natural gas through enhanced recovery processes.

GULF OF MEXICO

During 2005, average net daily production in the Gulf of Mexico shelf and deepwater areas and onshore Louisiana was 101,000 barrels of crude oil, 579 million cubic feet of natural gas and 11,000 barrels of natural gas liquids. Chevron has an interest in 1,165 leases in the Gulf of Mexico, 746 of which are located in water depths greater than 1,000 feet (305 m). This includes significant former-Unocal properties that contain the K2 and Mad Dog fields. At year-end 2005, the company was the largest leaseholder in the Gulf of Mexico.

In the third quarter, Hurricanes Katrina and Rita caused significant damage to production facilities and third-party infrastructure. Prior to the hurricanes, the company's oil-equivalent production in the Gulf of Mexico averaged approximately 300,000 barrels per day. Because of storm damages, fourth quarter 2005 production averaged 160,000 barrels per day. The expected production level for 2006 is about 200,000 barrels per day, with a slightly higher rate occurring in the first half of the year. Approximately 20,000 net oil-equivalent barrels of daily production are not expected to be sufficiently economic to restore.



■ Chevron Activity Highlight

Shelf

Chevron is one of the largest producers of crude oil and natural gas on the Gulf of Mexico shelf, with average net daily production during 2005 of 73,000 barrels of crude oil, 539 million cubic feet of natural gas and 10,000 barrels of natural gas liquids. The company drilled 75 development and delineation wells during 2005 and participated with partners in 13 exploration wells with natural gas objectives below 15,000 feet (4,572 m).

During the 10-year period from 1995 through 2004, industry efforts to develop natural gas from completions below 15,000 feet (4,572 m) (referred to as deep-gas wells) resulted in more than 4.5 trillion cubic feet of potentially recoverable natural gas discovered in the Gulf of Mexico shelf (according to a report by energy consulting firm Wood Mackenzie). Chevron's Gulf of Mexico shelf deep-gas wells produced approximately 25 percent of the company's total shelf natural gas production in 2005. Chevron maintains a significant inventory of deep-gas drilling opportunities that are expected to provide an increasing percentage of the company's future shelf production.

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, 40 million cubic feet of natural gas and 1,000 barrels of natural gas liquids during 2005.

Production

Genesis Total daily production during 2005 averaged 17,000 barrels of crude oil and 24 million cubic feet of natural gas (approximately 11,000 barrels of net oil-equivalent). Chevron is the operator with a 56.7 percent interest. A 4-D seismic survey, which was acquired in 2003 and interpreted in 2005, is being used to optimize the remaining well program.

K2 Chevron has a 12.5 percent nonoperated interest in this subsea development, located in Green Canyon Block 562. A former-Unocal property, the initial well came on production in May 2005, with net daily oil-equivalent

UNITED STATES

production increasing to approximately 2,000 barrels by November. Production from K2 flows to the Marco Polo structure, a third-party tension leg platform located in Green Canyon Block 608, 6 miles (10 km) southeast of K2. Two additional wells are scheduled for completion in 2006, with the expectation of maintaining average net daily oil-equivalent production of approximately 2,000 barrels through 2006. Unit-expansion negotiations with the adjacent Green Canyon Block 518 were under way in the first part of 2006.

Mad Dog The Mad Dog Field, located in Green Canyon Block 826, came on production in January 2005. Chevron has a 15.6 percent nonoperated interest in this spar development project, which also is a former-Unocal property. Net oil-equivalent production averaged 4,000 barrels per day for the five-month period after the Unocal acquisition. The field is designed to have total daily maximum production of 80,000 barrels of crude oil and 40 million cubic feet of natural gas upon completion of the development drilling program in 2008. Studies are also under way to increase the total crude oil production capacity to more than 100,000 barrels per day. Satellite development opportunities also exist and are under evaluation. The estimated production life of the field is 20 years, with maximum production rates expected in 2008. Additional reserves reclassification to proved developed is planned to coincide with development-drilling milestones that are expected to occur through 2008.

Petronius Total daily production in 2005 averaged 33,000 barrels of crude oil and 48 million cubic feet of natural gas (approximately 17,000 barrels of net oil-equivalent). The company is the operator with a 50 percent interest. Petronius was off production from September 2004 until March 2005 to make repairs as a result of Hurricane Ivan. A 4-D seismic survey was acquired in 2005, and the data from this survey will be used to optimize reservoir management and high-grade remaining field development opportunities. Chevron has identified and exploited exploratory opportunities near the Petronius infrastructure, such as the Perseus project (discussed below). Additional near-lease exploratory drilling is planned for 2006.

Perseus This discovery was made in 2003 at Viosca Knoll Block 830 in 3,376 feet (1,029 m) of water, approximately 5 miles (8 km) from the existing Petronius platform. Chevron is the operator and holds a 50 percent working interest. Development of this discovery using extended-reach drilling from the Petronius platform was being employed when Hurricane Ivan damaged the platform rig in September 2004. The first production well, completed in April 2005, was successfully drilled to a total depth of 28,000 feet (8,534 m) at a 78-degree angle and was subsequently tied into the Petronius facility. After startup in April, net daily production for the remainder of the year averaged 3,000 oil-equivalent barrels. A second extended-reach well of approximately the same distance and angle was scheduled to begin production in April 2006. Expected net daily production from this well is between 3,000 and 7,000 barrels of oil-equivalent. The

Perseus project has an estimated production life of six to nine years, with maximum production anticipated in 2006. The company anticipates that the majority of proved undeveloped reserves will be reclassified to proved developed by the end of 2006.

Typhoon In September 2005, the Typhoon tension-leg platform suffered catastrophic damage from Hurricane Rita. The structure lost its moorings and was found inverted in 180 feet (55 m) of water approximately 60 miles (97 km) from its original location. Teams were established to investigate the incident and evaluate options to possibly recover the remaining hydrocarbon resources. Prior to the storm, total daily production from the 50 percent-owned and operated Typhoon Field, along with volumes processed from the 25 percent-owned and nonoperated Boris Field, averaged 14,000 barrels of crude oil and 22 million cubic feet of natural gas (approximately 6,000 barrels of net oil-equivalent). Typhoon and Boris production remained shut-in during the first part of 2006 pending ongoing salvage and restoration studies.

Development

Blind Faith A 2004 appraisal well confirmed two major reservoirs at the Blind Faith prospect, located in Mississippi Canyon 696. An integrated project team was formed with the joint-venture partner, and a subsea development utilizing a 45,000-barrel-per-day semi-submersible production system was approved in the third quarter 2005. Total capital costs for the project are estimated to be approximately \$900 million. First production is expected in 2008, with initial total daily output estimated at 30,000 barrels of crude oil and 30 million cubic feet of natural gas. The initial booking of proved undeveloped reserves for the project occurred in 2005. Reclassification of these reserves to the proved developed category is expected with first production. The Blind Faith project has an expected life of 20 years. Chevron is the operator with a 62.5 percent working interest.

Great White-Perdido Foldbelt Chevron continues to evaluate development of the 2002 Great White discovery located 250 miles (402 km) south of Houston in Alaminos Canyon Blocks 813, 857, 900 and 901 in approximately 8,500 feet (2,591 m) of water. Chevron has a 33.3 percent working interest in this nonoperated discovery. Subsequent appraisal drilling was conducted in 2004, and the joint venture partners formed an integrated project management team to begin FEED in March 2006.

Chevron also holds interests in several other discovered fields located within 20 miles (32 km) of Great White in the Perdido Foldbelt area. Chevron and partners continue to evaluate development alternatives for the other discoveries in the Great White-Perdido Foldbelt area, the nonoperated Silvertip (Alaminos Canyon Block 815, Chevron – 60 percent interest), the nonoperated Tobago (Alaminos Canyon Block 859, Chevron – 56.7 percent interest) and the operated Tiger (Alaminos Canyon Block 818, Chevron – 50 percent interest). No proved reserves had been recognized for any of these discoveries as of early 2006.

UNITED STATES

Tahiti The Tahiti Field is located in Green Canyon 640, 641, 596 and 597, 190 miles (306 km) south of New Orleans at a water depth of 4,100 feet (1,250 m). Chevron is the operator with a 58 percent working interest. The field is estimated to contain between 400 million and 500 million oil-equivalent barrels that are potentially recoverable. The project is designed with a spar floating production facility and is anticipated to have maximum total daily production of 125,000 barrels of crude oil and 70 million cubic feet of natural gas. All wells will be subsea completions. Total capital costs for the project are estimated at \$3.5 billion. The majority of contracts for engineering, procurement, fabrication and installation of the spar hull, topsides and subsea equipment were awarded in 2005. Construction of the floating production facility began in the fourth quarter 2005, when first steel was cut for both the spar hull and the topsides process facility.

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

Initial booking of proved undeveloped reserves occurred in 2003, and reclassification of these reserves into the proved developed category is anticipated in 2008 when first production is scheduled to begin. The expected production life of Tahiti is 30 years.

Exploration In 2005, the company completed a total of five exploratory wells (four wildcat and one appraisal) in the deepwater Gulf of Mexico. The 2005 program resulted in two announced discoveries and one successful appraisal well. The discoveries were the operated Big Foot prospect (Walker Ridge Block 29, Chevron – 60 percent interest) and the nonoperated Knotty Head prospect (Green Canyon Block 512, Chevron – 25 percent interest). Appraisal activity continued into 2006 at both locations.

A successful appraisal well was drilled at the 2004 Jack discovery, where Chevron holds a 50 percent interest. In March 2006, completion operations were under way to prepare the well for an extended production flow test. Further evaluation continues at the nearby Saint Malo prospect (Walker Ridge Block 678, Chevron – 41.3 percent interest), where a successful follow-up appraisal well was drilled during 2004 and Chevron acquired an additional 28.8 percent interest as part of the Unocal acquisition. The first appraisal well also commenced drilling at the nonoperated 2003 Puma discovery (Green Canyon Block 823, Chevron – 15 percent interest), a former Unocal prospect; however, the well could not be completed by early 2006 due to rig damage sustained during Hurricane Rita. As of March 2006, plans were under way to complete the drilling of this well and possibly drill an additional appraisal well.

Further evaluation of the commercial potential continued at the nonoperated Tubular Bells discovery (Mississippi Canyon Block 725, Chevron – 30 percent interest), with additional appraisal drilling planned for 2006. At the Tonga discovery (Green Canyon 727, Chevron – 75 percent interest and operated), Chevron plans to drill an appraisal well in 2006 or early 2007. Proved reserves had not been recognized for these projects as of early 2006.

Chevron added new leases to its deepwater portfolio in 2005. In the spring Central Gulf of Mexico Lease Sale 194, the company acquired 20 leases. In the fall Western Gulf of Mexico Lease Sale 196, the company was awarded 17 leases.

OTHER U.S. AREAS

Outside California and the Gulf of Mexico, the company manages production operations in the midcontinental United States, extending from the Rockies to southern Texas (primarily in the states of Wyoming, Utah, Colorado, Oklahoma, Kansas, New Mexico and Texas), and oversees nonoperated production in these and several other states. The Unocal acquisition added to existing production operations in the Permian Basin of West Texas and southeastern New Mexico, the San Juan Basin area of New Mexico and Colorado, and in East Texas. Chevron remains the second-largest hydrocarbon producer in the Permian Basin.



● Major Producing Fields in Other U.S. Areas

UNITED STATES

Also through the Unocal acquisition, the company operates crude oil and natural gas fields in the Cook Inlet of Alaska. Nonoperated production in the Cook Inlet and on the North Slope was also acquired.

During 2005, the company's operations outside California and the Gulf of Mexico averaged net daily production of 126,000 barrels of crude oil and natural gas liquids and 949 million cubic feet of natural gas. Capital spending is focused on crude oil and natural gas development, with major programs in the Permian Basin, the Rockies, East Texas and South Texas. In 2005, the company drilled 268 wells and participated in approximately 280 nonoperated wells.

The company is managing the base production decline in existing fields with workovers, artificial lift, facility optimization and development drilling activity. Some examples include the 50 percent-owned and operated Table Rock Unit in south central Wyoming and the 68 percent-owned and operated Rangely Field in Rio Blanco County, Colorado. During 2005, total daily natural gas production at the Table Rock Unit increased to 58 million cubic feet (29 million net cubic feet), an increase of 48 million cubic feet since the second phase of development started in 2002. There are eight producing wells in the Table Rock Unit, with plans for drilling an additional seven development wells through 2007. In the Rangely Field, a drilling and workover program has reversed the historical decline, and the 2005 net oil-equivalent production of 9,400 barrels per day was 5 percent above the 2004 production.

AFRICA

ANGOLA

Chevron has an interest in four concessions in Angola totaling approximately 3 million acres (12,141 sq km). During 2005, total liquids production averaged 477,000 barrels per day (139,000 net barrels). The company is embarking on a major development program in an effort to significantly increase production starting in 2006.

Chevron is the operator of three concessions. Blocks 0 and 14 are off the west coast of Angola, north of the Congo River. Block 0 is a 1.38 million-acre (5,581-sq-km) concession adjacent to the coastline in which Chevron has a 39.2 percent interest. Block 14, in which the company has a 31 percent interest, is a 1.01 million-acre (4,092-sq-km) deepwater concession located west of Block 0. Block 2 in which Chevron has a 20 percent interest, is a 102,400-acre (414-sq-km) concession adjacent to the northwestern part of Angola's coast, south of the Congo River. Chevron also has a 16.3 percent nonoperated interest in the 384,000-acre (1,554-sq-km) onshore joint venture Fina Sonangol Texaco (FST) area concession.

Block 0

Production Block 0 is divided into Areas A and B, which had total 2005 production of 379,000 barrels of liquids per day (119,000 net barrels). Area A total daily production was 235,000 barrels of crude oil (73,000 net barrels)

AFRICA

and 2,000 barrels of liquefied petroleum gas (LPG) (1,000 net barrels) from 14 fields. Area B includes six fields with total daily production of 137,000 barrels of crude oil and condensate (43,000 net barrels) and 5,000 total barrels of LPG (2,000 net barrels).



Development Drilling and exploration activity within the block has increased significantly following the 2004 concession extension. Several major infrastructure projects are being undertaken to eliminate routine flaring, handle increasing production volumes and renew older facilities.

In Area B, the \$1.9 billion Sanha natural gas condensate utilization and Bomboco crude oil project began operations with the installation of facilities and the start of production in December 2004. Average total daily production during 2005 was 31,000 barrels of oil-equivalent (10,000 net barrels). The Sanha project gas injection startup occurred in 2005 and eliminated 50 percent of the associated natural gas flaring in Block 0. Daily production from the Sanha and Bomboco fields is expected to peak around 100,000 barrels of liquids per day (31,000 net barrels) by 2007. LPG is exported via the world's largest LPG FPSO vessel. Initial proved undeveloped reserves were recognized for the Sanha Bomboco project at the end of 2002. The Block 0 concession extends through 2030. Initial reclassification from proved undeveloped to proved developed occurred during 2004 and is expected to continue during the current drilling program due to be completed in 2007.

AFRICA

In Area A, development of Banzala Field is continuing with the project approval of Banzala Lago and the installation of additional well and processing jackets. First production is anticipated in 2007, with a projected maximum total production rate of approximately 25,000 barrels of crude oil per day (8,000 net barrels).

The Greater Takula infrastructure project involves the renewal and debottlenecking of four offshore platforms and onshore treating facilities to increase production and water treatment capacity. This work is scheduled to be completed in 2006. The Takula Gas Processing Platform, the first of three Area A Gas Management (AAGM) projects, was approved in 2005 and is scheduled for completion in 2008. The two additional AAGM projects were approved in early 2006. The AAGM projects are expected to eliminate the remaining Area A associated gas flares by collecting and reinjecting excess natural gas into the reservoir.

The first phase of development of the Mafumeira Field, Mafumeira Norte, will target the northern area of the field and utilize a wellhead platform with 11 wells tied back to existing Block 0 infrastructure for fluids processing. FEED began in February 2005, and first production is scheduled for 2008.

Feasibility studies in Block 0 projects, including Nemba enhanced recovery and South N'Dola, are moving forward. Other small field discoveries are being evaluated for commerciality.

Exploration Drilling began on five exploration wells during 2005, and four were completed. One well resulted in the discovery of a new field, and three wells are on production. Drilling of a delineation well was completed in the first quarter 2006.

Block 14

Production Block 14 produced 56,000 barrels of crude oil per day (15,000 net barrels) in 2005, all from the Kuito Field.

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

The development plans for the Benguela, Belize, Lobito and Tomboco (BBLT) fields were approved in 2003. Phase 1 of the \$2.3 billion project is for the installation of an integrated drilling and production platform and the development of the Benguela and Belize fields. First oil was produced from Phase 1 at the Belize Field in January 2006. Benguela-Belize is the industry's first application of compliant piled tower structural technology outside the Gulf of Mexico. At 1,680 feet (512 m), the BBLT drilling and production platform is among the world's tallest man-made structures. Phase 2 of the project involves the installation of subsea production systems, pipelines and wells for the Lobito and Tomboco field developments. Phase 2 was under construction in early 2006, with first oil planned for later in the year. Estimated total maximum daily production for both phases will be approximately 200,000 barrels of crude oil in 2008. Proved undeveloped reserves were recognized for the Benguela and Belize fields in 1998 and for

Lobito and Tomboco in 2000. Certain proved developed reserves for Belize were recognized in 2005, and additional reserves for BBLT are expected to be reclassified to proved developed once project milestones are met and additional fields commence production. The concession for these fields will expire in 2027.

The Tombua and Landana fields were discovered in 2001 and 1997, respectively, and appraisal drilling was performed from 1998 through 2002. The Tombua-Landana development is targeted as the next major capital project for Block 14. The project entered FEED in 2005. Estimated capital expenditures for the development exceed \$2 billion, and maximum total daily production is expected to be approximately 100,000 barrels of crude oil. Proved undeveloped reserves for Tombua and Landana were booked in 2001 and 2002, respectively. The concession for these fields will expire in 2028.

Exploration Three successful appraisal wells were drilled in Block 14 in 2005. One well delineated the discovery at Negage where development options are being studied. Additional wells at Kuito and Landana North delineated new reservoir targets within existing fields.

Block 2 and FST Area

Production Net production from these two areas in 2005 totaled 5,000 barrels of crude oil per day. Sonangol, Angola's national oil company, is scheduled to become operator of Block 2 during 2006 in connection with the expiration of some of the development areas.

Angola LNG The Angola LNG project is an integrated natural gas utilization effort. In addition to commercializing Angola's natural gas resources, this project will continue to facilitate offshore crude oil development by reducing flaring of the natural gas associated with crude oil production and is expected to provide a long-term market for this associated natural gas. Chevron and Sonangol are co-leading the project, which provides the company with an opportunity to grow its international natural gas business and operate a world-class LNG project. Chevron's interest is 36.4 percent. In April 2005, participants in the Angola LNG project awarded FEED contracts for a 5 million-metric-ton-per-year onshore LNG plant in northern Angola. Construction is expected to begin in 2007. Proved natural gas reserves associated with this project have not yet been recognized.

DEMOCRATIC REPUBLIC OF THE CONGO

Chevron has a 17.7 percent nonoperated working interest in a 365-square-mile (945-sq-km) production-sharing contract (PSC) off the coast of the Democratic Republic of the Congo. This interest was part of the Unocal acquisition.

Production Total production for the five months after the Unocal acquisition for the seven acquired fields averaged 14,000 barrels of crude oil per day (2,000 net barrels).

AFRICA

REPUBLIC OF THE CONGO

Chevron has a 31.5 percent nonoperated interest within the Haute Mer area (Nkossa, Nsoko and Moho-Bilondo exploitation permits) and a 29.3 percent nonoperated interest within the Marine VII area (Kitina and Sounda exploitation permits).

Production Average total production from operations in the Republic of the Congo was 58,000 barrels of liquids per day (11,000 net barrels) in 2005.

Development The Moho and Bilondo satellite-field development progressed in 2005 with project approval. First production is expected in 2008. Crude oil produced by subsea well clusters will flow into a floating processing unit. Proved undeveloped reserves were initially recognized in 2001. Proved developed reserves are expected to be recognized near the time of first production. The Moho-Bilondo concession will expire in 2030.

SOUTHERN AFRICA

The company holds a 31.3 percent interest in and operates the 14K/A-IMI Unit, a concession that straddles the border and is shared equally between Angola and the Republic of the Congo.

Exploration The Lianzi-2 appraisal well, located in the joint development area shared between the Republic of the Congo and Angola, was drilled during 2005 in the 14K/A-IMI Unit. Field development studies were under way in early 2006.

CHAD/CAMEROON

The Chad/Cameroon project is developing crude oil fields in southern Chad and transporting the crude oil more than 665 miles (1,070 km) by underground pipeline to the coast of Cameroon for export to world markets. Chevron has a 25 percent nonoperated interest in the concession, which expires in 2030, and a 21 percent interest in the pipeline. Over its 30-year life, the total project is expected to produce approximately 1 billion barrels of crude oil from all of the Chad fields at a total capital cost of approximately \$6 billion. Proved undeveloped reserves were recorded in 2000, and most have been reclassified to proved developed. New wells, facility expansions and pressure support projects are expected to enable the transfer of additional reserves to proved developed over the next three to four years. Total production in 2005 was approximately 170,000 barrels of crude oil per day (38,000 net barrels).

The pre-FEED work for the first development project outside the original three fields was completed in 2004, and construction and drilling began in the first half 2005. The satellite project is expected to develop approximately 80 million barrels in the Nya and Moundouli fields. The total project cost is estimated at \$325 million. First crude oil was achieved in 2005 from the Nya Field, and the Moundouli Field is anticipated to come online in the second quarter 2006. The production from the two satellite project fields for 2006 is expected to average 25,000 barrels per day (6,000 net barrels).

Ratification of the exploration permit extension, covering the Doba, Doseo and Lake Chad areas, was approved by the government in January 2005, and the company initiated a new exploration program in the Doba and Doseo areas. Evaluation of two new discoveries (Maikeri and Timbre) in the Doba area continued in early 2006.

**LIBYA**

In early 2005, the company was awarded onshore Area 177 in Libya's first exploration license round under the terms of the Exploration and Production Sharing Agreement IV. The company is operator of the block with 100 percent equity. A work program has commenced in the area, starting with acquisition of airborne gravity/magnetic data, environmental and archaeological baseline assessments, and planning and contracting for the first seismic acquisition that is scheduled to begin in 2006.

EQUATORIAL GUINEA

Chevron entered into a PSC in 2000 with Equatorial Guinea for Block L, located off the coast of the island of Bioko. The company is the operator with a 22.5 percent interest. The first exploration well, completed in 2003, was not commercial. A partner joined the venture in 2005 in return for partially funding an additional exploratory well to be drilled in 2006.

AFRICA

NIGERIA

Chevron's principal subsidiary in Nigeria, Chevron Nigeria Limited (CNL), operates and holds a 40 percent interest in 14 concessions that include approximately 2.6 million acres (10,693 sq km), predominantly in the onshore and near-offshore regions of the Niger Delta. CNL operates under a joint-venture arrangement with the Nigerian National Petroleum Corporation (NNPC), which owns the remaining 60 percent interest.

Production In 2005, total daily production from 32 fields averaged 362,000 barrels of crude oil (122,000 net barrels), 171 million cubic feet of natural gas (68 million net cubic feet) and 7,000 barrels of LPG (3,000 net barrels).

Onshore operations that had been producing 140,000 barrels of crude oil per day (45,000 net barrels) in the Niger Delta, including the Olero Creek development, were suspended in March 2003 as a result of civil unrest. Abiteye Field, closest to the Escravos terminal, was returned to production in 2004. Repairs to the Makaraba Flow Station were completed in mid-2005, allowing for the resumption of production of 18,000 barrels per day (6,000 net barrels) from the Abiteye, Makaraba and Utonana fields and the Eastern Region. Further restoration of select Dibi wells and flowlines in late 2005 contributed an additional 20,000 barrels per day (6,500 net barrels) from the Dibi Field. These and other activities as of year-end 2005 resulted in approximately 40,000 barrels (13,000 net barrels) of the 140,000 barrels per day (45,000 net barrels) being returned to production. Restoration activities in the remaining fields were scheduled to continue at least through 2006.

