



Managing the energy portfolio

2006 Supplement to the Annual Report

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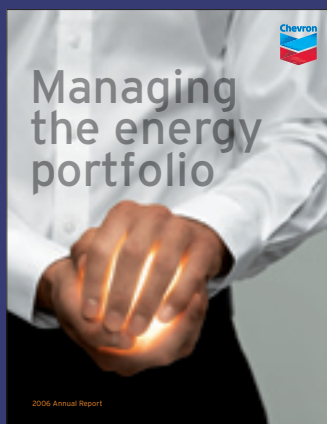
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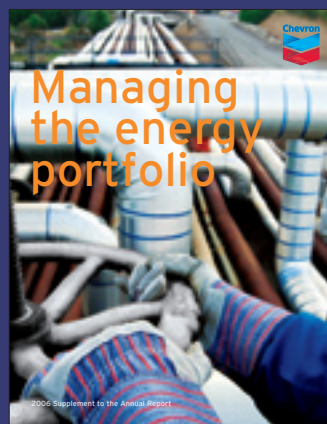
Demand for energy continues to rise,

posing a clear challenge for our industry: how to develop new and better ways to produce, process, use and deliver all forms of energy - from conventional crude oil and natural gas to the emerging sources of the future.

At Chevron, we recognize the world needs all the energy we can develop, in every potential form. We're managing our energy portfolio to deliver that energy - and to create growth and value for our stockholders, our customers, our business partners and the communities where we do business.



2006 Annual Report



2006 Supplement to the Annual Report



2006 Corporate Responsibility Report

2006 AT A GLANCE

Accomplishments

Corporate

- › **Record earnings** – Achieved the highest annual earnings in the company's history, \$17.1 billion.
- › **Unocal acquisition** – Completed the integration of Unocal operations that were acquired in August 2005.
- › **Common stock** – Increased the quarterly stock dividend by 15.5 percent – 19th consecutive year of higher annual dividend payouts.
- › **Stock repurchase program** – Completed the \$5 billion common stock buyback program initiated in December 2005. Authorized the acquisition of up to \$5 billion of additional shares over a period of up to three years.
- › **Capital and exploratory expenditures** – Invested \$16.6 billion in the company's businesses, including \$1.9 billion (Chevron's share) of spending by affiliates. Announced 2007 projected outlays of \$19.6 billion, including \$2.4 billion of affiliate expenditures. Focus continues on exploration and production activities worldwide.
- › **Debt** – Reduced the ratio of debt to debt-plus-equity from 17 percent to 12.5 percent, in part through the early repayment of approximately \$2 billion in Unocal debt.

Upstream – Exploration and Production

- › **Exploration** – Achieved a drilling success rate of 38 percent with 15 successful exploratory wells. Discoveries included Lucapa in Angola and Chandon-1 and Clio-1 in northwestern Australia.
- › **Production** – Produced 2.67 million barrels of net daily oil-equivalent, with approximately 70 percent of the volume outside the United States in more than 20 different countries.
- › **Oil and gas reserves** – Added approximately 950 million barrels of oil-equivalent proved reserves, including volumes associated with mining activities at the Athabasca Oil Sands Project in Canada. Reserve additions equated to 101 percent of production for 2006.
- › **Major projects** – Continued progress on the company's major projects to deliver future production growth. First oil was achieved in early 2006 at the deepwater Belize Field, offshore Angola. Production start-up was scheduled in 2007 at the Tengizchevroil Sour Gas Injection/Second Generation Plant, in 2008 for the discoveries at Agbami in Nigeria and Tahiti in the U.S. Gulf of Mexico and after 2010 at the Gorgon liquefied natural gas (