Development**South Offshore Water Injection Project (SOWIP)**

Chevron holds a 40 percent interest in SOWIP, an enhanced recovery project located in the south offshore area of Oil Mining License (OML) 90. The objective of SOWIP is to enhance production by providing water injection, natural gas lift, and production debottlenecking in the South Offshore Asset Area (Okan and Delta fields). Potentially recoverable volumes for the project are approximately 150 million barrels of incremental crude oil. The SOWIP water injection and jacket modules were successfully transported to Nigeria. Offshore installation activities commenced in March 2006. Incremental proved reserves were recognized for SOWIP in 2005. The project has an expected 25-year life.

Deep Water

Chevron has the largest acreage position in deepwater offshore Nigeria, with interests in 10 deepwater blocks encompassing approximately 4.4 million acres (17,989 sq km): Oil Prospecting License (OPL) 213 (100 percent and operator), OPL 214 (30 percent and nonoperator), OML 127 (32 percent and operator), OML 128 and 129 (46 percent and nonoperator), OPL 247 (40 percent and operator), OPL 249 (95 percent and operator), OPL 222 (30 percent and nonoperator) and OPL 318 (30 percent and nonoperator). Chevron also operates Block 1 in the Nigeria – São Tomé e Príncipe Joint Development Zone (JDZ) with a 51 percent interest.

**Development**

Aparo Project Chevron signed a joint study agreement with the operator of OPL 212 in 2004 to conduct technical studies in pursuit of a unitized joint development of the Aparo/Bonga SW discovery, which straddles OPL 212, OPL 213 and OPL 249. Unitization discussions continued in 2005, and a pre-unit agreement was expected to be signed in the second quarter 2006. The geologic structure lies in approximately 4,300 feet (1,300 m) of water, 70 miles (113 km) off the coast of the western Niger Delta. The field is likely to be developed using an FPSO and subsea wells. Pressure maintenance will be provided by peripheral water injection. FEED and basic engineering are expected to begin in the second quarter 2006. Chevron's initial interest in the unit is anticipated to be 19.7 percent. Proved undeveloped reserves are expected to be booked in 2006, and production startup is estimated to occur in late 2010.

Agbami Project This development lies in 4,800 feet (1,463 m) of water, 70 miles (113 km) off the coast in the central Niger Delta. The geologic structure spans an area of 45,000 acres (182 sq km) across OML 127 and OML 128. Five development wells were drilled in 2005, and development drilling is scheduled to continue through 2009. The project is estimated to contain 900 million oil-equivalent barrels that are potentially recoverable.

AFRICA

In 2004, approval was granted to move into the development phase of the project. Chevron's share of the capital investment is estimated at \$3.4 billion. In early 2005, the Agbami development had achieved the following major milestones: conversion of OPL 216 and OPL 217 to OML 127 and OML 128; approval of the field development plan; award of the contract for the FPSO; execution of the unit agreement; award of the contracts for subsea equipment, subsea installation and offloading; and approval of initial project funding by the partners.

Proved undeveloped reserves were recognized for this project in 2002. Initial production for Agbami is estimated for 2008, before which time a portion of the reserves would be reclassified to proved developed. The expected field life is approximately 20 years. Maximum total production capacity is designed for 250,000 barrels of crude oil per day and is expected to be reached within six to 12 months following startup. Chevron's share of interest under the unit agreement is approximately 68.2 percent.

Usan Project This development is located in OPL 222 and lies in 2,461 feet (750 m) of water, 62 miles (100 km) off the coast in the eastern Niger Delta. Chevron holds a 30 percent nonoperated interest in this PSC. The appraisal program for the greater Usan area continued in 2005, with successful drilling of the seventh and eighth wells, leading to the discovery of additional crude oil reservoirs. Usan development entered its basic engineering phase in mid-2005, and prequalification advertisements for the engineering, procurement, construction and installation contracts were published in October 2005. The Usan Field development plan was approved in 2005, and in early 2006, regulatory approval of the OML conversion for the Usan development was in the process of being finalized. Once approved, the end date of the concession will be determined. Proved undeveloped reserves were initially recognized for the project in 2004. Production startup is estimated for late 2010, before which time certain reserves would start to be reclassified to proved developed.

Nsiko Project This Chevron-operated discovery is located in OPL 249 and lies in approximately 5,800 feet (1,750 m) of water, 90 miles (145 km) off the coast of the western Niger Delta. The field was discovered in 2003, and two successful appraisal wells were drilled in 2004. Subsurface evaluations and field development planning continued through 2005. FEED and design/basic engineering are expected to commence in late 2006. Chevron has a 95 percent interest in the project.

Nnwa Field The Nnwa Field, discovered in OPL 218 in 1999, extends into adjacent blocks OPL 219 (also called the Doro Field) and OPL 246. An additional discovery in OPL 218 is the Bilah natural gas condensate field. While both fields are technically viable, commerciality is dependent upon resolution of the Nigerian Deepwater Gas fiscal regime, collaboration agreements with adjacent blocks as a result of the straddle Nnwa/Doro structure and viability of standalone liquid recovery schemes. Total

potentially recoverable natural gas volumes from Nnwa are estimated at 5 trillion to 7 trillion cubic feet across these blocks. During 2005, OPL 218 was converted to OML 129.

Exploration In mid-2002, Chevron acquired a 30 percent nonoperated interest in two blocks – OPL 214 and OPL 318. First drilling on both blocks occurred in 2005 with the Uge-1 well in OPL 214 (untested crude oil discovery) and the Onigun-1 well on OPL 318 (results were under evaluation in early 2006).

Drilling in 2005 also included the Efere-1 prospect in OPL 222 (under evaluation in early 2006), the Usan 7 and 8 appraisal wells (which enabled reserve additions for the Usan Field Project), and the Obokun-4 appraisal well, which further delineated the near-offshore Obokun Field originally discovered in 1979. Other commercial activity included Chevron's farm-out of partial interests in OPL 249 and OPL 318.

Natural Gas Commercialization Projects

Olokola LNG Project In April 2005, Chevron entered into a collaboration memorandum of understanding with its partners to evaluate the viability of an LNG plant at the Olokola site located in a free trade zone between Lagos and Escravos. The proposed plant would have a phased development of four processing trains (5.5 million metric tons per year each). Chevron's anticipated interest is 18.5 percent. FEED commenced in the first quarter 2006, and the project is expected to start up in 2010 or 2011. CNL, through development of its natural gas resources, is expected to supply approximately 1.8 billion cubic feet per day of natural gas to two trains of the Olokola LNG project. CNL is in the process of completing the certification of the reserves required to satisfy the natural gas supply requirements for this project. No proved reserves had been recognized as of early 2006.

Escravos Gas Plant (EGP) Phase 3 Onshore and offshore EPC bids were awarded in early 2005 for the Phase 3 expansion of the EGP. Early site work began in late 2005, and construction commenced in February 2006. Startup is expected in 2008 and includes a second natural gas plant with 395 million cubic feet of capacity. This second plant would potentially increase capacity to 680 million cubic feet of natural gas per day and increase LPG and condensate exports to 43,000 barrels per day. Proved undeveloped reserves associated with EGP Phase 3 were recognized in 2002. These reserves are expected to be reclassified to proved developed as various stages of the EGP and related projects are completed. The anticipated life of the project is 25 years. Chevron holds a 40 percent operated interest in this project.

Escravos GTL Chevron Nigeria Limited and the Nigerian National Petroleum Corporation are developing a 34,000-barrel-per-day GTL facility at Escravos that will process natural gas supplied from the output of the Phase 3 expansion of the EGP. The \$1.7 billion EPC contract was awarded in April 2005. Plant construction began in 2005 and included major equipment fabrication and site preparation.

AFRICA

West African Gas Pipeline This regional project is for the supply of Nigerian natural gas to customers in Ghana, Benin and Togo for industrial applications and power generation. Detailed engineering and the award of several major construction contracts occurred in early 2005. In the third quarter 2005, the company commenced installation of a 350-mile (570-km) main offshore segment of the pipeline that will connect to an existing onshore pipeline in Nigeria. As of March 2006, more than half the main offshore segment had been installed. Startup is expected in late 2006, and the pipeline will transport natural gas 421 miles (678 km) to customers. Chevron is the managing sponsor in West African Pipeline Company Limited, which will construct, own and operate the pipeline. In 2005, Togo (Societe Togolaise de Gaz) and Benin (Societe Bengaz) joined the consortium. Chevron holds an approximate 38 percent interest in the project.

NIGERIA - SÃO TOMÉ E PRÍNCIPE JOINT DEVELOPMENT ZONE

In 2004, the company was awarded JDZ Block 1 by the Nigeria – São Tomé e Príncipe Joint Development Authority. Chevron, with a 51 percent interest, is operator. A PSC was signed in February 2005, and a bonus payment to conclude the award was made in April. The first exploration well began drilling in January 2006 and was completed in March.

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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 2005, the total daily production from Chevron's interests in Australia was 198,000 barrels of crude oil and condensate (37,000 net barrels), 28,000 barrels of LPG (5,000 net barrels), and 2.2 billion cubic feet of natural gas (362 million net cubic feet).

North West Shelf (NWS) Chevron has a 16.7 percent nonoperated equity interest in the NWS venture in Western Australia. The NWS comprises the North Rankin, Goodwyn, Perseus and Echo Yodel producing natural gas fields and the Wanaea, Cossack, Lambert and Hermes producing crude oil fields. Total daily production from the project during 2005 averaged 101,000 barrels of condensate (17,000 net barrels), 2.2 billion cubic feet of natural gas (360 million net cubic feet), 86,000 barrels of crude oil (14,000 net barrels) and 28,000 barrels of LPG (5,000 net barrels).

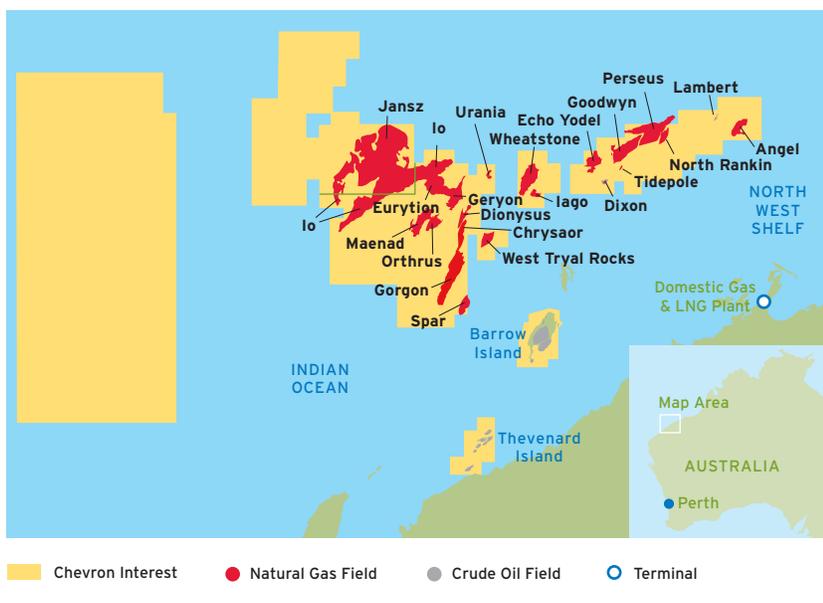
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Approximately 74 percent of the natural gas produced in 2005 was sold, primarily under long-term contracts, in the form of LNG to major utilities in Japan and South Korea. With a full year of production from LNG Train 4 (expansion project completed in 2004) and a strong market demand, a record 202 LNG cargoes were sold in 2005. Approximately 562 million cubic feet of natural gas per day (94 million net cubic feet) were sold into the Western Australia natural gas market.

The addition of a fifth LNG train was approved by all joint venture participants in June 2005. This project would increase the plant's LNG capacity to approximately 16 million metric tons per year (an increase of more than 4 million). Commissioning is expected in 2008.

In December 2005, the NWS joint venture participants approved the \$1.2 billion development of the Angel natural gas field, which has potentially recoverable volumes of approximately 1.8 trillion cubic feet (300 billion net cubic feet). The field will provide natural gas supply for the NWS LNG Train 5 expansion.

NWS proved reserves are recognized according to existing sales agreements. Startup of Train V will accelerate reclassification of proved undeveloped reserves to proved developed. The end of the concession for the NWS project is 2034.



Barrow Island and Thevenard Island Chevron operates the crude oil producing facilities on Barrow and Thevenard islands, from which total crude oil production was 11,000 barrels per day (6,000 net barrels) in 2005. The company holds a 57.1 percent equity interest in the operations for Barrow and 51.4 percent at 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. Chevron has a 50 percent ownership interest across most of the area. The 12 discovered natural gas fields straddle 17 lease blocks in the Greater Gorgon Area. Chevron is the operator of the Gorgon development and signed a Framework Agreement with its two joint venture participants in April 2005 that will enable the combined development of Gorgon and other nearby natural gas fields as one world-scale project.

The Gorgon project approved release of both the upstream and downstream FEED and EPC contracts in June 2005 for a two-train (10 million metric tons per year) LNG facility and potential domestic natural gas plant on Barrow Island, targeting initial production by 2010.

In the fourth quarter 2005, the company announced the signing of preliminary Heads of Agreement to supply 4.2 million tons per year from the Gorgon project to three Japanese companies. Negotiations were under way in the first quarter 2006 to finalize the agreements. Sales of LNG will range from 1.2 million to 1.5 million metric tons per year over 25 years, commencing in 2010 and 2011. Proved reserves have not been recognized for the Gorgon project and are contingent upon securing the necessary LNG sales agreements and other key project milestones.

Exploration During 2005, a 3-D seismic survey was successfully acquired to follow up on the 100 percent-owned Wheatstone-1 natural gas discovery made in 2004. Two appraisal wells, Brecknock-2 and Calliance-1, were drilled and completed during the year on the nonoperated Brecknock and Calliance natural gas discoveries in the Browse Basin located offshore northwest Australia. In addition, 3-D seismic was acquired over the northern part of the Torosa natural gas field and over an exploration prospect to the southeast in WA-275-P.

A 2-D seismic survey was acquired over the WA-268-P block to follow up on natural gas prospects to the east of the world-class Jansz natural gas discovery in the Greater Gorgon Area. In addition, a 93-mile (150-km) 2-D seismic program was acquired in shallow waters adjacent to Chevron's Thevenard Island crude oil operations to advance two prospects, Baniyas and Hastings, to drillable status.

The company was awarded exploration rights in 2005 to four deepwater blocks: WA-364-P, 365-P, 366-P and 367-P in the northern Carnarvon Basin offshore Western Australia. Chevron holds a 50 percent interest and operates these blocks. The total area is approximately 6 million acres (24,000 sq km) in water depths between 2,950 feet (900 m) and 8,200 feet (2,500 m). In late 2005, a 3,400-mile (5,500-km) 2-D seismic survey was acquired over the area. In early 2006, Chevron was also awarded exploration rights to block WA05-16 in the Carnarvon Basin. Chevron holds a 50 percent operated interest in this block.

As part of the Unocal acquisition, exploration blocks WA-274-P (Chevron – 50 percent interest) and WA-281-P (Chevron – 24.8 percent interest) in the Browse Basin enhanced the company's acreage position in the area. The two blocks have well commitments and are expected to be drilled in the next three years. These blocks, with Chevron interests ranging from 16.7 percent to 20 percent, are adjacent to the Torosa, Brecknock and Calliance natural gas discoveries, and are immediately adjacent to a natural gas condensate field.

Interests in three additional blocks offshore southern Australia were also added through the Unocal acquisition. Chevron now holds a 50 percent nonoperated working interest in exploration block T/36P and a 37.5 percent nonoperated working interest in exploration blocks T/32P and T/35P located in the Sorrel Basin off the coast of southeastern Australia. The company is working with partners on a detailed technical evaluation of the area.

AZERBAIJAN

Chevron holds a 10.3 percent working interest in the Azerbaijan International Operating Company (AIOC) that is producing and developing offshore crude oil reserves in the Caspian Sea from the Azeri-Chirag-Gunashli (ACG) project. In addition, Chevron has an 8.9 percent equity interest in the BTC pipeline which will transport AIOC production from Baku, Azerbaijan, through Georgia to deepwater port facilities in Ceyhan, Turkey. These interests were part of the Unocal acquisition.

Production In the five months of 2005 following the acquisition of Unocal, AIOC's total daily crude oil production averaged 343,000 barrels (31,000 net barrels). AIOC utilizes two pipelines to export its crude oil production: a northern pipeline route, which connects in Russia to an existing pipeline system, and a western pipeline route from Baku, Azerbaijan, through Georgia. Both pipelines connect with ports on the Black Sea. ACG also exports production via rail to Georgia.

Development Progress continued on the development of the ACG crude oil project. Phase I began first crude oil production in February 2005 and averaged 125,000 total barrels per day (12,000 net barrels) at year-end 2005. Phase II of the project, which is anticipated to be larger than Phase I, began producing from the first of two additional platforms at year-end 2005, at which time a portion of proved undeveloped reserves were reclassified to proved developed. Production from the second platform is expected in late 2006. Phase III development of the project was approved in 2004. This phase, which is the deepwater portion of the project, is the final phase of development, with production startup expected in 2008. Total crude oil production from the project is expected to ramp up to 686,000 barrels per day (62,000 net barrels) in 2007 and to more than 1 million barrels per day (55,000 net barrels) by 2009. Proved developed reserves are associated with the existing wells at the Chirag, Central Azeri and West Azeri platforms. The East Azeri and deepwater Gunashli platforms are expected to be installed in 2006

ASIA-PACIFIC

and 2007, respectively. Proved undeveloped reserves are scheduled to be reclassified to proved developed reserves as new wells are drilled and completed. The AIOC operations are conducted under a 30-year PSC that expires at the end of 2024.

The 1,094-mile (1,762-km) BTC pipeline is planned to have a crude oil capacity of 1 million barrels per day and is expected to accommodate the majority of the AIOC production. The total cost of the pipeline is estimated at \$4.5 billion. Linefill of BTC started in May 2005, and first tanker loading at the Ceyhan marine terminal is expected to occur in the spring of 2006.

KAZAKHSTAN

Chevron is the largest private producer in Kazakhstan, with total daily production in 2005 from the Tengizchevroil (TCO) and Karachaganak projects of 523,000 barrels of crude oil and natural gas liquids (173,000 net barrels) and 1.2 billion cubic feet of natural gas (358 million net cubic feet). Chevron also has a 15 percent interest in the Caspian Pipeline Consortium (CPC), which provides the critical export route for crude oil from both TCO and Karachaganak.

CPC

CPC operates a 935-mile (1,505-km) crude oil export pipeline from the Tengiz Field in Kazakhstan to the Black Sea port of Novorossiysk in Russia. CPC has 11 transportation agreements in place and transported an average of 650,000 barrels of crude oil per day in 2005, including 520,000 barrels per day from the Caspian region and 130,000 barrels per day from Russia.

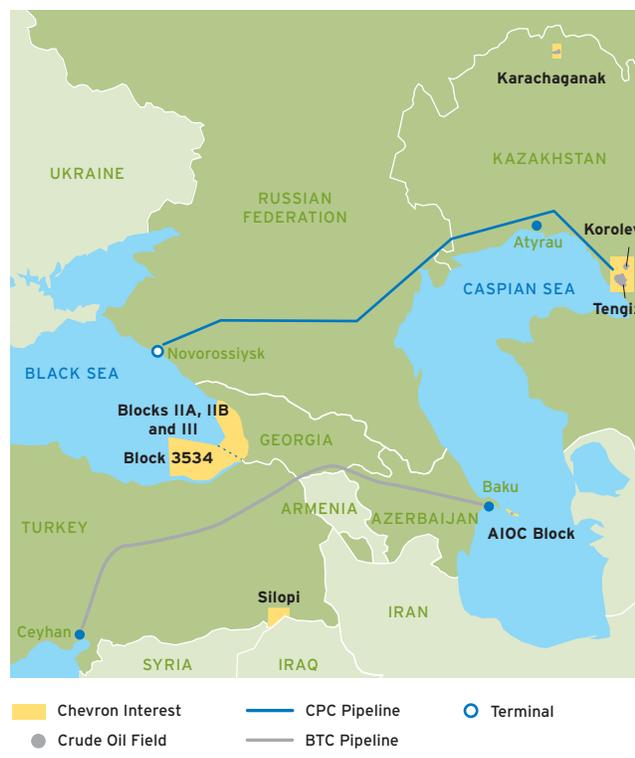
Karachaganak

Karachaganak is a world-class natural gas and crude oil/condensate field that is located in northwest Kazakhstan. Access for Karachaganak production to CPC allows sales of approximately 150,000 barrels per day of processed liquids (28,000 net barrels) at prices available in world markets. Chevron holds a 20 percent nonoperated interest in the project.

Production During 2005, total daily production averaged approximately 200,000 barrels of liquids (37,000 net barrels) and approximately 756 million cubic feet of natural gas (142 million net cubic feet). Approximately 141,000 barrels of liquids (26,000 net barrels) were transported via CPC and sold at world-market prices; the remaining liquids were sold in the Russian market.

Development The Karachaganak Field is being developed in phases. The next phase of development, Phase 3, was under evaluation as of early 2006. This project presents an opportunity to produce larger volumes of natural gas and further extend the duration of the liquids plateau rate of production. The project also includes the opportunity to add additional liquids stabilization capacity so that partially stabilized liquids currently sold in the Russian market could be routed instead to international markets. Phase 3 would be linked to the construction of a natural gas processing facility by a third party to enable export of

processed gas. Construction of this facility is outside the terms of the Karachaganak production-sharing agreement and is dependent upon achieving an acceptable natural gas sales price to support the expansion. Proved developed reserves associated with Phase 2 were added in 2002 through 2005. Timing for the recognition of Phase 3 reserves and an increase in production are uncertain and depend on achieving a natural gas sales agreement. The Karachaganak operations are conducted under a 40-year concession agreement that expires in 2038.

**TCO**

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

Production Average 2005 total daily production was 296,000 barrels of crude oil (125,000 net barrels), 479 million cubic feet of natural gas (216 million net cubic feet) and 26,000 barrels of natural gas liquids (11,000 net barrels).

Development TCO is undertaking a significant expansion composed of two integrated projects referred to as Second Generation Plant (SGP) and Sour Gas Injection (SGI). At a total cost of approximately \$5.5 billion, these projects are designed to increase TCO's total crude oil production capacity by the third quarter 2007 from the current 300,000 barrels per day to between 460,000 and 550,000 barrels. In addition, natural gas production capacity is expected to increase from the current 470,000 million cubic feet per day to between 645,000 million

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and 745,000 million cubic feet per day. Natural gas liquids production capacity is expected to increase from the current 26,000 barrels per day to between 39,000 and 46,000 barrels per day. Approximately half of the total natural gas produced is expected to be reinjected into the reservoir. The actual production level is dependent partially on the effects of the SGI, which are discussed below.

SGP involves the construction of a large processing train for treating crude oil and the associated sour gas, which is high in sulfur content. The SGP design is based on the same conventional technology employed in the existing processing trains. In addition to new processing capacity, SGP involves drilling and/or completion of 55 production wells in the Tengiz and Korolev reservoirs to generate the volumes for the new processing train. Proved undeveloped reserves associated with SGP were recognized in 2001. Some of these reserves were reclassified to proved developed in 2005 based upon completion of specified project milestones. 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 rich, 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 is expected to reduce the requirement for sour gas processing capacity at SGP, thereby increasing liquid production capacity and lowering the quantities of sulfur and natural gas that would otherwise be generated. Second, over time it is expected that SGI will increase production efficiency and increase recoverable volumes by maintaining higher reservoir pressure from the natural gas reinjection. Between 2007 and 2008, the company anticipates recognizing additional proved reserves associated with the SGI expansion. The primary SGI risks include uncertainties about compressor performance associated with injecting high-pressure sour gas and subsurface response to injection.

Essentially all of TCO's production is exported through the CPC pipeline that runs from Tengiz in Kazakhstan to tanker loading facilities at Novorossiysk on the Russian coast of the Black Sea. CPC is working on obtaining shareholder approval for an expansion to fully accommodate increased TCO volumes by 2009. During 2005, TCO sanctioned the Crude Export project and awarded commercial contracts that will provide additional export routes utilizing rail transportation to the Odessa, Ukraine, marine terminal and to marine terminals in Aktau, Kazakhstan. In conjunction with existing CPC capacity, the Crude Export project is expected to provide TCO with sufficient capacity to export all TCO production, including volumes produced by SGI/SGP, prior to expansion of the CPC pipeline.

RUSSIA

In 2005, OAO Gazprom included Chevron on a list of companies that could continue further commercial and technical discussions concerning the development and

related commercial activities of the Shtokmanovskoye Field. Discussions were under way in early 2006, but the timing of Gazprom's selection of the company or companies that will participate in the field development was uncertain. Shtokmanovskoye is a very large natural gas field offshore Russia in the Barents Sea. OAO Gazprom is Russia's largest natural gas producer.

TURKEY AND GEORGIA

Chevron is operator of, and holds a 25 percent interest in, the 859-square-mile (2,226-sq-km) Silopi Block in south-east Turkey. This acreage is on trend with production in Iraq's Zagros Field.

The company also has a 25 percent nonoperated interest in deepwater Block 3534 in the Black Sea. This interest was part of the Unocal acquisition. The Hopa-1 exploration well was drilled within the acreage in 2005. Also as part of the Unocal acquisition, Chevron holds 10 percent interests in the adjacent Blocks IIA, IIB and III in Georgia.

BANGLADESH

Through the Unocal acquisition, Chevron holds interests in three PSCs in Bangladesh, encompassing more than 3.5 million acres (14,000 sq km). Two PSCs cover Blocks 12 (Bibiyan Development), 13 and 14 (Jalalabad Field and Moulavi Bazar Field), and the third PSC covers Block 7. Chevron is the operator of all four blocks and has a 98 percent working interest in Blocks 12, 13 and 14 and maintains a 43 percent working interest in Block 7. In early 2006, Chevron supplied 20 percent of Bangladesh's natural gas market.



Production In the five months of 2005 following the acquisition of Unocal, total daily production averaged 274 million cubic feet of natural gas (141 million net cubic feet). Total daily production from the Jalalabad Field averaged

ASIA-PACIFIC

more than 167 million cubic feet (66 million net cubic feet). First production from the Moulavi Bazar Field started in March 2005, with total average daily production more than 107 million cubic feet (78 million net cubic feet). The PSC containing Moulavi Bazar expires in 2028.

Development In 2004, a third natural gas purchase and sales agreement was signed to develop and produce natural gas from the Bibiyana Field located in Block 12. Under the agreement, total production of 200 million cubic feet of natural gas per day (175 million net cubic feet) is expected to begin late in the fourth quarter 2006 and to increase to 500 million cubic feet per day (270 million net cubic feet) by late 2009. Total development cost for the project, including 12 development wells, is estimated in excess of \$200 million. Chevron plans to build a natural gas processing plant with a final capacity of 600 million cubic feet per day as field production ramps up. The development program also includes a natural gas pipeline to connect the Bibiyana Field to the national natural gas transmission grid and a condensate pipeline. Additional reserves are expected to be recognized in 2006. The Bibiyana PSC expires in 2034.

CAMBODIA

Chevron operates and holds a 55 percent interest in Block A, located offshore Cambodia in the Gulf of Thailand. The concession covers approximately 1.6 million acres (6,278 sq km).

Exploration Chevron processed more than 600,000 acres (2,428 sq km) of 3-D seismic data and drilled five exploration wells in its second exploration campaign that ended in early 2005, which resulted in four crude oil discoveries. As a result, Chevron and its partners obtained a two-year extension of the Cambodia exploration permit in 2005. As of early 2006, the company was evaluating the five wells and planning a third campaign expected to begin later in the year and complete in 2007.

MYANMAR

Chevron has a 28.3 percent nonoperated interest in a PSC that produces natural gas from the Yadana Field, offshore Myanmar in the Andaman Sea. The company also has a 28.3 percent ownership in a pipeline company that owns and operates a natural gas pipeline extending from the Yadana offshore facilities to the Myanmar-Thailand border for final delivery to power plants in Thailand. These interests were part of the Unocal acquisition.

Production Natural gas from the Yadana Field is primarily purchased by 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 domestic market. Total daily production during the five-month period in 2005 after the Unocal acquisition averaged 632 million cubic feet of natural gas (76 million net cubic feet).



Development One additional wellhead platform was installed in the Sein Field in the second quarter 2005, and two development wells were completed in December to accommodate first production that occurred in March 2006. Production from the Sein Field will be routed to the Yadana facilities for processing and commingled sales. Total expected daily production is 35 million cubic feet of natural gas (4 million net cubic feet).

THAILAND

Chevron 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 and is also consumed by the industrial and transportation sectors and the petrochemical industry. Chevron's natural gas production is used to produce approximately 34 percent of Thailand's total electricity demand. To meet growing demand for domestic natural gas in Thailand, Chevron continued discussions with PTT on the commercial arrangements required to extend existing natural gas sales agreements and expand contract quantities for two of its natural gas sales agreements after PTT completes its expected installation in 2006 of a third pipeline to shore.

Gulf of Thailand - North

Chevron operates Thailand Blocks B8/32, 9A and G4/43 in the Gulf of Thailand. The company holds a 51.7 percent interest in Blocks B8/32 and 9A and a 60 percent interest in Block G4/43.

Production Block B8/32 produces crude oil and natural gas from four fields: Benchamas, Maliwan, North Jarmjuree and Tantawan. Production from Block 9A was brought online in April 2005. Total average daily production in 2005 from both blocks was 55,000 barrels of crude oil (25,000 net barrels) and 230 million cubic feet of natural gas (105 million net cubic feet).

ASIA-PACIFIC

Development Five wellhead platforms were installed and 86 development wells were drilled in Block B8/32 in 2005. In addition, the company completed the development study for Block B8/32 Central Belt Area. First production from the Central Belt Area is anticipated in 2007.

Exploration In 2005, four delineation wells were drilled in Block B8/32, with three successfully proving up platform locations. Two appraisal wells were also drilled in Block G4/43 in the first quarter 2005 and resulted in the successful extension of the Similan and Lanta crude oil trends. Together with prior discoveries in G4/43, a production area application covering the discovery was submitted in the first quarter 2006. First crude oil production from Block G4/43 is anticipated in early 2007. In addition, 3-D seismic data acquisition and processing relating to other prospects of the Block G4/43 were completed in August 2005.

Gulf of Thailand - South

Chevron also conducts oil and gas operations in the Pattani Field located in the Gulf of Thailand. Chevron's working interest in the operated Blocks 10, 11, 12 and 13 varies from 70 percent to 80 percent, 35 percent in Block 12/27, and a 16 percent nonoperated interest in Blocks 14A, 15A and 16A, also known as the Arthit Field. These interests were part of the Unocal acquisition.

Production Total daily production for the five-month period for the acquired Unocal operations averaged 1.3 billion cubic feet of natural gas (726 million net cubic feet) and 77,000 barrels of crude oil and condensate (43,000 net barrels).

Development Three platforms were installed in the Pailin and Kaphong areas, and 90 development wells were drilled post-acquisition. Debottlenecking of several central processing platforms was nearly complete in early 2006 and was expected to add more than 150 million cubic feet per day of processing capacity. The company anticipates this increased capacity will be used when PTT completes the third natural gas pipeline to shore in 2006. The Thai Oil Phase 2 development of the offshore crude oil project in the Pattani Field started in May 2005, ramping up average crude oil production to more than 36,000 barrels per day (22,000 net barrels) in December 2005. Chevron has the right to operate in this concession until 2022. The company is also evaluating the addition of a second natural gas central processing facility in Platong to support a Heads of Agreement signed in 2003 for additional natural gas sales and to meet future natural gas demands in Thailand. In addition, the Arthit Phase 1 development project started in the fourth quarter 2005 and included installation of two wellhead platforms and 11 development wells. First production is planned for 2007.

Exploration Four delineation wells were drilled in Block 10 and one in Block 10A in support of the company's Thai Oil Phase 2 development. A successful exploration well was drilled in Arthit Block 14. In addition, 1,051

square miles (2,722 sq km) of seismic surveys were acquired. These surveys will allow for the continued exploration and further development of Block 11 and Block 12/27 and the commercialization of additional resources.

Chevron also holds a 33.3 percent nonoperated interest in the Thailand-Cambodia overlapping claims area – Blocks 7, 8 and 9 – that is adjacent to Block B8/32, as well as operated interests in the overlapping claims area Blocks 5, 6, 10, 11, 12, 13 and 14, in which the company's interests vary from 40 percent to 80 percent. These areas were inactive in 2005, pending resolution of border issues between Thailand and Cambodia.

VIETNAM

Chevron is operator in two PSCs in offshore southwest Vietnam in the northern part of the Malay Basin. Chevron has a 42.4 percent working interest in one PSC, which includes Block B and Block 48/95. Chevron also holds a 43.4 percent working interest in a PSC for Block 52/97. These interests were part of the Unocal acquisition. In late 2005, Chevron was awarded a 50 percent operated working interest in Block 122 located in offshore eastern Vietnam.

Development An outline development plan for Blocks B, 48/95 and 52/97 was approved by PetroVietnam (PV) in July 2005, and the final field development plan is expected to be submitted to PV in July 2006. As of early 2006, Chevron had initiated discussions with PV concerning a natural gas pipeline and with Electricity Vietnam regarding construction of power plants in southern Vietnam. The discussions are expected to conclude with a Heads of Agreement to be signed later in 2006 for natural gas sales and natural gas transportation agreements.

CHINA

Chevron has nonoperated interests in three areas of China. In the South China Sea, the company has a 32.7 percent interest in production and exploration activity in two offshore blocks, 16/08 and 16/19. In Bohai Bay, the company has a 16.2 percent interest in the producing unitized field BZ 25-1 in Block 11/19 and a 24.5 percent interest in the producing field QHD 32-6. In the Ordos Basin, the company has interests varying between 50 percent and 64 percent in four onshore prospective coalbed methane and natural gas blocks – San Jiao Bei, Linxing, Shenfu and Baode – totaling about 1.5 million acres (6,220 sq km).

Production Total daily production from the company's interests in China averaged 99,000 barrels of crude oil per day (26,000 net barrels) in 2005.

Development The HZ 19-3/2/1 crude oil development project, located in Block 16/19, is a three-field project that leverages the existing infrastructure and operational organization of the Block 16/08 consortium-operated fields. Production from HZ 19-3 and HZ 19-2 commenced in late 2004. Additional development drilling was completed in HZ 19-3 in 2005 and commenced in HZ 19-2.

ASIA-PACIFIC

Drilling in HZ 19-1 was completed and production commenced in January 2006. Additional drilling at HZ 19-2 is planned for completion in the second quarter 2006.

The HZ 21-1 natural gas development project, located in Block 16/08, is a single-field project that also leverages existing infrastructure and operational organization of the consortium-operated fields in the block. This development is estimated to increase total daily production by 58 million cubic feet of natural gas (18 million net cubic feet) and 4,000 barrels of condensate (1,000 net barrels). First natural gas sales occurred in January 2006.



Exploration Eight coal bed methane core/test wells were drilled in 2005 in central China's Ordos Basin to delineate and rank the resource potential across three natural gas license blocks. A follow-up eight-well pilot program, employing a combination of vertical and horizontal wells, commenced drilling in October 2005, and pilot production is expected to begin in the third quarter 2006.

Elsewhere in the Ordos Basin, 91 miles (146 km) of seismic data were obtained and another 149 miles (240 km) of older seismic data reprocessed to identify deeper, coal-sourced, sandstone natural gas reservoirs. Certain interests were farmed-out in early 2006 in return for an exploration drilling program scheduled to begin in the second quarter 2006.

KUWAIT

Chevron has a Technical Service Agreement (TSA) with Kuwait Oil Company (KOC). This agreement, first established in 1994, was renewed again in early 2005. 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. The TSA provides Chevron with a presence in Kuwait to demonstrate the company's technology, employee abilities and overall commitment to the region.

Chevron, as the operator of one of three competing consortia for Project Kuwait, had ongoing dialogue in 2005 with the Kuwaiti government about development plans for Kuwait's northern fields. Further discussions are expected during 2006.

PARTITIONED NEUTRAL ZONE (PNZ)

Saudi Arabian Texaco Inc., a Chevron subsidiary, holds a 60-year concession with the Kingdom of Saudi Arabia, originally signed in 1949, to produce crude oil from the onshore PNZ. The concession agreement is scheduled to expire in February 2009. As of early 2006, the company was actively seeking an extension or renewal of the concession agreement with the Kingdom of Saudi Arabia. The governments of the Kingdom of Saudi Arabia and the State of Kuwait share equally in the PNZ mineral rights. By virtue of its concession, the company has the right to Saudi Arabia's 50 percent undivided interest in the hydrocarbon resource and pays a royalty and other taxes on volumes produced.

Production During 2005, total daily production from four producing fields averaged 280,000 barrels of crude oil (112,000 net barrels) and 43 million cubic feet of natural gas (22 million net cubic feet). Sixty-four wells were drilled during 2005, and the active well count at year-end 2005 increased to 890. Development drilling, well workovers and numerous facility-enhancement programs scheduled for 2006 through 2009 are expected to maintain production at similar levels.

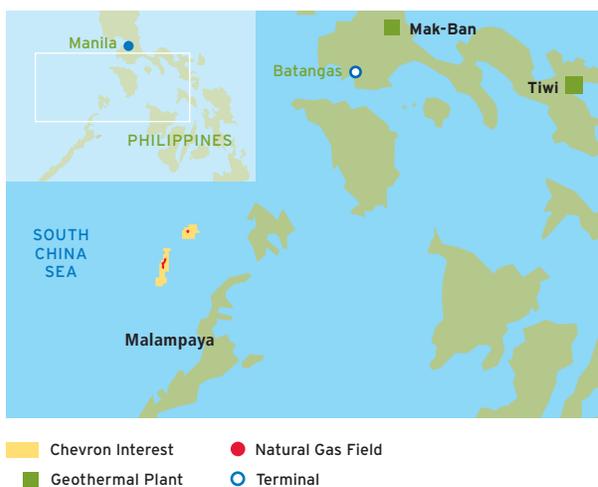


ASIA-PACIFIC

Development Construction of steamflood pilot facilities was completed in December 2005, and steam injection began in February 2006. This serves as a precursor to a second phase steamflood pilot project to determine the economic viability of thermal recovery projects. The second phase pilot project is in FEED. The project is expected to entail drilling 16 steam injection wells and 25 producing wells and installing water treating and steam generation facilities. The estimated project total cost is in excess of \$300 million. This is the first project of its type in the Middle East, and success of this enhanced oil recovery method could significantly increase the potentially recoverable volumes of the heavy oil in the PNZ reservoirs.

PHILIPPINES

Chevron holds a 45 percent nonoperated interest in the Malampaya natural gas field, located about 50 miles (80 km) offshore Palawan Island in water depths of approximately 2,800 feet (853 m). The natural gas development represents the largest single foreign investment in the Philippines and is viewed as a national flagship project by the Philippine government's Department of Energy. Total potentially recoverable natural gas is estimated at 2.6 trillion cubic feet. The Malampaya development includes an offshore platform and a 314-mile (505-km) pipeline from the platform to the Batangas onshore natural gas plant. A transmission line upgrade was completed in January 2005 and has enabled increased power generation from natural gas-fired power plants.



Production The company's total daily production from the Malampaya Field during 2005 averaged 315 million cubic feet of natural gas (163 million net cubic feet) and 15,000 barrels of condensate (8,000 net barrels).

Power Plant/Cogeneration Chevron Geothermal Philippines Holdings, Inc. (CGPHI) develops and produces steam resources for the National Power Corporation (NPC), a Philippine government-owned corporation. The combined installed generating capacity is 634 megawatts.

INDONESIA

In June 2004, CGPHI signed a Compromise Agreement, settling a contract dispute. As part of this agreement, CGPHI is operating the steamfields under a transition agreement with NPC. This transition agreement will be terminated upon completion by NPC of the rehabilitation of the Tiwi and Mak-Ban geothermal plants and the formation by CGPHI of a Philippine company. This is expected in the second half 2006. Under the new operating agreement, CGPHI will be granted the right to operate the steam fields until at least 2031, and will sell geothermal resources at negotiated prices to ensure base-load operation of the Tiwi and Mak-Ban geothermal plants.

INDONESIA

Chevron's operated interests in Indonesia are primarily managed by two wholly owned subsidiaries, PT. Chevron Pacific Indonesia (CPI) and Chevron Geothermal Indonesia (CGI). CPI operates four PSC areas, Rokan (100 percent), Siak (100 percent), MFK (90 percent) and Kisaran (50 percent). In addition, Chevron has a 25 percent interest in a nonoperated joint venture in South Natuna Sea Block B.

With the Unocal acquisition, Chevron gained interests in 11 offshore PSC areas, covering approximately 7.6 million acres (31,000 sq km). Eight PSC areas are located offshore East Kalimantan in the Kutei Basin on the western side of the Makassar Strait. They include operated interests in East Kalimantan (92.5 percent), Makassar Strait (90 percent), Rapak (80 percent), Ganal (80 percent), Donggala (35 percent), Popodi (24 percent) and Papalang (24 percent). Chevron also holds a 50 percent nonoperated interest in the Muara Bakau PSC. Three additional PSCs are located in the Tarakan Basin offshore Northeast Kalimantan. They include operated interests in East Ambalat (100 percent) and nonoperated interests in Bukat and Ambalat (both 33.8 percent).

CPI

Production CPI accounts for approximately 45 percent of Indonesia's total crude oil, with total 2005 daily production averaging 483,000 barrels of oil-equivalent (193,000 net barrels).

CPI continues to execute projects designed to optimize production from its existing reservoirs. During 2005, the majority of CPI's production came from fields under primary or secondary recovery within the CPI-operated Rokan Block PSC. The 20,000-acre (81-sq-km) Duri Field, under steamflood since 1985, is the largest steamflood in the world. In 2005, 75 percent of the field was under steam injection, with total production averaging 199,000 barrels of crude oil per day (111,000 net barrels). In addition to drilling 91 producing and injection wells and focusing on steam reliability improvement in 2005, development also progressed on the Duri North region, which has an estimated 1 billion barrels of crude oil in place. Approximately 200 million barrels of crude oil are estimated to be potentially recoverable.

Production from the Sumatra light-oil area, consisting of more than 80 active fields, averaged 284,000 barrels of oil-equivalent per day (82,000 net barrels) in 2005. During 2005, there were 102 wells drilled in this area.

INDONESIA



Development CPI is expanding the waterflood recovery programs to sustain production of the Sumatra light-oil fields. The programs included the completion of the Balam South Telisa project in December 2005, advancement of the waterflood optimization in Minas and the startup of the Pungut waterflood project in 2006. Tilan and Kelok fields, located in the northern part of the Rokan Block, continue to show positive results from deeper discoveries in the Pematang reservoir and were fully developed in 2005. Efforts are ongoing to further evaluate the Pematang potential across the basin as well as to develop new opportunities in the more mature fields.

Exploration Exploration programs in Rokan and Siak Blocks continue to focus on deeper objectives as follow-up to recent successes. In 2005, one of the three exploration drilling wells was a discovery. One well is under evaluation. The 2006 through 2008 exploration program will continue testing similar deeper targets.

The Kisanan Block is in the exploration stage and located relatively close to the existing CPI infrastructure. CPI is the operator of the block with a 50 percent working interest. The first well commitment is scheduled to be drilled in the second quarter 2006.

Kutei Basin, East Kalimantan

Production For the five months following the Unocal acquisition in 2005, total daily production averaged 49,000 barrels of liquids (31,000 net barrels) and 221 million cubic feet of natural gas (147 million net cubic feet).

Chevron operates 11 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, and the natural gas is transported by pipelines to the Bontang LNG plant. Natural gas is also transported by pipelines to a fertilizer, ammonia and methanol complex. Crude oil and natural gas from the southern fields are sent to the Chevron-operated Lawe-Lawe terminal. The

stored crude oil is either exported by tanker or transported by pipeline to the Balikpapan Refinery owned by Pertamina. The natural gas is transported by pipeline and sold as fuel gas to the Balikpapan Refinery.

Development The company advanced the development plan during 2005 for its deepwater natural gas projects. The Sadewa project is a candidate for early natural gas development because of its proximity to the East Kalimantan shelf. A development concept is scheduled to be selected in 2006. First production is expected to occur in 2008, with initial reserves booking planned for 2007. Chevron is operator with a 50 percent working interest. Chevron also expects to select development concepts for the Gendalo Hub and Gehem Hub prospects in 2006. These projects will likely be developed in parallel, with first production for both projects targeted for the 2010 to 2012 time frame. The actual timing is partially dependent on government approvals and market conditions. Based on this schedule, initial reserves recording is expected to occur in 2008 or 2009. Chevron is operator with a 72 percent working interest in both projects.

Chevron also continued work on several shelf developments in 2005. The Sapi Field is under development, with production to the Bontang LNG plant starting in the second quarter 2006. The Seturian Field will supply natural gas to the Balikpapan Refinery with first production expected in 2007. These projects will help mitigate the decline rate of Chevron's mature East Kalimantan shelf operations.

Exploration Chevron's large exploration position in the Kutei Basin deepwater was part of the Unocal acquisition. New prospects were tested in PSCs that were awarded in 2005. Two wells were drilled within the Donggala PSC. Hiu Aman-1 encountered natural gas and extended the proven petroleum system eastward into the additional deepwater PSCs of the Kutei Basin. An appraisal well is planned for 2006. Orca-1 was abandoned as a dry hole when excellent reservoir-quality sands were encountered but were water bearing. The Rinjani-1 well encountered limited natural gas sands, and the Tanjung Aru PSC is being relinquished. Two dry holes were drilled in the Papalang and Muara Bakau PSCs. Chevron plans to partially farm-out its interest in some of the deepwater acreage to focus exploration resources on supporting the core deepwater development activities and assessing adjacent resource potential.

South Natuna Sea Block B

Production Block B total daily production averaged 61,000 barrels of crude oil (7,000 net barrels) and 359 million cubic feet of natural gas (82 million net cubic feet). Production is from six natural gas fields and three fields that produce both crude oil and natural gas.

Development The first crude oil from the \$1.6 billion Belanak project occurred in early 2005. Development drilling will continue through late 2006, and estimated project completion date is mid-2008.

INDONESIA

Geothermal/Cogeneration CGI operates a geothermal field located in the Darajat contract area in West Java, Indonesia, with a total capacity of 145 megawatts. Expansion of the power complex by the addition of the Darajat III 110-megawatt unit was approved in 2004. The unit is scheduled to commence commercial operation in third quarter 2006. Further expansion with an additional unit, Darajat Unit IV, is under evaluation, including the final design capacity, which is expected to be similar in size to the Darajat III unit. Additionally, as part of the Unocal acquisition, Chevron operates a geothermal field located in the Gunung Salak contract area, West Java, with a total capacity of 377 megawatts.

CGI operates the North Duri Cogeneration Plant in Sumatra, supplying 300 megawatts of electrical power for internal consumption, plus steam in support of the Duri steamflood project.

OTHER INTERNATIONAL

ARGENTINA

Chevron operates in Argentina through its subsidiary Chevron San Jorge S.R.L. (CSJ). The company and its partners hold more than 2.8 million acres (11,500 sq km) in 17 operated production concessions and five exploration blocks (one operated and four nonoperated) in the Neuquen and Austral basins. Working interests range from 18.8 percent to 100 percent. Exploration farm-out agreements were reached in three blocks during 2005: Cerro Arena, Las Tacanas and Chasquivil Provincial. Farm-out efforts in the remaining two exploration blocks, Las Bases (eastern Neuquen Basin) and La Tehuelche (Austral Basin), continued into 2006.

In addition, CSJ holds a 14 percent interest in Oleoductos del Valle S.A., a major crude oil pipeline extending from the Neuquen producing area to the coast. Through the Unocal acquisition, Chevron acquired a 27.5 percent interest in the Oleoducto Transandino pipeline.

Production The company's producing properties are located in the Neuquen and Austral basins, which are the two most prolific hydrocarbon basins in Argentina. During 2005, total production averaged 61,000 barrels of crude oil per day (43,000 net barrels) and 71 million cubic feet of natural gas per day (55 million net cubic feet).

Exploration In 2005, the company made the Zuri crude oil and natural gas discovery in the Austral Basin. In addition, the company drilled six exploration wells in Argentina. Four wells resulted in discoveries and two wells were dry holes.

BRAZIL

Chevron holds working interests in three deepwater blocks in the Campos Basin: the Frade concession in Block BC-4 (operated, 51.7 percent), BM-C-4 (nonoperated, 30 percent) and BC-20 (nonoperated, RJS610 assessment area 37.5 percent, RJS609 assessment area 30 percent). Additionally, in the Santos Basin, the

OTHER INTERNATIONAL

company holds a working interest in Block BS-4 (nonoperated, 20 percent). These four blocks span a total of 177,915 acres (720 sq km).



Development The Frade Field lies in approximately 3,700 feet (1,128 m) of water, 230 miles (370 km) northeast of Rio de Janeiro. FEED for an FPSO vessel and a subsea production system was completed in 2005. Project approval is expected in 2006, with first production anticipated in 2008. An initial recognition of proved reserves occurred in 2005. The Frade concession expires in 2025.

Exploration In Block BC-20 there are two areas, RJS610 and RJS609, retained for development following the end of the exploration phase of this block. An appraisal well in the RJS610 assessment area was spud in December 2004, and a production test of the well was completed in second quarter 2005. A three-well appraisal program on the BC-20-610 Field, located in the southern Campos Basin, was completed in December 2005, and results confirmed a resource addition from a new Eocene reservoir. A Declaration of Commerciality was filed in December 2005 for BC-20-610, assigning the name Papa Terra and starting a 27-year production period. FEED for the new field is expected to commence in early 2007. Chevron re-entered the RJS609 assessment area in which one discovery well was drilled in 2005. Chevron has two appraisal wells planned in 2006.

OTHER INTERNATIONAL

In the BM-C-4 Block, one exploration well is planned during 2006. In the BS-4 Block, an additional appraisal well is expected in the second quarter. Four exploration wells were drilled in 2005 (one in BM-C-4, two in BM-C-5 and one in BM-S-7), all of which were dry holes. Chevron relinquished its interest and operatorship in BM-C-5 and BM-S-7 following the completion of the second exploration period obligations in 2005.

COLOMBIA

Chevron's activities in Colombia are focused on the production and commercialization of natural gas from the offshore Caribbean and adjacent coastal areas of the Guajira Peninsula. The company operates three natural gas fields in this area – the offshore Chuchupa and the onshore Ballena and Riohacha. The fields are part of the Guajira Association contract, a joint venture production-sharing agreement that was extended in 2003. The company continues to operate the fields and receives 43 percent of the production for the remaining life of the fields. Additional proved reserves were recognized with the contract extension.

The company also has variable production volume from the fixed-fee Build-Operate-Maintain-Transfer (BOMT) agreement based on prior Chuchupa capital contributions. The BOMT agreement expires in 2016. New production capacity scheduled for commissioning in 2006 is planned to meet the growing Colombian natural gas market. Three wells, with a total capacity of 240 million cubic feet per day of natural gas, are planned to be drilled in 2006.

Production During 2005, total daily production averaged 465 million cubic feet of natural gas (185 million net cubic feet).

TRINIDAD AND TOBAGO

The company has a 50 percent nonoperated interest in four blocks in the offshore East Coast Marine Area of Trinidad, which include the producing Dolphin natural gas field and two discoveries, Dolphin Deep and Starfish. Chevron is also the operator of Block 6d and holds a 50 percent interest.

Production During 2005, total daily production from the Dolphin Field was 256 million cubic feet of natural gas (115 million net cubic feet). The natural gas is supplied to the local market through a take-or-pay natural gas sales contract.

Development The Dolphin Deep and Starfish fields are located in blocks adjacent to the Dolphin Field. The fields will be developed by a subsea tie-back to the Dolphin platform. Development of the fields is expected to provide 87 million cubic feet of natural gas per day (39 million net cubic feet) to the Atlantic LNG Train 3 for transport to the United States under a long-term contract. Natural gas supply from the Dolphin Field to Train 3 started in November 2005. Initial recognition of proved reserves associated with the natural gas sales agreement for Train 3 was made in 2003. Proved reserves associated with the

Train 4 gas sales agreement were recognized in 2004. Proved undeveloped reserves associated with Trains 3 and 4 were transferred to proved developed in 2005. Initial production of Train 4 is scheduled for the first half 2006. The contract period for Train 3 ends in 2023, and the contract period for Train 4 ends in 2026.

Exploration The company drilled a successful exploratory well in the Manatee area of Block 6d in early 2005. This well appeared to extend the six shallow gas sands discovered in Venezuela's Loran Field into Trinidad and Tobago. The company was assessing alternative development strategies in early 2006. A unitization agreement between Trinidad and Tobago and Venezuela to produce in the Loran/Manatee field as one development is under negotiation.

VENEZUELA

Boscan The Boscan Field is located onshore western Venezuela. Chevron operates the field under an operating service agreement with Petróleos de Venezuela, S.A. (PDVSA), the Venezuelan state-owned petroleum company. Total Boscan production averaged 114,000 barrels of crude oil per day (111,000 net barrels) for the year. A water-injection-pressure-maintenance program is being developed to arrest decline and provide pressure support in the more depleted areas. Automation of the field for remote monitoring of wells, reducing downtime and improving efficiency is also under way. The company has not recorded proved reserves under the terms of this agreement.

LL-652 Located in Lake Maracaibo, LL-652's total production averaged 17,000 barrels of oil-equivalent per day (10,000 net barrels) during 2005. In order to arrest the continuing field decline, a stimulation program using acid and solvent treatments was initiated in 2004. The company operates the LL-652 Field under a risked service agreement and maintains a 63 percent working interest. Chevron supplies PDVSA with natural gas from this field through an incremental natural gas sales contract.

In December 2005, Chevron signed a transition agreement with PDVSA to convert contracts for the Boscan and LL-652 operating service agreements into an Empresa Mixta (EM). The EM is a joint-stock contractual structure with PDVSA as the majority shareholder. Negotiation of the ownership and format of the final EM structure will be conducted during 2006. Possible financial implications of the EM structure are uncertain but are not expected to have a material effect on the company's consolidated financial position or liquidity.

Hamaca Petrolera Ameriven, a joint-venture operating agent, serves as operator for the Hamaca project, with reserves located in Venezuela's Orinoco Belt. The total \$3.6 billion Hamaca project cost includes vertically integrated heavy oil production, transportation and upgrading facilities. Since upgrading started in October 2004, the facility reached its total design capacity of converting 190,000 barrels per day of heavy oil (8.5 degrees API) into 180,000 barrels of lighter, higher-value crude oil

OTHER INTERNATIONAL

(26 degrees API) in the first quarter 2005 and completed its Lender Reliability Test in September 2005. With the completion of this test and other conditions, the lenders have confirmed the fulfillment of the Completion Agreement. During the project's estimated 34-year production life, more than 2 billion barrels of crude oil are estimated to be potentially recoverable. In 2005, total production averaged 163,000 barrels of crude oil-equivalent per day (41,000 net barrels). The company holds a 30 percent interest.

The majority of the Hamaca Blend crude is exported to the U.S. Gulf Coast. Additional shipments have been made to the U.S. East Coast, Canada, Africa and Europe. Sales are made to coking refineries as well as asphalt refineries.

Exploration Chevron has the license for Block 2, one of five offshore blocks in the northeastern Plataforma Deltana. Block 2 contains the significant undeveloped natural gas discovery in the Loran Field. The company is the operator and holds a 60 percent interest. The exploration and appraisal program for Plataforma Deltana was completed in the first quarter 2005. Three successful wells were drilled in 2004 and early 2005. As of early 2006, evaluation and project development work continued on the Loran Field, and proved reserves had not yet been recognized. First production is expected by 2011. In Plataforma Deltana Block 3, Chevron drilled the Macuira natural gas discovery in 2005. The discovery is in close proximity to the Loran natural gas field in Block 2 and provides significant resources that will be included in the detailed evaluation of Venezuela's first LNG train. Seismic work is planned for 2006. Chevron holds 100 percent interest in Block 3 and is the operator.

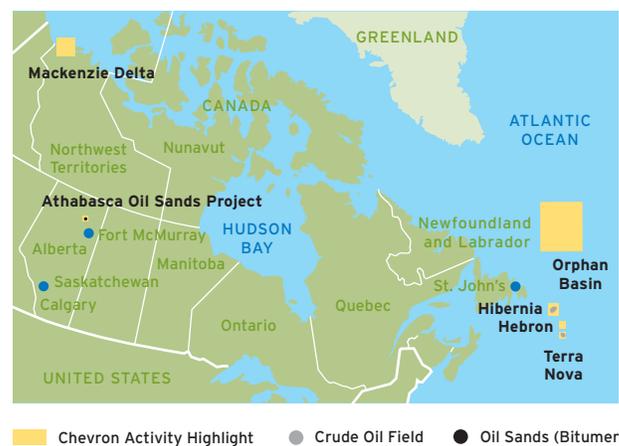
Chevron has been awarded the exploration license (100 percent interest) for the Cardon III exploration block, located offshore western Venezuela. The block is in a region with natural gas potential to the north of the Maracaibo producing area.

CANADA

Activities in Canada during 2005 included the ramp-up of production from the bitumen mine and upgrader at the Athabasca Oil Sands Project in Alberta, the evaluation of the company's position in Canada's East Coast offshore region, and the pursuit of opportunities in the Mackenzie Delta region in northern Canada. Following the Unocal acquisition, the company sold Unocal's wholly owned Northrock Resources onshore operations for approximately \$1.7 billion.

In March 2006, the company announced the acquisition of five heavy oil leases in the Athabasca region of northern Alberta. The leases comprise approximately 75,000 acres (304 sq km) and contain an estimated 7.5 billion barrels of oil in place. 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. Two other companies each have the option to acquire a 20 percent working interest in the leases.

Excluding volumes from Northrock, the company's 2005 net daily hydrocarbon production from the Canadian operations was 84,000 barrels of liquids and 6 million cubic feet of natural gas, including volumes from oil sands.



Athabasca Oil Sands Project The Athabasca Oil Sands Project (AOSP) began operations in 2003, with production ramp-up substantially completed in 2005. Total 2005 bitumen production averaged 158,000 barrels per day (32,000 net barrels). Chevron has a 20 percent nonoperated working interest in the project, in which oil sands are mined and bitumen is extracted from the oil sands and upgraded into synthetic crude oil using hydroprocessing technology. This project also provides Chevron with the opportunity to participate on a 20 percent-working-interest basis in future development of oil-sands leases near Fort McMurray, Alberta. These leases have resources in place to support total bitumen production of approximately 500,000 barrels per day. Front-end loading work to determine feasibility of the proposed AOSP expansion is expected to be completed in mid-2006, at which time an investment decision will be made. The expansion is being designed with a capacity to produce approximately 100,000 barrels per day of bitumen (20,000 net barrels) and upgrade it into synthetic crude oil. If the AOSP expansion project proceeds, first production is expected in late 2009. No proved oil sands reserves have been recorded in association with this expansion. Oil sands production at Athabasca is considered a mining operation under SEC reporting, so the oil sands reserves are not included with the company's reserves of crude oil and natural gas under the SEC rules.

Eastern Canada Five additional development wells were completed in the 27 percent-owned and nonoperated Hibernia Field. The new development wells, along with continued high operating efficiency, maintained total daily average production at 189,000 barrels of crude oil (51,000 net barrels) in 2005. Recent delineation and development drilling at the edges of the field has identified additional crude oil potential in the main reservoir. Work was in progress as of early 2006 to evaluate this

OTHER INTERNATIONAL

production potential. Planning efforts also continued on the development of the Ben-Nevis Avalon reservoir in the Hibernia Field. Hibernia has 890 million barrels of crude oil that are potentially recoverable, of which approximately 455 million barrels had been produced by year-end 2005. As of early 2006, a technical team was continuing the evaluation of feasibility studies for development of the 28 percent-owned and operated Hebron project.

Chevron holds a 50 percent working interest in eight Orphan Basin exploration licenses totaling 5.2 million acres (21,044 sq km). In 2005, the company recorded 1,670,426 acres (6,760 sq km) of 3-D seismic over portions of the Orphan Basin. An exploratory well is planned for 2006 but is subject to final management, partner and regulatory approvals. Additional wells are planned for 2007 and 2008.

Mackenzie Delta A promising exploration opportunity is in the Mackenzie Delta region of northern Canada. Chevron and its partners have the largest onshore exploration lease holdings in the region, totaling more than 1 million acres (4,047 sq km). During 2005, the company drilled one exploration well and conducted a 3-D seismic program.

DENMARK

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



■ Chevron Interest ● Crude Oil Field ● Natural Gas Field

Production During 2005, average total daily production from the DUC was 310,000 barrels of crude oil (47,000 net barrels) and 972 million cubic feet of natural gas (146 million net cubic feet).

Development Development wells were drilled in Dan, Halfdan, Gorm and Tyra fields. Development of Halfdan NE Field, as part of Danish Additional Gas Sales Project, continued with three development wells. The Valdemar South Development Project was approved in September 2005, with a scope of a new platform, five new horizontal wells and interfield pipelines. The total investment is more than \$200 million. Production startup is planned for mid-2007, with estimated production of 20,000 oil-equivalent barrels per day (3,000 net barrels) in 2008.

Exploration A new 3-D seismic survey was conducted over the DUC area, and a 4-D survey was made in the Dan Field. Extensive studies of the Jurassic and Chalk prospective opportunities were conducted in preparation for the Danish sixth exploration round, in which Chevron was awarded both licenses.

FAROE ISLANDS

Exploration In January 2005, the company was awarded five offshore exploration blocks in the second offshore licensing round. The blocks cover approximately 170,000 acres (688 sq km) and are near the Rosebank/Lochnagar discovery in the United Kingdom. An extensive 2-D regional seismic program was acquired in 2005 and will be processed and interpreted in 2006. The company has a 40 percent interest and is the operator.

NETHERLANDS

Chevron has interests ranging from 34 percent to 80 percent in nine blocks, of which four are producing and five are under development, in the Netherlands sector of the North Sea. These interests were part of the Unocal acquisition.

Production For the five months post-Unocal acquisition in 2005, average total daily production was 5,000 barrels per day of crude oil (4,000 net barrels) and 15 million cubic feet of natural gas (10 million net cubic feet).

Development The A/B Gas project to develop the first of three shallow gas fields in two stages was granted a production license in September 2005. The first stage of the project comprising the installation of a central processing platform, an export pipeline and drilling of seven development wells has planned daily production of 100 million cubic feet of natural gas (34 million net cubic feet) and is estimated to start production in late 2007.

NORWAY

Chevron holds a 7.6 percent nonoperated interest in the Draugen Field.

Production In 2005, total average daily production from the Draugen Field was 110,000 barrels of crude oil (8,000 net barrels).

Exploration In September 2005, Chevron participated in the drilling of the Mojave exploration well (also known as Stetind) in PL 283. The results of this natural gas well were being evaluated in early 2006. Chevron holds a 25 percent nonoperated working interest in PL 283. Technical evaluation is proceeding on two licenses acquired in

OTHER INTERNATIONAL

the Norwegian Sea in 2004 as a result of the 18th Licensing Round. In PL 324 (nonoperated 30 percent interest), drilling is planned for late 2006. In PL 325 (operated 40 percent interest), a seismic program is scheduled for mid-2006.

UNITED KINGDOM

Production Chevron has equity interests in five operated producing fields (Alba 21.2 percent interest, Caledonia 27.4 percent interest, Captain 85 percent interest, Erskine 50 percent interest, Strathspey 67 percent interest), one jointly operated field (Britannia 32.4 percent interest) and three nonoperated fields (Clair 19.4 percent interest, Elgin/Franklin 3.9 percent interest, Jade 19.9 percent interest) in the United Kingdom. Daily production in 2005 was 299,000 barrels of liquids (83,000 net barrels) and 1.4 billion cubic feet of natural gas (300 million net cubic feet). The majority of this production came from the Captain Field, which averaged 49,000 barrels of crude oil per day (42,000 net barrels) and 9 million cubic feet of natural gas per day (8 million net cubic feet); the Britannia Field, which averaged 24,000 barrels of crude oil per day (8,000 net barrels) and 544 million cubic feet of natural gas per day (176 million net cubic feet); and the Alba Field, which averaged 58,000 barrels of crude oil per day (12,000 net barrels).

The Clair Field, containing total potentially recoverable volumes of approximately 250 million barrels of oil-equivalent, commenced production in February 2005 and is expected to reach a total of 60,000 barrels of crude oil per day (12,000 net barrels) and 15 million cubic feet of natural gas per day (3 million net cubic feet) in late 2006. Initial recognition of proved reserves was in 2001. Some reserves were reclassified from proved undeveloped to proved developed in late 2004. Further reclassifications are expected to occur through 2008 related to planned development drilling. Clair has an expected field life of more than 20 years.

Development Active development drilling programs, both platform and subsea, continued on Alba, Britannia and Captain fields in 2005 and are planned to extend into 2007.

Callanish-Brodgar Project Work continues on the \$800 million development of the nonoperated Britannia satellite fields, Callanish (Chevron 16.5 percent) and Brodgar (Chevron 25 percent). Four planned development wells on Callanish and two on Brodgar were completed in 2005. Installation of the new bridge-linked platform to Britannia and subsea equipment and pipelines is planned for mid-2006. First production from both fields is expected in early 2007, building to planned total daily rates of 50,000 barrels of crude oil (10,000 net barrels) and 250 million cubic feet of natural gas (50 million net cubic feet) several months after startup. Proved undeveloped reserves were initially recognized in 2000. Reserves are expected to be reclassified to proved developed in 2006, ahead of planned commencement of production in early 2007. This development has an expected production life of approximately 15 years.

Captain Area C Design and construction work progressed on the Area C project to develop the eastern portion of the Captain Field, with first oil planned for mid-2006. The total project cost is estimated at \$100 million.

Alder The Alder high-temperature, high-pressure crude oil and natural gas discovery (Chevron 70 percent and operator), located approximately 17 miles (27 km) to the west of Britannia Field, was being evaluated in early 2006 as a one- or two-well tie-back to existing infrastructure. The \$270 million development is expected to produce daily rates of 10,000 barrels of crude oil per day (7,000 net barrels) and 87 million cubic feet of natural gas per day (61 million net cubic feet) from start of production in 2009. Initial reserves are planned to be recorded in 2008.

Exploration In the third quarter 2005, Chevron was awarded equity in eight exploration blocks of strategic interest west of Shetlands and south of the Captain Field in the North Sea under the 23rd United Kingdom Offshore Licensing Round. Four blocks are located adjacent to the significant Rosebank/Lochnagar offshore discovery approximately 78 miles (126 km) west of Shetlands. Chevron is the operator with a 40 percent equity interest. A rig has been contracted to conduct a two- to three-well appraisal and exploration program in 2006 to evaluate the commercial potential of the Rosebank/Lochnagar discovery and adjacent acreage.

A regional tie line 2-D seismic survey comprising more than 1,600 line miles (2,500 km) of data was acquired over Chevron-operated acreage awarded under the previous United Kingdom 22nd and Faroes Second Licensing Rounds. The objective of the program is to tie critical wells and improve imaging below the basalt interval.

Chevron participated in four successful exploration and appraisal wells in the Central North Sea. A delineation well of the central area of the Britannia Field commenced drilling in January 2006. The appraisal well on the greater Clair Field was drilling at year-end 2005, with the evaluation expected to be completed in the second quarter 2006.

GLOBAL GAS

Chevron's global gas strategy is to commercialize the company's natural gas resource base by targeting North American and Asian markets, building on LNG and GTL growth initiatives. Significant progress was made in 2005 to connect the business and technical expertise across the entire natural gas value chain: production, liquefaction, transportation, regasification, marketing and power generation.

BUSINESS STRATEGIES

- › Develop additional LNG opportunities in Australia, Nigeria, Angola and Venezuela.
- › Continue securing market access for equity LNG and place greater emphasis on control of the natural gas value chain.
- › Progress Chevron's GTL business through the Sasol Chevron venture.

2005 ACTIVITIES

Angola LNG – The Angola LNG project is planned as an integrated natural gas utilization project encompassing offshore and onshore operations to commercialize natural gas resources and reduce gas flaring from blocks located offshore Angola. For information on significant milestones in the development of this project, refer to page 19.

Baja California – In early 2005, the company and the Mexican Communication and Transport Secretariat executed the concession title that was previously awarded in a public licensing round, which would allow construction of the proposed Baja LNG import terminal based in offshore Mexican federal territorial waters. If approved, the terminal would be constructed using a gravity-based structure design, with an initial processing capacity of approximately 700 million cubic feet per day.

Casotte Landing – In third quarter 2005, Chevron filed an application with the U.S. Federal Energy Regulatory Commission to own, construct and operate a natural gas import terminal (Casotte Landing) in Jackson County, Mississippi. The proposed project, located adjacent to Chevron's Pascagoula Refinery, would process imported LNG for distribution to industrial, commercial and residential customers in the Southeast, including the growing Florida market. The terminal would be designed to import and regasify LNG to deliver 1.3 billion cubic feet of natural gas per day.

Gorgon – Chevron holds significant interests in the Greater Gorgon Area off the northwest coast of Western Australia. This vast resource contains 12 discovered but undeveloped natural gas fields. For more information on development of these resources, refer to page 24.

Marketing efforts in 2005 led to signing of three Heads of Agreements for sale of Chevron's equity interest of LNG. The agreements are for the sale of a combined total of 4.2 million metric tons per year, with two of the agreements commencing in 2010 and the third in 2011.

Nigeria GTL – The Escravos GTL project is located approximately 60 miles (97 km) southeast of Lagos and is expected to produce 34,000 barrels per day of GTL diesel, GTL naphtha and a small amount of LPG. For more information on the development of this project, refer to page 22.

Olokola LNG – Chevron entered into a memorandum of understanding with partners to evaluate an LNG plant at the Olokola site located in a free trade zone between Lagos and Escravos. The proposed plant would be a phased development of four liquefaction trains with a capacity of approximately 5.5 million metric tons per year for each. For more information on the development of this project, refer to page 22.

North West Shelf (NWS) LNG – The NWS venture plans to add a fifth train to its onshore LNG facilities in Western Australia. The expansion project will increase the joint venture's export capacity by 4.2 million metric tons to approximately 16 million metric tons per year. For more information on this project, refer to page 23.

Qatar GTL – The Sasol Chevron Global 50-50 Joint Venture was established in October 2000 to develop a worldwide GTL business. Through this venture, the company is engaged in discussions with Qatar Petroleum on a number of projects, including the design, construction and operation of a base oils production facility downstream of the Sasol and QP Oryx GTL plant in Qatar and evaluation of an expansion of the Oryx GTL foundation plant from 34,000 to 100,000 barrels per day.

Sabine Pass – In late 2005, the company announced it had exercised its option to increase capacity at the Cheniere Sabine Pass LNG terminal from approximately 700 million cubic feet per day to 1 billion, pursuant to an original agreement signed in 2004. The company also signed a binding agreement to be one of the anchor shippers in a 3.2 billion-cubic-feet-per-day pipeline system to be connected to the Sabine Pass LNG terminal in Cameron Parish, Louisiana. Chevron also obtained up to 1 billion cubic feet per day of capacity in a new-build pipeline to be constructed and 600 million cubic feet per day of interconnect capacity to an existing pipeline. The new pipeline is planned to be in service in 2009, coinciding with Chevron's Sabine Pass terminal commitments. 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 New York Mercantile Exchange (NYMEX) and is located on the natural gas pipeline system in Louisiana. Henry Hub interconnects to nine interstate and four intrastate pipelines.

MAJOR DEVELOPMENT PROJECTS¹

Year of Startup/Project	Location	Ownership Percentage	Operatorship	Maximum Total Production ²	
				Liquids (MBPD) ³	Natural Gas (MMCFPD) ³
2005					
Azeri-Chirag-Gunashli (ACG) Project Phase I	Azerbaijan	10.3	Nonoperated	340	200
Clair	United Kingdom	19.4	Nonoperated	60	15
Dolphin/Dolphin Deep - Train 3	Trinidad and Tobago	50	Nonoperated	-	87
Mad Dog	United States	15.6	Nonoperated	80	40
Moulavi Bazar	Bangladesh	98	Operated	-	110
Thai Oil Phase 2	Thailand	70	Operated	25	100
2006					
ACG Project Phase II	Azerbaijan	10.3	Nonoperated	470	280
Benguela Belize-Lobito Tomboco ⁴	Angola	31	Operated	200	-
Bibiyana	Bangladesh	98	Operated	-	500
Dolphin/Dolphin Deep - Train 4	Trinidad and Tobago	50	Nonoperated	-	120
South Offshore Water Injection	Nigeria	40	Operated	35	50
2007					
Callanish-Brodgar	United Kingdom	16.5 & 25	Nonoperated	50	250
Tengizchevroil Sour Gas Injection/ Second Generation Plant	Kazakhstan	50	Joint Operation	173-270	175-275
2008					
ACG Project Phase III	Azerbaijan	10.3	Nonoperated	240	140
Agbami	Nigeria	68.2	Operated	250	-
Blind Faith	United States	62.5	Operated	40	35
Escravos Gas Project Phase 3	Nigeria	40	Operated	32 ⁵	550 ⁵
Frade	Brazil	51.7	Operated	85	30
Moho-Bilondo	Republic of the Congo	31.5	Nonoperated	80	-
North West Shelf Train V	Australia	16.7	Nonoperated	10	570
Sadewa	Indonesia	50	Operated	-	50
Tahiti	United States	58	Operated	125	70
2009 - 2011					
Alder	United Kingdom	70	Operated	10	85
Angola LNG - Processing Plant	Angola	36.4	Joint Operation	-	670 ⁵
Aparo	Nigeria	19.7 ⁶	Nonoperated	150	-
Athabasca Oil Sands Project Expansion	Canada	20	Nonoperated	100 ⁷	-
Escravos GTL - Processing Plant	Nigeria	75	Operated	33 ⁵	-
Gehem	Indonesia	72	Operated	20	285
Gendalo	Indonesia	72	Operated	10	225
Great White	United States	33.3	Nonoperated	70	100
Greater Gorgon	Australia	50	Operated	10	1,640
Karachaganak Phase 3	Kazakhstan	20	Nonoperated	80	640
Nsiko	Nigeria	95	Operated	100	-
Platong Gas II	Thailand	71	Operated	10	350
Tombua-Landana	Angola	31	Operated	100	-
Usan	Nigeria	30	Nonoperated	150	-
Vietnam Gas	Vietnam	42.4-43.4	Operated	-	200

¹ The projects are considered the most significant in the company's development portfolio. These and other projects in the portfolio are discussed in detail beginning on page 14. The year of startup and production volumes for the projects noted above are projections based on the information available to the company at the date of this publication (April 2006). These projections are forward-looking statements and are subject to the risks and uncertainties described in the "Cautionary Statement" on page 67 of this document and the "Risk Factors" on pages 31 and 32 of the company's 2005 Annual Report on Form 10-K.

² Total targeted maximum production is total field production except as footnoted. If the project is an expansion of existing facilities, the indicated production is for the incremental volumes produced.

³ MBPD = thousands of barrels per day; MMCFPD = millions of cubic feet per day.

⁴ First production from Phase 1 occurred in January 2006.

⁵ Represents total plant processing capacity.

⁶ Equity is pending execution of the pre-unit agreement.

⁷ Total mined bitumen production.

NET WELLS COMPLETED AND NET PRODUCTIVE WELLS

NET WELLS COMPLETED ¹	At December 31									
	2005		2004		2003		2002		2001	
	Productive	Dry	Productive	Dry	Productive	Dry	Productive	Dry	Productive	Dry
CALIFORNIA²										
Exploratory	-	-	-	-	-	-	-	-	-	-
Development	661	-	636	1	418	-	227	1	-	-
TOTAL CALIFORNIA	661	-	636	1	418	-	227	1	-	-
GULF OF MEXICO²										
Exploratory	14	8	13	8	25	9	44	10	-	-
Development	29	3	43	3	47	6	78	4	-	-
TOTAL GULF OF MEXICO	43	11	56	11	72	15	122	14	-	-
OTHER U.S.²										
Exploratory	5	6	3	1	2	1	13	12	-	-
Development	256	4	221	3	232	12	333	11	-	-
TOTAL OTHER U.S.	261	10	224	4	234	13	346	23	-	-
UNITED STATES										
Exploratory	19	14	16	9	27	10	57	22	101	32
Development	946	7	900	7	697	18	638	16	866	21
TOTAL UNITED STATES	965	21	916	16	724	28	695	38	967	53
AFRICA										
Exploratory	4	1	3	1	3	1	6	1	8	2
Development	38	-	36	-	24	-	27	-	22	-
TOTAL AFRICA	42	1	39	1	27	1	33	1	30	2
ASIA-PACIFIC										
Exploratory	10	-	16	-	6	3	4	-	30	8
Development	156	-	84	-	43	-	44	-	61	-
TOTAL ASIA-PACIFIC	166	-	100	-	49	3	48	-	91	8
INDONESIA										
Exploratory	5	-	2	-	1	-	-	1	1	-
Development	107	-	163	-	562	-	426	-	494	-
TOTAL INDONESIA	112	-	165	-	563	-	426	1	495	-
OTHER INTERNATIONAL										
Exploratory	15	4	3	7	2	4	7	9	6	10
Development	96	-	84	-	107	-	140	-	109	2
TOTAL OTHER INTERNATIONAL	111	4	87	7	109	4	147	9	115	12
TOTAL INTERNATIONAL	431	5	391	8	748	8	654	11	731	22
TOTAL WORLDWIDE	1,396	26	1,307	24	1,472	36	1,349	49	1,698	75

¹ Net Wells Completed includes all those wholly owned and the sum of fractional number of wells completed during the year, regardless of when drilling was initiated. Completion refers to the installation of permanent equipment for the production of 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.

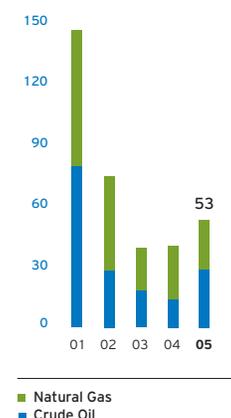
² Data for 2001 not readily available in this format.

NET PRODUCTIVE WELLS ^{1,2}	Year Ended December 31				
	2005	2004	2003	2002	2001
UNITED STATES					
Wells - Oil	34,137	29,270	31,535	33,364	31,305
- Gas	6,366	5,733	6,486	6,906	6,288
TOTAL UNITED STATES	40,503	35,003	38,021	40,270	37,593
INTERNATIONAL					
Wells - Oil	10,891	9,447	9,805	9,746	9,481
- Gas	1,339	257	329	304	314
TOTAL INTERNATIONAL	12,230	9,704	10,134	10,050	9,795
TOTAL WORLDWIDE	52,733	44,707	48,155	50,320	47,388

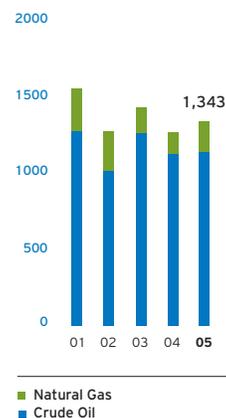
¹ Net Productive Wells includes those wholly owned wells and the sum of fractional interests in wells that are joint ventures or unitized operations. Consolidated companies only.

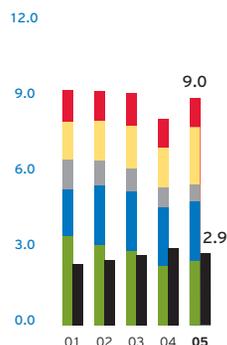
² Includes wells producing or capable of producing and injection wells temporarily functioning as producing wells. Wells that produce both crude oil and natural gas are classified as oil wells.

NET COMPLETED
PRODUCTIVE
EXPLORATORY WELLS
Number of Wells



NET COMPLETED
PRODUCTIVE
DEVELOPMENT WELLS
Number of Wells



NET PROVED RESERVES
Billions of BOE*

*Barrels of oil-equivalent

PROVED RESERVES

PROVED RESERVES - CRUDE OIL AND NATURAL GAS LIQUIDS¹

At December 31

Millions of Barrels	2005	2004	2003	2002	2001
GROSS CRUDE OIL AND NATURAL GAS LIQUIDS					
California ²	989	1,034	1,077	1,129	} 2,486
Gulf of Mexico ²	384	341	507	462	
Other U.S. ²	611	493	653	714	
Africa	2,203	2,196	2,258	2,320	1,808
Asia-Pacific	1,288	777	902	921	916
Indonesia	1,280	1,548	1,744	1,868	2,023
Other International ^{3,4}	600	591	729	746	797
TOTAL CONSOLIDATED COMPANIES	7,355	6,980	7,870	8,160	8,030
EQUITY SHARE IN AFFILIATES					
TCO	2,429	2,317	2,127	2,026	1,848
Hamaca	522	539	551	558	561
TOTAL GROSS RESERVES	10,306	9,836	10,548	10,744	10,439
NET CRUDE OIL AND NATURAL GAS LIQUIDS					
California ²	965	1,011	1,051	1,102	} 2,301
Gulf of Mexico ²	333	294	435	389	
Other U.S. ²	533	432	572	626	
Africa	1,814	1,833	1,923	1,976	1,544
Asia-Pacific	829	676	796	815	791
Indonesia	579	698	807	889	1,115
Other International ^{3,4}	573	567	696	697	745
TOTAL CONSOLIDATED COMPANIES	5,626	5,511	6,280	6,494	6,496
EQUITY SHARE IN AFFILIATES					
TCO	1,939	1,994	1,840	1,689	1,541
Hamaca	435	468	479	485	487
TOTAL NET RESERVES	8,000	7,973	8,599	8,668	8,524

PROVED RESERVES - NATURAL GAS¹

Billions of Cubic Feet

Billions of Cubic Feet	2005	2004	2003	2002	2001
GROSS NATURAL GAS					
California ²	309	320	327	330	} 8,614
Gulf of Mexico ²	1,162	1,267	2,201	2,457	
Other U.S. ²	3,453	2,719	3,732	4,756	
Africa	3,204	2,989	2,658	2,330	1,881
Asia-Pacific	10,305	5,922	5,645	4,901	4,504
Indonesia	755	555	572	578	550
Other International ³	3,971	3,902	3,995	3,121	3,279
TOTAL CONSOLIDATED COMPANIES	23,159	17,674	19,130	18,473	18,828
EQUITY SHARE IN AFFILIATES					
TCO	3,591	3,427	2,920	2,983	2,711
Hamaca	218	155	129	50	49
TOTAL GROSS RESERVES	26,968	21,256	22,179	21,506	21,588
NET NATURAL GAS					
California ²	304	314	323	325	} 7,387
Gulf of Mexico ²	1,171	1,064	1,841	2,052	
Other U.S. ²	2,953	2,326	3,189	4,040	
Africa	3,191	2,979	2,642	2,298	1,872
Asia-Pacific	8,623	5,405	5,373	4,646	4,240
Indonesia	646	502	520	518	519
Other International ³	3,578	3,538	3,665	2,924	3,088
TOTAL CONSOLIDATED COMPANIES	20,466	16,128	17,553	16,803	17,106
EQUITY SHARE IN AFFILIATES					
TCO	2,787	3,413	2,526	2,489	2,262
Hamaca	181	134	112	43	42
TOTAL NET RESERVES	23,434	19,675	20,191	19,335	19,410

¹ Proved reserves are estimated by the company's asset teams, composed of earth scientists and reservoir engineers. These proved reserve estimates are reviewed annually by the company's Reserves Advisory Committee to ensure that rigorous professional standards and the reserves definitions prescribed by the Securities and Exchange Commission are consistently applied throughout the company. Refer to the Glossary for a definition of proved reserves. Net reserves exclude royalties and interests owned by others and reflect contractual arrangements and royalty obligations in effect at the time of the estimate.

² Data for 2001 not readily available in this format.

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

⁴ Excludes oil sands reserves at the Athabasca project in Canada, which are considered mining-related under SEC rules. Net proved oil sands reserves were 146 million barrels at December 31, 2005.

NET OIL-EQUIVALENT PRODUCTION

NET OIL-EQUIVALENT PRODUCTION¹

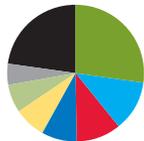
Year Ended December 31

Thousands of Barrels per Day	2005 ²	2004	2003	2002	2001
CONSOLIDATED COMPANIES					
UNITED STATES					
Alabama - Onshore	10	11	12	13	13
- Offshore	10	12	18	21	28
Alaska	24	15	14	13	12
California	235	239	250	264	268
Colorado	26	25	26	27	27
Louisiana - Onshore	7	10	18	34	34
- Offshore	174	254	299	316	358
New Mexico	36	35	41	44	46
Oklahoma	14	15	15	19	20
Texas - Onshore	124	125	161	174	174
- Offshore	20	21	18	12	13
Utah	9	14	17	18	19
Wyoming	36	38	40	45	48
Other States	2	3	4	3	5
TOTAL UNITED STATES	727	817	933	1,003	1,065
AFRICA					
Angola	145	144	154	164	168
Chad	39	37	8	-	-
Democratic Republic of the Congo	1	4	9	8	9
Nigeria	136	129	131	139	165
Republic of the Congo	12	12	13	16	20
TOTAL AFRICA	333	326	315	327	362
ASIA-PACIFIC					
Australia	102	93	95	96	84
Azerbaijan	13	-	-	-	-
Bangladesh	10	-	-	-	-
China	26	18	23	27	24
Kazakhstan	61	52	42	36	28
Myanmar	5	-	-	-	-
Papua New Guinea	-	-	4	6	7
Partitioned Neutral Zone	116	120	136	142	146
Philippines	35	28	31	25	3
Thailand	111	35	42	33	28
TOTAL ASIA-PACIFIC	479	346	373	365	320
TOTAL INDONESIA	237	240	251	288	326
OTHER INTERNATIONAL					
Argentina	52	56	65	67	66
Canada	57	71	91	93	92
Colombia	31	35	35	37	34
Denmark	71	68	59	59	56
Netherlands	3	-	-	-	-
Norway	9	11	10	16	18
Trinidad and Tobago	19	23	19	18	17
United Kingdom	133	163	179	173	173
Venezuela	10	11	9	4	5
TOTAL OTHER INTERNATIONAL	385	438	467	467	461
TOTAL INTERNATIONAL	1,434	1,350	1,406	1,447	1,469
TOTAL CONSOLIDATED COMPANIES	2,161	2,167	2,339	2,450	2,534
EQUITY SHARE IN AFFILIATES					
TCO	172	178	167	170	160
Hamaca	41	24	17	6	1
TOTAL EQUITY SHARE IN AFFILIATES	213	202	184	176	161
TOTAL CONSOLIDATED COMPANIES AND AFFILIATES	2,374	2,369	2,523	2,626	2,695
OTHER PRODUCED VOLUMES					
Athabasca Oil Sands in Canada	32	27	15	-	-
Boscan Operating Service Agreement in Venezuela	111	113	99	97	105
TOTAL OTHER PRODUCED VOLUMES	143	140	114	97	105
TOTAL WORLDWIDE	2,517	2,509	2,637	2,723	2,800

¹ Net oil-equivalent production excludes royalty interests.

² Includes volumes from August 1, 2005, associated with the acquisition of Unocal Corporation.

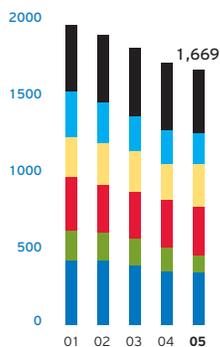
NET CRUDE OIL & NATURAL GAS LIQUIDS PRODUCTION BY COUNTRY*
Percent



United States	27.3%
Indonesia	12.1%
Kazakhstan	10.4%
Angola	8.3%
Nigeria	7.5%
Partitioned Neutral Zone	6.7%
United Kingdom	5.0%
Others	22.7%

*Includes equity in affiliates

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

NET LIQUIDS PRODUCTION

NET CRUDE OIL AND NATURAL GAS LIQUIDS PRODUCTION¹

Year Ended December 31

Thousands of Barrels per Day	2005 ²	2004	2003	2002	2001
CONSOLIDATED COMPANIES					
UNITED STATES					
Alaska	13	7	7	7	6
California	217	221	231	243	249
Colorado	10	10	10	11	11
Louisiana - Onshore	3	4	7	15	18
- Offshore	104	145	170	182	187
New Mexico	19	22	25	27	29
Texas - Onshore	61	61	84	89	86
- Offshore	11	13	6	2	1
Wyoming	9	10	11	12	11
Other States	8	12	11	14	16
TOTAL UNITED STATES	455	505	562	602	614
AFRICA					
Angola	139	140	154	164	168
Chad	38	37	8	-	-
Democratic Republic of the Congo	1	4	9	8	9
Nigeria	125	119	123	127	158
Republic of the Congo	11	12	13	16	20
TOTAL AFRICA	314	312	307	315	355
ASIA-PACIFIC					
Australia	42	43	48	52	45
Azerbaijan	13	-	-	-	-
China	26	18	23	27	24
Kazakhstan	37	31	25	22	17
Papua New Guinea	-	-	4	6	7
Partitioned Neutral Zone	112	117	134	140	144
Philippines	8	7	8	7	1
Thailand	43	20	25	18	16
TOTAL ASIA-PACIFIC	281	236	267	272	254
TOTAL INDONESIA	202	215	223	263	304
OTHER INTERNATIONAL					
Argentina	43	45	52	55	57
Canada	54	62	73	70	64
Denmark	47	46	42	42	39
Netherlands	2	-	-	-	-
Norway	8	11	10	15	17
United Kingdom	83	106	116	113	115
Venezuela	4	5	5	4	4
TOTAL OTHER INTERNATIONAL	241	275	298	299	296
TOTAL INTERNATIONAL	1,038	1,038	1,095	1,149	1,209
TOTAL CONSOLIDATED COMPANIES	1,493	1,543	1,657	1,751	1,823
EQUITY SHARE IN AFFILIATES					
TCO	136	143	134	140	135
Hamaca	40	24	17	6	1
TOTAL WORLDWIDE	1,669	1,710	1,808	1,897	1,959

DAILY NET PRODUCTION OF NATURAL GAS LIQUIDS (INCLUDED ABOVE)

Thousands of Barrels per Day

United States	54	55	60	63	54
International	20	13	16	18	17

¹ Net liquids production excludes royalty interests.

² Includes volumes from August 1, 2005, associated with the acquisition of Unocal Corporation.

NET NATURAL GAS PRODUCTION

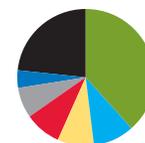
NET NATURAL GAS PRODUCTION¹

	Year Ended December 31				
Millions of Cubic Feet per Day	2005 ²	2004	2003	2002	2001
CONSOLIDATED COMPANIES					
UNITED STATES					
Alabama - Onshore	31	33	43	51	50
- Offshore	61	71	106	127	157
Alaska	69	46	44	39	35
California	106	108	112	125	116
Colorado	98	91	98	97	95
Louisiana - Onshore	22	33	63	115	99
- Offshore	423	653	776	801	1,023
New Mexico	101	87	97	99	104
Oklahoma	57	67	73	84	91
Texas - Onshore	380	382	463	508	526
- Offshore	53	48	71	58	72
Utah	52	69	81	84	91
Wyoming	161	166	179	199	220
Other States	20	19	22	18	27
TOTAL UNITED STATES	1,634	1,873	2,228	2,405	2,706
AFRICA					
Angola	36	26	-	-	1
Chad	3	-	-	-	-
Nigeria	68	59	50	74	43
Republic of the Congo	8	-	-	-	-
TOTAL AFRICA	115	85	50	74	44
ASIA-PACIFIC					
Australia	362	305	284	264	235
Azerbaijan	1	-	-	-	-
Bangladesh	59	-	-	-	-
Kazakhstan	142	125	101	85	67
Myanmar	32	-	-	-	-
Partitioned Neutral Zone	22	20	15	15	10
Philippines	163	131	140	105	9
Thailand	409	93	104	87	75
TOTAL ASIA-PACIFIC	1,190	674	644	556	396
TOTAL INDONESIA	211	149	166	147	134
OTHER INTERNATIONAL					
Argentina	55	64	74	71	56
Canada	19	51	110	140	167
Colombia	185	210	206	222	203
Denmark	146	130	99	102	100
Netherlands	4	-	-	-	-
Norway	2	2	-	3	5
Trinidad and Tobago	115	135	116	107	100
United Kingdom	300	340	378	361	350
Venezuela	35	34	21	7	4
TOTAL OTHER INTERNATIONAL	861	966	1,004	1,013	985
TOTAL INTERNATIONAL	2,377	1,874	1,864	1,790	1,559
TOTAL CONSOLIDATED COMPANIES	4,011	3,747	4,092	4,195	4,265
EQUITY SHARE IN AFFILIATES					
TCO	216	208	197	181	152
Hamaca	6	3	3	-	-
TOTAL WORLDWIDE	4,233	3,958	4,292	4,376	4,417
¹ Net natural gas production excludes royalty interests; includes natural gas consumed on lease:					
United States	48	50	65	64	64
International	332	293	268	256	262
Total	380	343	333	320	326

² Includes volumes from August 1, 2005, associated with the acquisition of Unocal Corporation.

NET NATURAL GAS PRODUCTION BY COUNTRY*

Percent

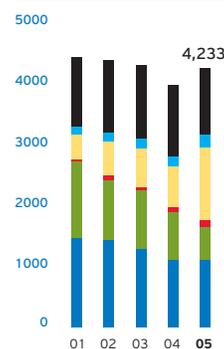


United States	38.6%
Thailand	9.7%
Australia	8.6%
Kazakhstan	8.5%
United Kingdom	7.1%
Colombia	4.4%
Others	23.1%

*Includes equity 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

GROSS PRODUCTION

GROSS OIL-EQUIVALENT PRODUCTION

Year Ended December 31

<i>Thousands of Barrels per Day</i>	2005 ¹	2004	2003	2002	2001
California ²	240	242	254	270	} 1,198
Gulf of Mexico ²	238	345	428	475	
Other U.S. ²	331	333	374	411	
Africa	411	391	376	392	436
Asia-Pacific	520	389	420	413	380
Indonesia	544	540	544	612	679
Other International	406	463	501	505	509
TOTAL CONSOLIDATED COMPANIES	2,690	2,703	2,897	3,078	3,202
EQUITY SHARE IN AFFILIATES					
TCO	202	199	187	188	172
Hamaca	47	30	20	8	1
TOTAL WORLDWIDE	2,939	2,932	3,104	3,274	3,375

GROSS LIQUIDS PRODUCTION

Thousands of Barrels per Day

California ²	222	224	235	248	} 670
Gulf of Mexico ²	132	183	221	238	
Other U.S. ²	145	148	163	179	
Africa	392	377	368	380	429
Asia-Pacific	320	273	309	317	305
Indonesia	504	514	516	587	656
Other International	252	290	317	318	316
TOTAL CONSOLIDATED COMPANIES	1,967	2,009	2,129	2,267	2,376
EQUITY SHARE IN AFFILIATES					
TCO	162	161	151	155	145
Hamaca	46	30	20	8	1
TOTAL WORLDWIDE	2,175	2,200	2,300	2,430	2,522

GROSS NATURAL GAS PRODUCTION

Millions of Cubic Feet per Day

California ²	107	109	113	130	} 3,167
Gulf of Mexico ²	638	973	1,242	1,422	
Other U.S. ²	1,115	1,109	1,264	1,393	
Africa	115	87	50	74	44
Asia-Pacific	1,200	697	663	579	447
Indonesia	241	153	170	149	137
Other International	923	1,036	1,103	1,122	1,159
TOTAL CONSOLIDATED COMPANIES	4,339	4,164	4,605	4,869	4,954
EQUITY SHARE IN AFFILIATES					
TCO	239	227	214	196	162
Hamaca	8	3	3	-	-
TOTAL WORLDWIDE	4,586	4,394	4,822	5,065	5,116

¹ Includes volumes from August 1, 2005, associated with the acquisition of Unocal Corporation.² Data for 2001 not readily available in this format.

REALIZATIONS, NATURAL GAS AND NATURAL GAS LIQUIDS SALES, AND EXPLORATION AND DEVELOPMENT COSTS

NATURAL GAS REALIZATIONS¹

Dollars per Thousand Cubic Feet	Year Ended December 31				
	2005	2004	2003	2002	2001
United States	\$ 7.43	\$ 5.51	\$ 5.01	\$ 2.89	\$ 4.38
International	3.19	2.68	2.64	2.14	2.36

CRUDE OIL AND NATURAL GAS LIQUIDS REALIZATIONS²

Dollars per Barrel	2005	2004	2003	2002	2001
United States	\$ 46.97	\$ 34.12	\$ 26.66	\$ 21.34	\$ 21.33
International	47.59	34.17	26.79	23.06	22.17

NATURAL GAS SALES

(Includes Equity in Affiliates)

Millions of Cubic Feet per Day

United States	5,449	4,518	4,304	5,891	8,191
International	2,289	1,885	1,951	3,131	2,675
TOTAL	7,738	6,403	6,255	9,022	10,866

NATURAL GAS LIQUIDS SALES

(Includes Equity in Affiliates)

Thousands of Barrels per Day

United States	151	177	194	241	185
International	108	105	107	131	115
TOTAL	259	282	301	372	300

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

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

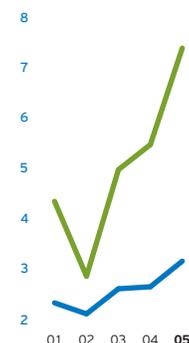
EXPLORATION AND DEVELOPMENT COSTS*

Millions of Dollars	Year Ended December 31				
	2005	2004	2003	2002	2001
UNITED STATES					
CALIFORNIA					
Exploration	\$ -	\$ -	\$ -	\$ 25	
Development	494	412	264	221	
GULF OF MEXICO					
Exploration	612	478	495	529	
Development	639	457	434	475	
OTHER U.S.					
Exploration	32	5	12	53	
Development	596	372	350	395	
TOTAL UNITED STATES					
Exploration	\$ 644	\$ 483	\$ 507	\$ 607	\$ 731
Development	1,729	1,241	1,048	1,091	1,754
INTERNATIONAL					
AFRICA					
Exploration	\$ 225	\$ 271	\$ 203	\$ 229	
Development	1,871	1,047	974	661	
ASIA-PACIFIC					
Exploration	124	82	110	99	
Development	1,026	567	605	593	
INDONESIA					
Exploration	31	15	7	30	
Development	325	245	363	424	
OTHER INTERNATIONAL					
Exploration	341	226	148	188	
Development	713	542	461	926	
TOTAL INTERNATIONAL					
Exploration	\$ 721	\$ 594	\$ 468	\$ 546	\$ 858
Development	3,935	2,401	2,403	2,604	2,213

* Consolidated companies only. Excludes costs of the Unocal acquisition and other property acquisitions. Data for 2001 not readily available in this format.

NATURAL GAS REALIZATIONS

Dollars per thousand cubic feet

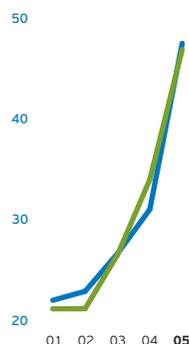


■ United States
■ International*

*Includes equity in affiliates

CRUDE OIL & NATURAL GAS LIQUIDS REALIZATIONS

Dollars per barrel



■ United States
■ International*

*Includes equity in affiliates

ACREAGE

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

At December 31

Thousands of Acres	2005	2004	2003	2002	2001
UNITED STATES					
ONSHORE					
Alaska	827	339	474	705	601
California	292	257	302	325	325
Colorado	274	211	220	168	168
Kansas	59	59	64	83	83
Louisiana	399	448	421	461	666
Michigan	60	63	65	63	64
New Mexico	389	310	352	353	363
Oklahoma	229	224	239	279	281
Texas	3,844	3,143	3,484	3,503	3,917
Utah	82	106	169	199	199
Wyoming	200	226	266	269	352
Other States	222	140	168	174	175
TOTAL ONSHORE	6,877	5,526	6,224	6,582	7,194
OFFSHORE					
Alaska Coast	23	8	18	48	47
Gulf Coast	4,304	3,657	3,703	3,414	4,363
Pacific Coast	5	5	5	10	10
TOTAL OFFSHORE	4,332	3,670	3,726	3,472	4,420
TOTAL UNITED STATES	11,209	9,196	9,950	10,054	11,614
AFRICA					
Angola	923	918	924	924	1,837
Chad	2,043	2,043	2,556	2,556	2,556
Democratic Republic of the Congo	22	-	123	124	124
Equatorial Guinea	142	473	473	683	683
Namibia	-	-	-	144	144
Nigeria	3,150	3,868	3,868	3,309	3,338
Republic of the Congo	54	53	53	185	185
TOTAL AFRICA	6,334	7,355	7,997	7,925	8,867
ASIA-PACIFIC					
Australia	9,444	3,832	6,470	7,044	7,177
Azerbaijan	41	30	30	30	30
Bahrain	-	48	48	48	912
Bangladesh	2,117	-	-	1,020	1,020
Cambodia	853	853	853	1,086	-
China	2,431	3,656	3,960	5,836	5,161
Georgia	206	-	-	-	-
Kazakhstan	16	16	16	36	36
Myanmar	1,829	-	-	-	-
Papua New Guinea	-	-	-	322	322
Partitioned Neutral Zone	788	786	786	786	786
Philippines	1,078	93	93	93	183
Qatar	-	-	-	805	1,879
Thailand	5,603	2,578	3,203	1,227	1,227
Turkey	1,363	251	251	251	251
Vietnam	617	-	-	-	-
TOTAL ASIA-PACIFIC	26,386	12,143	15,710	18,584	18,984
TOTAL INDONESIA	7,519	3,534	3,530	3,530	6,990
OTHER INTERNATIONAL					
Argentina	2,133	3,101	2,780	2,890	3,297
Brazil	725	677	688	1,373	4,590
Canada	14,930	14,664	15,926	13,671	14,003
Colombia	87	101	101	101	2,774
Denmark	66	74	97	97	199
Ecuador	-	-	-	247	247
Faroe Islands	92	-	-	-	-
Germany	123	123	123	123	123
Netherlands	22	-	27	27	27
Norway	372	587	361	486	308
Poland	-	-	-	-	1,400
Trinidad and Tobago	84	84	84	84	83
United Kingdom	430	385	775	880	934
Venezuela	1,252	1,035	38	6	6
TOTAL OTHER INTERNATIONAL	20,316	20,831	21,000	19,985	27,991
TOTAL INTERNATIONAL	60,555	43,863	48,237	50,024	62,832
TOTAL WORLDWIDE	71,764	53,059	58,187	60,078	74,446

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

Downstream



Improve returns by focusing on areas of market and supply strength.

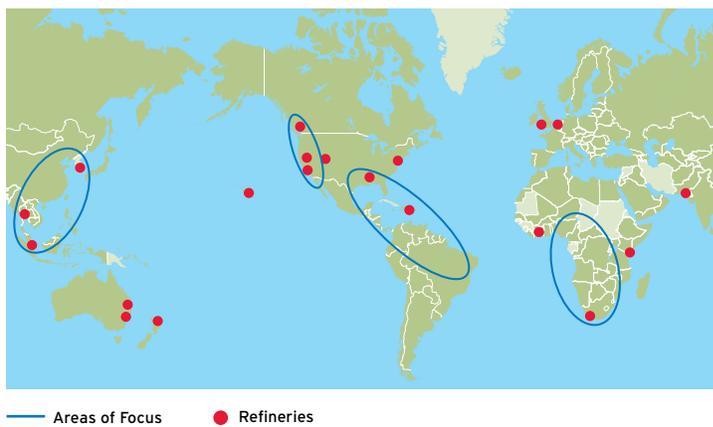
PHOTOS: (Left) Paul Tucker, Process Operator, Pembroke Refinery, United Kingdom; (Middle) The company's three major brands; (Right) The *Northwest Swan*, a liquefied natural gas vessel.

DOWNSTREAM HIGHLIGHTS

Downstream is a key element of Chevron's operations as a vertically integrated energy company. The company enjoys a strong global presence in all segments of the downstream industry – refining, marketing and transportation. Refining assets are concentrated in North America, Western Europe, South Africa and the Asia-Pacific Rim. For its refined products, Chevron has a strong brand presence, significant market share and an advantaged supply situation in each of its focus areas – the West Coast and Gulf Coast of North America, Latin America, Asia, and sub-Saharan Africa.

Headquartered in San Ramon, California, Downstream operates in approximately 175 countries on six continents, marketing primarily under three strong brands – Chevron, Texaco and Caltex. In 2004, Downstream completed a restructuring of its worldwide operations, transforming from individual geographic businesses into a global, functional structure, streamlining the organization and driving improved efficiency through standardization and supply-chain optimization. During 2005, Downstream continued building on the momentum generated from this change, as part of its effort to improve the return on invested capital.

Downstream Overview



INDUSTRY CONDITIONS

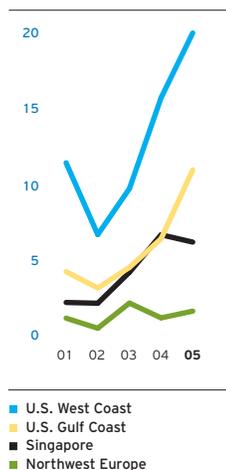
Downstream industry conditions improved in 2005 relative to 2004, reflecting continued global economic expansion and demand growth for light products (motor gasoline, jet fuel, aviation gasoline and diesel fuel). While the demand for light products in 2005 was strong, especially in Asia, rising spot prices for refining feedstocks and retail fuels were not always fully recoverable in the marketplace.

Market conditions continued to be beneficial for owners of the more complex refineries capable of processing medium to heavy, sour crude oils. During most of the year, the differential in prices between high quality, light-sweet crude oils, such as the U.S. benchmark West Texas Intermediate, and heavier, sour crude oils was wide. The upward trend in prices in 2005 for lighter crude oils tracked the increased demand for light products. However, the demand and price for the heavier crude oils were dampened due to the limited number of refineries that are able to process this lower quality feedstock.

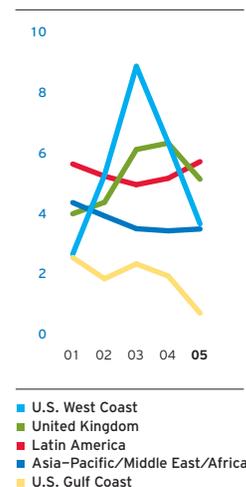
In the United States, marketing-fuel margins in the last several months of 2005 were adversely affected by severe hurricanes in the Gulf of Mexico. U.S. supplies of refined products were reduced and imports increased, causing ripple effects in energy markets in the United States and in Europe and Asia. This interdependence of the global energy markets, along with complex regulatory and geopolitical forces, tightness of supply and growing global demand, all contribute to an energy equation that supports strong refining margins during 2006.

On the demand side of the equation, industry research at the end of 2005 forecasted worldwide transportation fuel demand to increase about 2 percent per year from 2005 through 2015, with Asia and the United States the largest growth markets. Over the past five years, refining capacity increased approximately 2 percent worldwide. However, to meet the anticipated increase in world demand, additional refining capacity will be needed. Expectations are for a continuation of tight supply and demand conditions, and refineries that are able to process the heavy, lower-quality crudes should continue to benefit the most from strong refining margins.

INDUSTRY REFINING MARGINS
Dollars per barrel



CHEVRON MARKETING FUEL MARGINS
Dollars per barrel



DOWNSTREAM HIGHLIGHTS

BUSINESS STRATEGIES

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

- › Drive operational excellence through safety, reliability and efficiency initiatives.
- › Leverage the global, functional model to improve financial returns and competitive performance.
- › Capture value through enhanced supply-chain management and integration opportunities with the upstream business.
- › Grow selectively and differentiate positions in attractive geographic markets.

2005 ACCOMPLISHMENTS

- › Endorsed a \$1.5 billion upgrading project at the 50 percent-owned GS Caltex refinery in Yeosu, South Korea, to increase the yield of high-value refined products and reduce feedstock costs through the processing of heavy crude oil.
- › Completed or initiated debottlenecking and other conversion projects at the company's largest U.S. refineries to increase the manufacture of transportation fuels.
- › Continued to improve the company's marketing position in selected areas through portfolio optimization, including divestiture of more than 700 retail sites around the world. Exited the fuels-marketing business in Peru and the United Arab Emirates.
- › Expanded the U.S. Texaco-branded retailer-owned network to more than 1,600 sites, with more than 300 sites under contract in the western United States.
- › Exceeded aggressive objectives for safety performance.

2006 OUTLOOK

- › Continue safe operations, while improving refinery reliability and asset utilization.
- › Capitalize on technology to efficiently deliver superior performance and growth. Key projects include enhancement of information systems to improve supply-chain management and increase standardization of business processes.
- › Enhance coordination and integration with upstream operations to lower the cost of raw materials and products, minimize inventories and obtain higher value for equity crude oil and refined products.
- › Strengthen light-product conversion and heavy crude oil processing capabilities.

DOWNSTREAM FINANCIAL AND OPERATING HIGHLIGHTS¹

<i>Dollars in Millions</i>	2005	2004
Segment Income	\$ 2,766	\$ 3,250
Fuel Refinery Crude Oil Inputs (Thousands of Barrels per Day) ²	1,855	1,916
Fuel Refinery Capacity at Year-End (Thousands of Barrels per Day) ²	2,115	2,116
U.S. Gasoline and Jet Fuel Yields (Percent of U.S. Refinery Production)	64%	63%
Refined-Product Sales (Thousands of Barrels per Day)	3,768	3,908
Motor Gasoline Sales (Thousands of Barrels per Day)	1,378	1,418
Number of Marketing Retail Outlets at December 31 ³	26,482	26,533
Total Number of Controlled Seagoing Vessels at December 31 ⁴	39	38
Cargo Transported by Controlled Vessels (Millions of Barrels) ^{3,4}	299	308
Refining Capital Expenditures	\$ 1,134	\$ 643
Marketing Capital Expenditures	\$ 463	\$ 415
Transportation Capital Expenditures	\$ 433	\$ 101
Other Downstream Capital Expenditures	\$ 120	\$ 170
Total Downstream Capital Expenditures	\$ 2,150	\$ 1,329

¹ Includes equity share of affiliates unless otherwise noted.

² Refinery input and capacity exclude volumes at asphalt plants.

³ 2004 conformed to 2005 presentation.

⁴ Consolidated companies only.

REFINING

Chevron's global refining system consists of 19 fuel refineries and an asphalt plant, which are located in 14 countries and can process more than 2 million barrels of crude oil per day. The company operates eight of the fuel refineries and the U.S. asphalt plant, and 11 are operated by affiliated companies.

This portfolio is anchored by seven core refineries in key areas that make up approximately 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 the United Kingdom, are in the Atlantic Basin market. Five of these refineries are capable of processing significant volumes of heavy, lower-quality crude oil and produce a variety of specialized high-value light products. During 2005, this type of refinery configuration enabled the company to take advantage of the significant price differential that existed between the light, sweet crude oils that were in short supply and the lower-valued heavy, sour crudes that were plentiful worldwide.

BUSINESS STRATEGIES

Refining's key strategies include:

- › Achieve world-class performance in safety and reliability.
- › Increase refinery utilization by leveraging technology and best practices.
- › Grow selectively in flexibility and scale.
- › Improve efficiency through standardization of process improvements.

IMPROVING RELIABILITY

The company initiated a standardized reliability-improvement process in 2005 at all of its operated refineries, with many of the practices being shared with the refineries that are operated by company affiliates. This initiative is focused on identifying and resolving critical-equipment and process vulnerabilities, systematically eliminating root-cause problems and reducing unplanned outages.

To help sustain the focus on reliability-improvement processes, the company is deploying reliability experts and other resources at each core refinery. The company is also allocating significant capital investment to reliability and infrastructure-improvement projects.

CAPITALIZING ON TECHNOLOGY

The company has expanded resources dedicated to the evaluation and development of refining technology and has expedited technology and best-practice deployment across the global refining system. Chevron is also engaged in developing new conversion technologies based on its industry-leading high-pressure hydroprocessing technology that uses catalysts to convert heavy oils into high-value products.

INCREASING FLEXIBILITY AND SCALE

The company had several initiatives under way during 2005 to increase the refinery yield of high-value products. The focus of projects at the refineries in El Segundo and Pascagoula has been the expansion of the fluid catalytic cracking unit (FCCU), which produces more high-value product by converting low-value gas oils into gasoline and diesel. The El Segundo FCCU capacity expansion of 15 percent was completed in 2005. Construction commenced on the Pascagoula project in the third quarter 2005 and is expected to be completed by late 2006. When this project is completed, FCCU capacity is expected to increase by approximately 25 percent.

In the fourth quarter 2005, the company's 50 percent-owned GS Caltex affiliate approved a significant upgrading project at its Yeosu, South Korea, refinery to increase production of high-value products from heavier crude oils. At a total cost of approximately \$1.5 billion, this project includes installation of a vacuum distillation unit, a hydrocracker and a lubricant base-oil facility. Construction is under way, and completion is expected by the end of 2007.

MARKETING

The Marketing organization is responsible for the marketing, advertising, sales and delivery of products and services related to the company’s commercial, industrial and retail fuels and convenience retailing operations worldwide. Marketing’s 5,800 employees support approximately 26,500 branded retail outlets, including affiliate operations, located in nearly 90 countries. Marketing employees are dedicated to ensuring retail customers around the world can enjoy high-quality products and services in clean, safe and reliable surroundings.

BUSINESS STRATEGIES

With powerful brands and a strong market share in many regions, Marketing has three key strategies to generate improved returns:

- › Improve safety, reliability and operating efficiency through the deployment of global standards.
- › Execute retail, commercial and industrial, portfolio and brand strategies using standardized global processes.
- › Optimize the portfolio and invest in preferred markets through world-class capital stewardship.

GROWING THREE WORLD-CLASS BRANDS

Marketing manages three world-class brands – Chevron, Texaco and Caltex – each with a long-established and distinguished legacy. These three brands continue to hold top positions in their markets around the world. In 2005, the U.S. Oil Price Information Service ranked Chevron the most powerful brand for the second straight year in its “Brand Power Ranking Report,” with Texaco ranked No. 2. The NPD Group ranked Chevron No. 1 in quality, brand preference, premium purchase, performance and overall experience. As measured by Conversa Global Ltd, Caltex had the No. 1 brand position among global brands in Asia-Pacific relative to market share, and Caltex continued to garner top brand awards across many of the countries where the brand is sold. Likewise, Conversa reported Texaco as a brand leader in Latin America.

In 2004, Chevron with Techron®-branded gasoline was the first in both the United States and Canada to be qualified as meeting the TOP TIER Detergent Gasoline performance criteria set by BMW, General Motors, Honda and Toyota. The voluntary TOP TIER program establishes criteria for detergent levels in gasoline higher than those currently set by the United States Environmental Protection Agency. Gasolines meeting these criteria keep engine parts cleaner by reducing fuel-related deposits, resulting in better performance.

The value of the Techron® additive was further leveraged by its inclusion in Texaco-branded gasoline outside the United States and Canada beginning in 2005. Further expansion to Caltex-branded gasoline is planned in 2006.

Chevron began marketing gasoline in the United States under the Texaco retail brand in 2004, and by the end of 2005 was supplying more than 1,600 locations, primarily in the Southeast and West. Further expansion is planned when all rights to the Texaco brand in the United States revert to Chevron in July 2006.

RAISING RETURNS THROUGH IMPROVING CAPITAL STEWARDSHIP

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

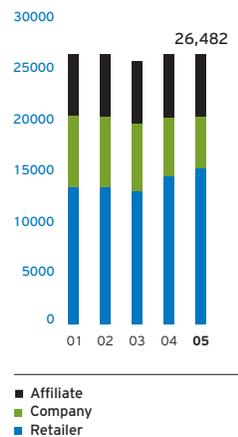
During 2005, the company continued its strategy of growing the sales of motor fuel, while reducing the number of company-owned sites in favor of ownership by third parties. From the beginning of 2003 through the end of 2005, the company divested its interest in more than 2,300 service station sites. Divestitures during this period included more than 650 sites in the United States and more than 1,650 in other countries. The vast majority of these sites continued to market company-branded fuels under new supply agreements. During this time, total sales volumes increased 1 percent.

Portfolio optimization in 2005 also included the exit of fuels-marketing businesses in Peru and the United Arab Emirates. In addition, the company is in the process of completing the sale of its network of company-owned service stations in Colombia and the United Kingdom. Chevron acquired 49 additional retail sites during 2005 in Cameroon.

Marketing Portfolio



MARKETING RETAIL OUTLETS
Number of outlets



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. The Lubricants organization sells products in about 175 countries, employs a globally diverse workforce of 3,400 employees and has an operating network of 59 blending facilities and four technology centers. The company provides lubrication solutions to a mix of commercial, industrial and retail customers. A complete line of more than 4,500 lubrication and coolant products, including such well-known branded products as Havoline®, Delo®, Ursa®, and Revtex®, are marketed under the three major brands – Chevron, Texaco and Caltex.

BUSINESS STRATEGIES

Lubricants employs business-sector strategies that are focused on enabling the company to become the industry leader in the commercial sector for heavy-duty applications and solutions. This sector offers high growth potential, as customers seek suppliers who can deliver a broad range of high-quality products and value-adding solutions to improve operational performance and protect equipment investments. Lubricants' goals are:

- › Compete selectively in global and regional industrial and consumer sectors to leverage the commercial strategy.
- › Optimize the supply chain to improve operating and capital efficiencies.
- › Grow the company's position in premium base oils through the expansion of company plants, the use of joint-venture agreements and leveraging gas-to-liquids opportunities.

MAINTAINING STRONG MARKET POSITIONS AND TARGETING PROFITABLE GROWTH

The company sustained its position as the largest domestic supplier of premium lubricant base stocks in the United States west of the Rockies. Construction also began to expand base-oil production at the Richmond, California, refinery 15 percent by year-end 2006.

The company maintained its leading position in Latin America during 2005, with an estimated regional market share of roughly 18 percent at the end of the year. In addition, the company profitably grew sales in a number of key emerging markets such as China, Southeast Asia, the Middle East and sub-Saharan Africa through distribution network expansion and promotional campaigns that leveraged Chevron's well-known branded products.

The lubricant base-oil plant included in the GS Caltex refinery expansion project has a planned capacity of 17,000 barrels per day and is expected to initially produce 15,000 barrels per day of premium base oil to help meet growing demand in the Asia-Pacific markets. (Refer to the Refining section on page 50 for a discussion of the GS Caltex refinery expansion.)

SUPPLY & TRADING

The Supply & Trading organization manages Chevron's global supply chain. 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 fuels, marine fuels and marine lubricants.

The organization is headquartered in Houston, with regional hubs in London, Singapore and Cape Town. The company trades more than 200 different grades of crude oil and petroleum products in nearly 70 countries. Chevron is among the leading global suppliers of jet fuel and aviation gasoline to commercial airlines, general aviation and military customers and operates at more than 1,000 airports in approximately 70 countries. The company is also one of the largest suppliers of marine lubricants in the world.

BUSINESS STRATEGIES

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

- › Optimize the company's raw material selection, refined product supply and related transportation requirements.
- › Execute strategies that take advantage of collaboration among the upstream and downstream businesses and enable enterprisewide business integration.
- › Extract value through trading and marketing activities, enabled by the company's equity positions in crude oil and refined products.

DRIVING OPTIMIZATION ACROSS THE SUPPLY CHAIN

In 2005, Supply & Trading focused on developing and implementing standard processes to optimize the enterprise supply chain and reduce costs. Improved standard processes for crude oil selection and supply chain reliability were implemented during the year, thus permitting additional crude oil selection options for the company's global refining system. The company refined 37 crude oils during the year that were new to individual refineries, including 23 new to the company's system. Innovative inter-regional refined product movements were successful in capturing higher gross margins on gasoline and diesel. Aviation and marine fuel profitability experienced continued growth through portfolio optimization.

TRANSPORTATION - PIPELINE AND SHIPPING

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

Pipeline, headquartered in Houston, Texas, owns and/or operates regulated and nonregulated pipelines in the United States.

During 2005, Shipping managed approximately 2,000 tanker voyages, using a combination of single-voyage charters, short- and medium-term charters and a company-owned or bareboat-chartered fleet. Shipping is headquartered in San Ramon, California, with regional offices in the major trading centers of Houston, London and Singapore.

BUSINESS STRATEGIES

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

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

SUPPORTING PROFITABLE GROWTH

Pipeline increased its equity ownership in Bridgeline Holdings, L.P. (BLH) from 60 percent to 100 percent in 2005. BLH operates an integrated intrastate natural gas pipeline and storage system in southern Louisiana, consisting of more than 1,000 miles (1,609 km) of pipeline and 12 billion cubic feet of natural gas storage capacity.

Through the Unocal acquisition, the company obtained operated and nonoperated interests in natural gas storage assets in Canada, Texas and Alaska, with total storage capacity of approximately 74 billion cubic feet. In addition, the company acquired ownership of the Beaumont Terminal, a nonregulated terminal in Texas that handles a range of commodities. The acquisition also provided the company with ownership interests in about 2,000 net pipeline miles, including a 23.4 percent interest in the Colonial Pipeline Company and a 64 percent interest in the Southcap Pipeline Company.

Information on the Chad/Cameroon pipeline, the West African Gas Pipeline, the Baku-Tbilisi-Ceyhan pipeline and the Caspian Pipeline Consortium is presented on pages 20, 23, 24 and 25, respectively, in the Upstream section. Information on Chevron Phillips Chemical Company activities is presented on page 60 in the Chemicals section.

Shipping took delivery of two double-hulled tankers in 2005, as part of its ongoing responsibility to maintain a modern fleet. Each tanker is capable of carrying more than 2 million barrels of cargo. At the end of 2005, 95 percent of the owned and bareboat-chartered fleet was double-hulled.

During 2005, Chevron contracted for the delivery of two LNG carriers, with a capacity of 154,800 cubic meters each. These new vessels are scheduled for delivery in 2009.



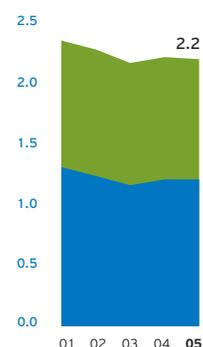
NET PIPELINE MILEAGE ^{1,2}	At December 31
Includes Equity in Affiliates	2005
CRUDE OIL LINES	
United States	2,882
International	451
TOTAL CRUDE OIL LINES	3,333
NATURAL GAS LINES	
United States	2,275
International	426
TOTAL NATURAL GAS LINES	2,701
PRODUCT LINES	
United States ³	7,181
International	433
TOTAL PRODUCT LINES	7,614
TOTAL NET PIPELINE MILEAGE	13,648

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

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

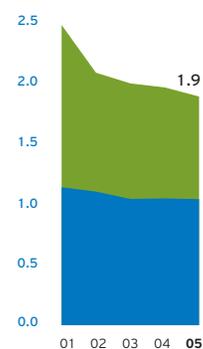
³ Includes the company's share of chemical pipelines managed by Chevron Phillips Chemical Company.

REFINING CAPACITIES AND CRUDE OIL INPUTS

REFINERY CAPACITY
AT DECEMBER 31*
Millions of barrels per day

■ United States
■ International

*Includes equity in affiliates

REFINERY CRUDE OIL INPUTS*
Millions of barrels per day

■ United States
■ International

*Includes equity in affiliates

REFINING CAPACITIES AND CRUDE OIL INPUTS

(Includes Equity in Affiliates)

Year Ended December 31

Thousands of Barrels per Day	Chevron Share of Capacity			Chevron Share of Refinery Inputs		
	At December 31, 2005	2005	2004	2003	2002	2001
UNITED STATES - FUEL REFINERIES						
CHEVRON REFINERIES						
El Segundo, California	260	230	234	242	251	213
Kapolei, Hawaii	54	50	51	52	53	54
Pascagoula, Mississippi	325	263	312	301	329	332
Richmond, California	225	233	233	235	187	229
Salt Lake City, Utah	45	41	42	40	43	44
El Paso, Texas ¹	-	-	-	36	61	61
TOTAL CHEVRON UNITED STATES FUEL REFINERIES	909	817	872	906	924	933
EQUILON AREA REFINERIES²	-	-	-	-	-	138
MOTIVA AREA REFINERIES²	-	-	-	-	-	215
TOTAL EQUILON AND MOTIVA REFINERIES	-	-	-	-	-	353
TOTAL UNITED STATES FUEL REFINERIES	909	817	872	906	924	1,286
UNITED STATES - ASPHALT PLANTS						
Perth Amboy, New Jersey	80	28	40	41	50	46
Portland, Oregon ³	-	-	2	4	5	4
TOTAL UNITED STATES ASPHALT PLANTS	80	28	42	45	55	50
TOTAL UNITED STATES	989	845	914	951	979	1,336
INTERNATIONAL - WHOLLY OWNED						
Canada - Burnaby, British Columbia	55	45	49	50	51	52
South Africa - Cape Town ⁴	110	61	62	72	74	71
United Kingdom - Pembroke	210	186	209	175	204	202
Guatemala ⁵	-	-	-	-	11	16
Panama ⁵	-	-	-	-	27	54
Philippines - Batangas ⁶	-	-	-	49	59	65
TOTAL INTERNATIONAL WHOLLY OWNED	375	292	320	346	426	460
INTERNATIONAL - AFFILIATES						
Australia - Brisbane (50%)	53	41	47	44	43	40
Australia - Sydney (50%)	53	52	52	49	50	52
Ivory Coast (3.7%)	2	2	2	2	2	2
Kenya - Mombasa (16%)	14	5	6	6	5	6
Martinique (11.5%)	2	2	2	2	2	1
Netherlands (31%)	124	103	98	100	89	99
New Zealand - Whangarei (12.7%)	13	12	12	12	12	12
Pakistan - Karachi (12%)	6	5	5	5	5	5
Singapore - Pulau Merlimau (50%) ⁷	143	133	102	77	68	72
South Korea - Yeosu (50%)	325	303	305	311	308	301
Thailand - Map Ta Phut (64%)	96	88	93	86	90	86
TOTAL INTERNATIONAL AFFILIATES	831	746	724	694	674	676
TOTAL INTERNATIONAL	1,206	1,038	1,044	1,040	1,100	1,136
TOTAL WORLDWIDE	2,195	1,883	1,958	1,991	2,079	2,472

¹ Chevron sold its interest in the El Paso Refinery in August 2003.² Includes investments in Equilon and Motiva refineries, which were placed in trust in October 2001, as required by the U.S. Federal Trade Commission, and disposed of in February 2002.³ Chevron sold the Portland asphalt plant in February 2005.⁴ Chevron holds 100 percent of the common stock issued by Caltex Oil South Africa (Pty) Limited (COSA), which owns the Cape Town Refinery. A consortium of South African partners owns preferred shares ultimately convertible to a 25 percent equity interest in COSA. None of those preferred shares had been converted as of March 2006.⁵ Refining operations ceased at the Panama and Guatemala refineries in July 2002 and September 2002, respectively. The Guatemala facility was converted to a terminal operation in 2002. The Panama facility was converted to a terminal operation in 2003.⁶ Refining operations ceased at the Batangas Refinery in November 2003. The Batangas facility was converted to a product import terminal operation in early 2004.⁷ Equity ownership increased in July 2004 from 33 percent to 50 percent.

REFINING CAPACITY AT YEAR-END 2005

REFINING CAPACITY AT YEAR-END 2005 (Includes Equity in Affiliates) Thousands of Barrels per Day	Chevron Share of Capacity ¹				
	Atmospheric Distillation ²	Catalytic Cracking ³	Hydro- cracking ⁴	Residuum Conversion ⁵	Lubricants ⁶
UNITED STATES - FUEL REFINERIES					
El Segundo, California	260	71	45	64	-
Kapolei, Hawaii	54	21	-	-	-
Pascagoula, Mississippi	325	63	58	92	-
Richmond, California	225	65	109	-	16
Salt Lake City, Utah	45	13	-	7	-
TOTAL UNITED STATES FUEL REFINERIES	909	233	212	163	16
UNITED STATES - ASPHALT PLANTS					
Perth Amboy, New Jersey	80	-	-	-	-
TOTAL UNITED STATES ASPHALT PLANTS	80	-	-	-	-
TOTAL UNITED STATES	989	233	212	163	16
INTERNATIONAL - WHOLLY OWNED					
Canada - Burnaby, British Columbia	55	18	-	-	-
South Africa - Cape Town ⁷	110	22	-	11	-
United Kingdom - Pembroke	210	90	-	26	-
TOTAL INTERNATIONAL WHOLLY OWNED	375	130	-	37	-
INTERNATIONAL - AFFILIATES⁸					
Australia - Brisbane (50%)	53	18	-	-	-
Australia - Sydney (50%)	53	18	-	-	-
Ivory Coast (3.7%)	2	-	1	-	-
Kenya - Mombasa (16%)	14	-	-	-	-
Martinique (11.5%)	2	-	-	-	-
Netherlands (31%)	124	28	-	10	-
New Zealand - Whangarei (12.7%)	13	3	-	-	-
Pakistan - Karachi (12%)	6	-	-	-	-
Singapore - Pualau Merlimau (50%)	143	18	15	15	-
South Korea - Yeosu (50%)	325	37	-	-	2
Thailand - Map Ta Phut (64%)	96	17	-	-	-
TOTAL INTERNATIONAL AFFILIATES	831	139	16	25	2
TOTAL INTERNATIONAL	1,206	269	16	62	2
TOTAL WORLDWIDE	2,195	502	228	225	18

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

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

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

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

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

⁶ Lubricants capacity is based on dewaxed base oil production.

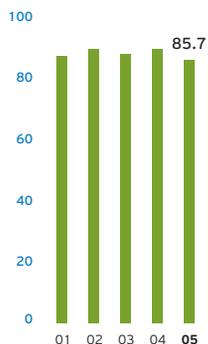
⁷ Chevron holds 100 percent of the common stock issued by COSA, which owns the Cape Town Refinery. A consortium of South African partners owns preferred shares ultimately convertible to a 25 percent equity interest in COSA. None of those preferred shares had been converted as of March 2006.

⁸ Source: 2005 Oil & Gas Journal Refining Survey.

REFINERY UTILIZATION AND PRODUCTION

WORLDWIDE REFINERY UTILIZATION*

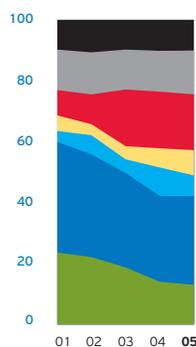
Percent of capacity



*Includes equity in affiliates

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

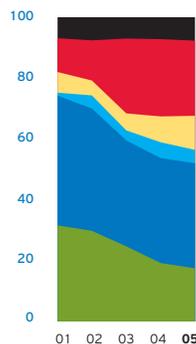
Percent



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

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

Percent



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

REFINERY CRUDE DISTILLATION UTILIZATION¹

(Includes Equity in Affiliates)

Year Ended December 31

Percentage of Capacity	2005	2004	2003	2002	2001
United States - Fuel Refineries ²	89.9	95.9	95.1	97.9	90.0
Africa-Pakistan	54.9	56.0	63.4	64.4	63.2
Asia-Pacific	91.9	92.4	89.7	88.5	88.3
Europe	86.5	91.9	82.3	87.7	89.5
Other	84.7	94.4	96.3	86.3	93.9
Worldwide ³	85.7	89.5	87.7	89.4	87.1

UTILIZATION OF CRACKING AND COKING FACILITIES⁴

(Wholly Owned)

Percentage of Capacity

United States	76.1	87.9	84.5	85.3	84.2
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SOURCES OF CRUDE OIL INPUT FOR WORLDWIDE REFINERIES

(Wholly Owned)

Percentage of Total Input

Middle East	29.1	28.2	31.0	33.7	36.3
Mexico	18.3	18.6	18.6	9.8	8.3
North Sea	14.4	13.4	13.1	13.8	13.3
South America	8.3	6.3	4.3	3.6	5.1
United States - Excluding Alaska North Slope	5.8	6.2	9.5	12.8	13.1
United States - Alaska North Slope	7.2	7.8	9.2	9.3	10.5
Africa	6.8	9.3	4.5	6.3	3.6
Other	10.1	10.2	9.8	10.7	9.8
TOTAL	100.0	100.0	100.0	100.0	100.0

WORLDWIDE REFINERY PRODUCTION OF FINISHED PRODUCTS

(Wholly Owned)

Thousands of Barrels per Day

Gasoline	529	564	586	631	611
Jet Fuel	221	241	250	246	255
Gas Oil	238	251	251	304	297
Fuel Oil	104	100	101	89	103
Other	130	162	180	202	198
TOTAL	1,222	1,318	1,368	1,472	1,464

SOURCES OF CRUDE OIL INPUT FOR U.S. REFINERIES

(Wholly Owned)

Percentage of Total Input

Middle East	34.5	34.5	34.8	40.2	42.6
Mexico	24.7	25.4	24.6	13.2	11.1
South America	11.2	8.5	5.6	4.9	6.8
United States - Excluding Alaska North Slope	7.8	8.5	12.5	17.3	17.6
United States - Alaska North Slope	9.7	10.7	12.2	12.5	14.0
Africa	4.4	5.2	3.3	4.3	1.0
Other	7.7	7.2	7.0	7.6	6.9
TOTAL	100.0	100.0	100.0	100.0	100.0

U.S. REFINERY PRODUCTION OF FINISHED PRODUCTS

(Wholly Owned)

Thousands of Barrels per Day

Gasoline	375	402	445	463	449
Jet Fuel	189	203	208	200	205
Gas Oil	136	148	144	181	181
Fuel Oil	60	54	59	41	54
Other	115	148	147	162	148
TOTAL	875	955	1,003	1,047	1,037

¹ 2004 through 2001 conformed to 2005 presentation.

² Includes investments in Equilon and Motiva refineries, which were placed in trust in October 2001, as required by the U.S. Federal Trade Commission, and disposed of in February 2002.

³ Includes asphalt plants.

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

PRODUCT SALES AND MARKETING RETAIL OUTLETS

REFINED-PRODUCT SALES

Thousands of Barrels per Day	Year Ended December 31				
	2005	2004	2003	2002	2001
UNITED STATES¹					
Gasoline	709	701	669	680	709
Jet Fuel	291	302	314	352	424
Gas Oils and Kerosene	231	218	196	259	245
Residual Fuel Oil	122	148	123	177	183
Other Petroleum Products	120	137	134	132	122
TOTAL UNITED STATES	1,473	1,506	1,436	1,600	1,683
INTERNATIONAL²					
Gasoline	669	717	643	620	624
Jet Fuel	259	250	228	207	220
Gas Oils and Kerosene	784	805	780	783	861
Residual Fuel Oil	410	463	487	416	587
Other Petroleum Products	173	167	164	149	162
TOTAL INTERNATIONAL	2,295	2,402	2,302	2,175	2,454
WORLDWIDE³					
Gasoline	1,378	1,418	1,312	1,300	1,333
Jet Fuel	550	552	542	559	644
Gas Oils and Kerosene	1,015	1,023	976	1,042	1,106
Residual Fuel Oil	532	611	610	593	770
Other Petroleum Products	293	304	298	281	284
TOTAL WORLDWIDE	3,768	3,908	3,738	3,775	4,137
¹ Excludes Equilon and Motiva.					
² Includes equity in affiliates:	540	536	525	508	479
³ Includes buy/sell arrangements (data for 2001 not available in this format):	217	180	194	197	N/A

LIGHT-PRODUCT SALES^{1,2}

SALES REVENUES (Millions of Dollars)	Year Ended December 31				
	2005	2004	2003	2002	2001
United States	\$ 32,716	\$ 24,451	\$ 18,481	\$ 17,118	
International	37,243	29,481	24,612	18,917	
TOTAL SALES REVENUES	\$ 69,959	\$ 53,932	\$ 43,093	\$ 36,035	
SALES VOLUMES (Thousands of Barrels per Day)	Year Ended December 31				
United States	1,231	1,221	1,179	1,291	
International	1,374	1,434	1,330	1,302	
TOTAL SALES VOLUMES	2,605	2,655	2,509	2,593	

¹ Consolidated companies only. Data for 2001 not readily available in this format.

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

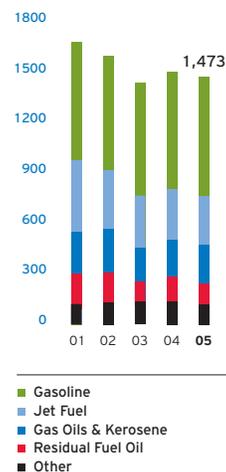
MARKETING RETAIL OUTLETS^{1,2}

	At December 31									
	2005		2004		2003		2002		2001	
	Company	Other	Company	Other	Company	Other	Company	Other	Company	Other
United States	611	8,672	677	8,296	956	6,846	1,239	6,750	1,338	6,865
Canada	162	2	162	3	165	-	166	-	168	-
Europe	423	1,733	729	1,485	849	1,701	940	1,721	982	1,687
Latin America	1,218	2,760	1,296	2,863	1,338	3,096	1,346	3,353	1,527	3,015
Asia-Pacific	1,201	905	1,386	744	1,524	655	1,766	550	1,687	703
Africa-Pakistan	1,435	1,232	1,531	1,048	1,745	740	1,535	1,002	1,338	1,094
TOTAL	5,050	15,304	5,781	14,439	6,577	13,038	6,992	13,376	7,040	13,364

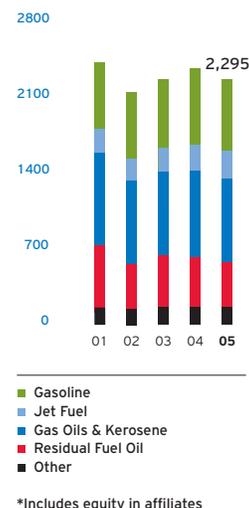
¹ Excludes equity affiliates totaling 6,128 6,313, 6,236, 6,125 and 6,138 for 2005, 2004, 2003, 2002 and 2001, respectively. 2004 through 2001 conformed to 2005 presentation.

² 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.

U.S. GASOLINE & OTHER REFINED-PRODUCT SALES
Thousands of barrels per day



INTERNATIONAL GASOLINE & OTHER REFINED-PRODUCT SALES*
Thousands of barrels per day



*Includes equity in affiliates

INVENTORIES AND VESSELS

PETROLEUM INVENTORIES*

Millions of Barrels	Year Ended December 31				
	2005	2004	2003	2002	2001
Raw Stocks	80	61	63	61	71
Unfinished Stocks	25	22	19	18	24
Finished Products	45	48	53	59	56
TOTAL	150	131	135	138	151

* On an "owned" inventories basis (i.e., physical inventory adjusted for volumes payable to or receivable from others). Consolidated companies only. 2004 through 2001 conformed to 2005 presentation.

VESSELS

	At December 31									
	2005		2004		2003		2002		2001	
	U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.
CRUDE OIL AND REFINED-PRODUCT TANKERS										
BY TYPE, DEAD WEIGHT TONNAGE¹										
COMPANY-OWNED AND BAREBOAT-CHARTERED										
25,000-65,000	3	-	3	-	3	-	3	1	3	1
65,000-120,000	-	4	-	4	-	4	-	3	-	4
120,000-160,000	-	6	-	6	-	8	-	8	-	9
160,000-320,000	-	6	-	6	-	6	-	7	-	8
Above 320,000	-	2	-	-	-	-	-	1	-	1
TOTAL COMPANY-OWNED AND BAREBOAT-CHARTERED	3	18	3	16	3	18	3	20	3	23
TIME-CHARTERED²										
25,000-65,000	-	11	-	10	-	7	-	3	-	1
65,000-120,000	-	7	-	9	-	6	-	4	-	-
120,000-160,000	-	-	-	-	-	-	-	-	-	3
160,000-320,000	-	-	-	-	-	1	-	1	-	-
TOTAL TIME-CHARTERED	-	18	-	19	-	14	-	8	-	4
TOTAL CRUDE OIL AND REFINED-PRODUCT TANKERS	3	36	3	35	3	32	3	28	3	27

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

² Includes time charters by consolidated companies greater than one year.

CARGO TRANSPORTED - CRUDE OIL AND REFINED PRODUCTS^{1, 2}

	Year Ended December 31									
	2005		2004		2003		2002		2001	
	U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.
Millions of Barrels	28	271	33	275	35	236	31	251	42	227
Billions of Ton-Miles	2	285	3	299	3	254	5	213	5	196

¹ Consolidated companies only. Includes cargo carried by company-owned bareboat-chartered and time-chartered vessels; excludes single-voyage charters.

² 2003 through 2004 conformed to 2005 presentation.

Chemicals



PHOTOS: (Left) O-Chem I plant, Mesaieed, Qatar (Chevron Phillips Chemical Company LLC joint venture); (Middle) Oak Point manufacturing facility, Belle Chasse, Louisiana (Chevron Oronite); (Right) Charles Tiner, Chief Operator - Polyethylene Plant 7, Pasadena, Texas (Chevron Phillips Chemical Company LLC).

CHEMICALS

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 STRATEGIES

- › Protect employees, contractors and the community by establishing a culture of zero incidents and zero injuries. This culture, along with the continued development and deployment of an Operational Excellence Management System across CPChem, will facilitate delivery of top-tier results in safety and environmental performance.
- › Deliver superior financial results through operational excellence, innovation, leveraging core technologies and continuing to drive costs lower.
- › Enhance operational excellence and capital stewardship by leveraging best practices from Chevron and ConocoPhillips.
- › Grow profitably through flawless execution of world-scale petrochemical projects, which are supported by secure, low-cost feedstocks. Products are focused on large, growing markets around the world, particularly Asia.

BUSINESS ENVIRONMENT IN 2005

Business conditions improved for the petrochemicals industry in 2005 as margins for a number of products increased. However, the industry was adversely affected by hurricanes in the Gulf of Mexico during the third quarter, causing higher feedstock costs and limiting production capability. As a result, prices for many finished products increased. During this period, operations were curtailed at 11 CPChem facilities, and damages were sustained at plants in Port Arthur and Orange, Texas. Production and sales volumes for CPChem's U.S. businesses were lower in 2005 than in 2004 while margins were slightly higher. Profits for CPChem's Middle East joint ventures were slightly lower, driven mainly by lower product prices for benzene and lower volumes as a result of a plant turnaround at Saudi Chevron Phillips. These joint ventures, along with CPChem's other equity affiliates, continue to make significant contributions to CPChem's overall results.

2005 ACCOMPLISHMENTS

- › Improved the Occupational Safety and Health Administration (OSHA) recordable-incident rate for the fifth consecutive year. Seventeen facilities have been designated as Star sites through OSHA's Voluntary Protection Program.
- › Sold the Port Arthur, Texas, cumene unit that had been previously idled.
- › Restarted an ethylene unit safely at the facility in Sweeny, Texas, that had been idled since 2002 due to market conditions.
- › Earned the 2005 Kirkpatrick Chemical Engineering Achievement Award, presented by *Chemical Engineering* magazine, for the successful introduction of CPChem's selective 1-hexene process technology. CPChem's 1-hexene technology successfully commenced operation in 2003 with the startup of a 47,000-metric-ton-per-year plant at Qatar Chemical (Q-Chem I) in Mesaieed, Qatar.
- › Obtained approvals and completed the financial closing for the Q-Chem II project. Q-Chem II will include a 350,000-metric-ton-per-year polyethylene plant and a 345,000-metric-ton-per-year normal alpha olefins plant – each utilizing CPChem proprietary technology – located adjacent to the existing Q-Chem I complex in Mesaieed. The Q-Chem II project also includes a separate joint venture to develop a 1.3 million metric-ton-per-year ethylene cracker at Qatar's Ras Laffan Industrial City, in which Q-Chem II owns 54 percent of the capacity rights. CPChem and its partners expect to start up the cracker and derivatives plants in late 2008. CPChem owns 49 percent of Q-Chem II.
- › Completed more than 4 million work-hours with no lost-time injuries in construction under way on CPChem's 50 percent-owned integrated, world-scale styrene facility in Al Jubail, Saudi Arabia. Operational startup is anticipated for late 2007.
- › Approved the continued development of plans for a third petrochemical project in Saudi Arabia. Preliminary studies are focused on the construction of a world-scale olefins unit, as well as downstream units, to produce polyethylene, polypropylene, 1-hexene and polystyrene. This project would capitalize on CPChem's proven technologies and be located in Al Jubail, next to an existing aromatics complex and the world-scale styrene facility currently under construction that are owned by CPChem and Saudi Industrial Investment Group. Final approval of the project is expected in 2007.

For other information on CPChem's major businesses, refer to the Web site at www.cpchem.com.

CHEVRON ORONITE COMPANY

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

CHEMICALS

Chevron Oronite has two major global businesses – Lubricating Oil Additives and Fuel Additives. These businesses are managed on a global functional basis.

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

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

BUSINESS STRATEGIES

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

2005 ACCOMPLISHMENTS

- › Safely shut down and evacuated the Oak Point manufacturing facility in Belle Chasse, Louisiana, on two separate occasions due to Hurricanes Katrina and Rita.
- › Created an Emerging Technologies function to identify and implement innovative technologies, tools and processes.
- › Began first commercial operation of the new fixed bed zeolite catalyst process at the manufacturing facility in Gonfreville, France. This technology enhances plant safety and improves profitability by using lower-cost raw materials.

MANUFACTURING AND RESEARCH AND DEVELOPMENT LOCATIONS

CPChem, headquartered in The Woodlands, Texas, manufactured products at 32 locations in nine countries in 2005:

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	Queretaro, Mexico	Polyethylene Pipe
Conroe, Texas	Drilling Specialty Chemicals	Guayama, Puerto Rico	Paraxylene
La Porte, Texas	Ryton® PPS Compounds	Mesaieed, Qatar (49%)	Ethylene, HDPE, 1-Hexene
Sweeny Facility, Old Ocean, Texas	Ethylene, Propylene	Al Jubail, Saudi Arabia (50%)	Benzene, Cyclohexane
Orange, Texas	HDPE	Singapore (50%)	HDPE
Pasadena Plastics Complex, Pasadena, Texas	HDPE, K-Resin® SBC, Polypropylene (60%)	Singapore	Ryton® PPS Compounds
Port Arthur, Texas	Ethylene, Propylene, Cyclohexane	Yochon, South Korea (60%)	K-Resin® SBC
Nine Other Locations	Polyethylene Pipe		

Chevron Oronite, headquartered in San Ramon, California, manufactured products at seven locations in seven countries in 2005:

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

* Planned plant closure as previously disclosed was cancelled.

Other Businesses



PHOTOS: (Left) Steve Duncan and Greg Slutz, Graphic Information Systems/Remote Sensing group; (Middle) Shovel and 240-ton-capacity truck at the Pittsburg & Midway Coal Mining Co. Kemmerer Mine in Wyoming; (Right) Hydrogen fueling station, Chino, California.

TECHNOLOGY

Chevron develops and applies integrated technology solutions to support production from existing hydrocarbon sources, increase crude oil and natural gas reserves, manufacture hydrocarbon products, and develop energy options for the future. The company participates in a broad network of research and development partnerships that supplement proprietary capabilities and ensure global access to technology.

BUSINESS STRATEGIES

Chevron's technology strategies are to:

- › Align technical capabilities with business needs and growth opportunities.
- › Position the company to compete in future energy markets.
- › Attract and retain top-tier technical talent.

These strategies guide the management of core hydrocarbon technologies, the strategic research portfolio, the global digital infrastructure and the Technology Ventures Company.

The Energy Technology Company (ETC) supports Chevron's upstream and downstream businesses with an integrated stream of technology and services from Research and Development through deployment including core technologies that span the hydrocarbon value chain: earth sciences; reservoir and production engineering; drilling and completions; facilities engineering; health, environment and safety; process, analytical and catalysis; and technical computing.

ETC's strategic research portfolio includes both proprietary research and joint-development programs with university, government and commercial partners. Strategic research links the company's current and prospective businesses to high-impact advances in such areas as materials science, molecular transformation, high-performance computing and oil field automation. Strategic research also includes long-range investigations such as carbon sequestration and methane hydrates.

The Information Technology Company (ITC) provides a standardized digital infrastructure for Chevron's global operations. ITC integrates computing, telecommunications, data management, security and network technology. The global IT strategy and architecture ensure timely and effective integration of new digital technologies into the infrastructure.

The Technology Ventures Company identifies, grows and commercializes external emerging technologies with the potential to transform energy production and use. The business development portfolio includes hydrogen infrastructure, advanced batteries, nano-materials and renewable energy applications.

2005 ACCOMPLISHMENTS

EXPLORATION AND PRODUCTION

- › Completed field trials for new 3-D seismic acquisition technology in the Gulf of Mexico.
- › Deployed probabilistic seismic analysis tools to improve decision quality in exploration and reservoir management.
- › Deployed high-performance cluster computing for large-scale seismic reimagining and reservoir modeling.
- › Completed testing and evaluation of the next-generation reservoir simulator, which is now ready for deployment.
- › Completed the first year of the Norway Operations Center Joint Industry Project to test new solutions and workflows for upstream operations.
- › Established a partnership with the Western Australia Energy Research Alliance to jointly develop technology and capabilities in natural gas, subsea and reservoir management.

NATURAL GAS TECHNOLOGIES

- › Established an in-house Liquid Natural Gas Technical Center of Excellence for LNG projects, operations and technology.
- › Led an industry joint interest project that deployed a cryogenic subsea pipeline to replace LNG loading and unloading jetties at liquefaction/regasification terminals.
- › Operated the joint industry and Department of Energy program to recover core samples from deepwater Gulf of Mexico gas hydrate deposits for research on resource potential and drilling hazard reduction.
- › Fabricated commercial prototypes for use in a promising, next-generation process for generating lower cost synthesis gas from natural gas to further enhance the company's emerging gas-to-liquids business.

MANUFACTURING AND REFINING

- › Deployed a Fitness for Service inspection program at all company-operated refineries that is expected to achieve annual multimillion dollar operational savings.
- › Leveraged design of in-line rotary scrubbers for a deepwater seafloor project and transferred to Pascagoula Refinery to increase compressor reliability.
- › Demonstrated or commercialized advances in fuel development, including a laboratory-scale adsorption process to desulfurize high-sulfur fuels; fuel detergents for diesel reforming in fuel cell applications; and an environment-friendly catalyst that replaces the hydrofluoric acid currently used for aromatic alkylation.

TECHNOLOGY

INFORMATION TECHNOLOGY AND INFRASTRUCTURE

- › Integrated two IT hubs (London and Singapore) and restored IT systems after Hurricanes Katrina and Rita.
- › Established a Center of Excellence in Information Management and an Information Risk Management function to strengthen capabilities in designing and supporting information systems; to advance information security; and to address policy, risk and compliance issues in the information lifecycle.
- › Began implementing next-generation IT architecture and applications.

TECHNOLOGY VENTURES

- › Began commercial production of hybrid-electric-vehicle battery packs through the Cobasys 50-50 joint venture.
- › Inaugurated Chevron's first hydrogen fueling station in Chino, California, in partnership with the Department of Energy, Hyundai Motors and UTC Fuel Cells.
- › Began developing a demonstration hydrogen energy station at a public transportation district bus depot in Oakland, California, opened in early 2006.
- › Established a cooperative research and development agreement with the U.S. Army Tank and Automotive Research, Development and Engineering Center to advance hydrogen fueling technology.
- › Named as runner-up for *The Wall Street Journal's* Innovation Awards for proprietary distributed hydrogen technology.

POWER GENERATION

The company's Global Power Generation (GPG) business oversees Chevron's interest in 16 power generation facilities through joint venture structures and has more than 20 years experience in evaluating power markets and successfully developing and operating commercial power projects. Thirteen of the 16 facilities are managed by GPG. In addition, Chevron has geothermal operations in Indonesia and the Philippines. Chevron is a leading participant in the geothermal industry and has power generation assets embedded in its production and refining facilities. The company operates efficient gas-fired cogeneration facilities that utilize waste heat recovery to produce additional electricity or to support industrial thermal hosts. A number of facilities provide steam for heavy oil recovery operations.

Through its Technology Ventures Company, Chevron is a partner in a wind project in The Netherlands and is exploring solar applications to reduce cost of steam for the Duri Field in Indonesia.

BUSINESS STRATEGIES

- › Maximize long-term value of GPG's power generation portfolio by operating safely, reliably and efficiently.
- › Leverage commercial, technical and operational expertise to assist other Chevron business units to optimize the utilization of power generation assets and/or develop new opportunities to meet strategic and business objectives.
- › Support Chevron's strategy to commercialize equity-gas resources by analyzing and developing market opportunities, including power generation facilities as needed to stimulate market demand.

2005 ACCOMPLISHMENTS

- › Acquired an additional 12.5 percent interest in the Tri Energy Company, a 700-megawatt independent power producer in Ratchaburi Province, Thailand. Chevron and its partner each have a 50 percent interest in Tri Energy.

CHEVRON ENERGY SOLUTIONS (CES)

CES is a wholly owned subsidiary that provides public institutions and businesses with projects that include energy efficiency upgrades, alternative power systems and other improvements to reduce energy costs and ensure reliable, high-quality power for critical operations. CES has offices in the United States and has energy-saving projects installed in more than a thousand buildings nationwide.

DYNEGY

Chevron owns an approximate 24 percent interest in the common stock of Dynegy Inc. In addition, the company holds \$400 million face value of Dynegy Series C Convertible Preferred Stock with a stated maturity of 2033.

BUSINESS DESCRIPTION

Dynegy Inc. provides electricity to markets and customers throughout the United States. Through a portfolio of assets that include power plants totaling approximately 13,000 megawatts of net generating capacity, Dynegy provides wholesale power to utilities, cooperatives, municipalities and other energy companies.

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

COAL AND OTHER MINERALS

The Pittsburg & Midway Coal Mining Co. (P&M), a wholly owned coal mining and marketing subsidiary, operates its coal business and manages other minerals-extraction operations that were acquired as part of the Unocal acquisition.

P&M operates two surface coal mines – McKinley in New Mexico and Kemmerer in Wyoming – and one underground mine, North River in Alabama. P&M also manages Molycorp Inc., a wholly owned Chevron subsidiary that mines and markets molybdenum and rare earth minerals. Molycorp operates a molybdenum mine in Questa, New Mexico, and a rare earth (lanthanides) mine in Mountain Pass, California. Molycorp also owns a 35 percent interest in Companhia Brasileira de Metalurgia e Mineracao (CBMM), which is the world's largest producer of niobium, located in Brazil, and a 33 percent interest in Sumikin Molycorp, which has interests in the production of neodymium compounds in Japan. Molycorp also provides environmental remediation activities at its closed facilities in Pennsylvania. Also acquired as part of the Unocal acquisition is Chicago Carbon Company, a wholly owned subsidiary that operates a 250,000-ton-per-year petroleum coke calciner in Lemont, Illinois.

U.S. MINERAL BUSINESS ENVIRONMENT

Coal markets are dominated by utilities that purchase coal for electricity generation, which consumes about 90 percent of U.S. coal production. Competition in the power industry places a premium on low-cost, coal-fired power generation.

Molybdenum is primarily used as an alloy agent in steel. In 2005, strong demand and a stable supply led to a relatively high price environment. Lanthanide has seen a declining market price due to competition from a low-cost steady supply from China.

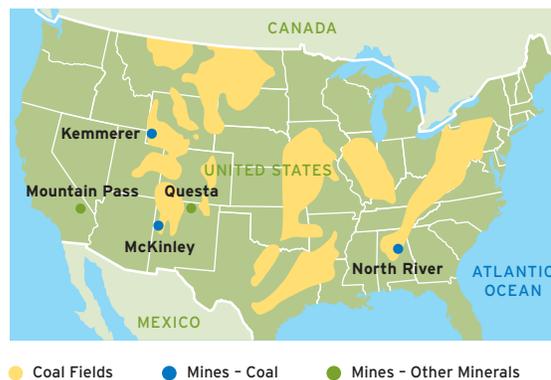
BUSINESS STRATEGIES

P&M's goal is to maximize cash flow by employing the following strategies:

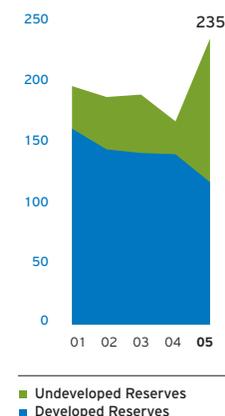
- › Mine coal and other minerals in a safe and environmentally responsible manner.
- › Improve productivity and further reduce costs while minimizing capital expenditures.
- › Optimize mine sales and production volumes and the value of coal and other mineral reserves.
- › Reduce capital employed.

2005 ACCOMPLISHMENTS

- › Operated one year without a lost-workday accident at the McKinley Mine.
- › Reached agreement with a major customer on new contractual terms for production at the Kemmerer Mine.
- › Sold the company's 30 percent interest in Inter-American Coal, a mining operation in Venezuela.
- › Completed final reclamation activities at the closed coal mine in York Canyon, New Mexico.
- › Commenced development of the next molybdenum ore body at the Questa Mine.



COAL RESERVES
Millions of tons



MINING OPERATIONS

Mine Name/Affiliate	State/ Country	Principal Operation	Sulfur Content	Estimated Annual Capacity ¹	Annual Sales ¹					
					2005	2004	2003	2002	2001	
P&M COAL:										
Kemmerer	Wyoming	Truck-and-Shovel (T&S)	Low	5.0	4.5	4.5	4.1	4.2	4.5	
McKinley	New Mexico	Dragline/T&S	Low	5.8	5.5	5.8	4.7	6.0	6.7	
North River	Alabama	Longwall	Medium	3.8	3.6	3.6	3.8	3.2	3.2	
Inter-American Coal (30%) ²	Venezuela	T&S	Low	1.0	0.5	0.7	0.8	0.8	0.6	
York Canyon ³	New Mexico	T&S	Low	-	-	-	-	0.7	1.1	
Farco ⁴	Texas	Dragline	Medium	-	-	-	-	-	0.1	
TOTAL SALES				15.6	14.1	14.6	13.4	14.9	16.2	
OTHER:										
Mountain Pass ⁵	California	T&S	Lanthanide ⁶	-	2.4	-	-	-	-	
Questa	New Mexico	Underground	Molybdenum ⁶	3.5	1.2	-	-	-	-	
CBMM (35%) ⁷	Brazil	T&S	Niobium ⁸	17.6	7.7	-	-	-	-	

¹ Millions of tons of coal except as otherwise noted.

² Sales and capacity represent P&M's share. Inter-America Coal was sold in late 2005.

³ Final reclamation activities are complete with permit maintenance in place.

⁴ Reclamation activities are in progress.

⁵ Mining operations idled at year-end 2005 due to market conditions and excess inventory.

⁶ Sold in millions of pounds. Sales from August 1 through December 31, 2005.

⁷ Sales and capacity represent Molycorp's share.

⁸ Sold in millions of tons. Sales from August 1 through December 31, 2005.

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 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*.

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

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

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

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

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

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

INTEGRATED ENERGY COMPANY A company engaged in all aspects of the 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 Separated from natural gas, these include ethane, propane, butane and natural gasoline.

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*.

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.

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

PRODUCTION *Total production* refers to all the crude oil and natural gas produced from a property. *Gross production* is the company's share of total production before deducting both royalties paid to landowners and host 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 host 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) A contractual agreement between a company and a host government whereby the company bears all exploration, development and production costs in return for an agreed-upon share of production.

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

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

The rules of the United States Securities and Exchange Commission (SEC) permit oil and gas companies to disclose in their filings with the SEC only proved reserves. Certain terms, such as "probable" or "possible" reserves, "potentially recoverable" volumes, or "resources," among others, may be used to describe certain oil and gas properties in 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, 2005.

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

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

GLOSSARY OF ENERGY AND FINANCIAL TERMS

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

FINANCIAL TERMS

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

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

CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE The effect on net income in the period of change of a retroactive calculation and application of a new accounting principle.

CURRENT RATIO Current assets divided by current liabilities.

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

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

GOODWILL The excess of the purchased price of an acquired entity over the total fair market 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.

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

NET INCOME The primary earnings measure for a company, as determined under 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.

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

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

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

TOTAL STOCKHOLDER RETURN The return to stockholders as measured by stock price appreciation and reinvested dividends for a period of time.

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

This Supplement to the 2005 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" 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 unknown or unexpected problems in the resumption of operations affected by Hurricanes Katrina and Rita and other severe weather in the Gulf of Mexico; crude oil and natural gas prices; refining margins and marketing margins; chemicals prices and competitive conditions affecting supply and demand for aromatics, olefins and additives products; actions of competitors; the competitiveness of alternate energy sources or product substitutes; technological developments; the results of operations and financial condition of equity affiliates; 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 startup of planned projects; the potential disruption or interruption of the company's net production or manufacturing facilities due to war, accidents, political events, civil unrest or severe weather; the potential liability for remedial actions under existing or future environmental regulations and litigation; significant investment or product changes under existing or future environmental regulations and litigation (including, particularly, regulations and litigation dealing with gasoline composition and characteristics); the potential liability resulting from pending or future litigation; the company's acquisition or disposition of assets; the effects of changed accounting rules under generally accepted accounting principles promulgated by rule-setting bodies; and the factors set forth under the heading "Risk Factors" described on pages 31 and 32 of the company's 2005 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.

MAJOR ORGANIZATIONS

ORGANIZATIONS	PRINCIPAL BUSINESS	PRINCIPAL AREAS OF ACTIVITY
OPERATING		
Cabinda Gulf Oil Company Limited	Exploration and Production	Angola
Chevron Asiatic Limited	Exploration and Production	International
Chevron Canada Limited	Integrated Energy Activities	Canada
Chevron Canada Resources	Production	Eastern Canada
Chevron Geothermal Indonesia Limited	Power Generation	Indonesia
Chevron Global Energy Inc.	Integrated Energy Activities	International
Chevron Global Power Generation	Electric Power and Cogeneration	Worldwide
Chevron International Exploration and Production Company	Exploration and Production	International
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 and Marketing, Sale/Trading of Crude Oil and Refined Products	Worldwide
Chevron San Jorge S.R.L.	Exploration and Production	Argentina
Chevron Shipping Company LLC	Marine Management	Worldwide
Chevron Thailand Exploration and Production, Ltd.	Exploration and Production	Thailand
Chevron Transport Corporation Limited	Marine Transportation	Worldwide
Chevron U.K. Limited	Exploration and Production	North Sea
Chevron U.S.A. Inc.	Integrated Energy Activities	Worldwide
Molycorp, Inc.	Minerals Mining	Worldwide
The Pittsburg & Midway Coal Mining Co.	Coal Mining	United States
PT. Chevron Pacific Indonesia	Exploration and Production	Indonesia
Saudi Arabian Texaco Inc.	Exploration and Production	Partitioned Neutral Zone
Texaco Inc.	Integrated Energy Activities	Worldwide
Texaco Panama Inc.	Exploration and Production	Angola
Unocal Corporation	Exploration and Production	Worldwide
AFFILIATES		
Azerbaijan International Operating Company (10.3%)	Exploration and Production	Azerbaijan
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
Dynegy Inc. (approximately 24%)	Electrical Power	United States
GS Caltex Corporation (50%)	Refining and Marketing	International
Hamaca Holding LLC (30%)	Exploration and Production	Venezuela
Star Petroleum Refining Company Limited (64%)	Refining	Thailand
Tengizchevroil (50%)	Exploration and Production	Kazakhstan
SERVICES		
Chevron Business and Real Estate Services	Property Management	Worldwide
Chevron Energy Solutions Company	Energy Services	United States
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 LLC	Emerging Technologies	United States
Chevron Energy Technology Company	Engineering, Oil Field Technical Services, and Technology Company	Worldwide
FINANCE		
Chevron Canada Capital Company	Commercial Paper Issuer	
Chevron Funding Corporation	Commercial Paper Issuer	
Chevron Capital Corporation	Debt Financing	
Texaco Capital Inc.	Debt Financing	
Union Oil Company of California	Debt Financing	

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

ADDITIONAL INFORMATION

STOCK EXCHANGE LISTING

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

PUBLICATIONS AND OTHER NEWS SOURCES

Additional information relating to Chevron is contained in its *Annual Report* to stockholders and its *Annual Report on Form 10-K* for the fiscal year ended December 31, 2005, filed with the United States Securities and Exchange Commission.

For copies of these reports, stockholders and others may write to:

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

Chevron's Web site, 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 *Annual Report*.

LEGAL NOTICE

As used in this report, the term "Chevron" and such terms as "the company," "the corporation," "our," "we" and "us" may refer to Chevron Corporation, one or more of its consolidated subsidiaries, or to all of them taken as a whole, but unless the context clearly indicates otherwise, 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:
Investor Relations
Chevron Corporation
6001 Bollinger Canyon Road, A3064
San Ramon, CA 94583-2324
925 842 5690
Email: invest@chevron.com

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 GULF OF MEXICO, WHERE THE COMPANY WAS A MAJOR PRODUCER.
- 1984 ACQUIRED GULF CORPORATION - NEARLY DOUBLING THE SIZE OF OIL AND GAS ACTIVITIES - AND GAINED SIGNIFICANT PRESENCE IN INDUSTRIAL CHEMICALS, NATURAL GAS LIQUIDS AND COAL. CHANGED NAME TO CHEVRON CORPORATION TO IDENTIFY WITH THE NAME UNDER WHICH MOST PRODUCTS WERE MARKETED.
- 1988 PURCHASED TENNECO INC.'S GULF OF MEXICO OIL AND GAS PROPERTIES, BECOMING ONE OF THE LARGEST U.S. NATURAL GAS PRODUCERS.
- 1993 FORMED 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 OIL AND 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.

This publication was issued in April 2006 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 2005 Annual Report* to stockholders and should be read in conjunction with it. The financial information contained in this Annual Report Supplement is expressly qualified by reference to the *Annual Report*, which contains audited financial statements, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and other supplemental data.



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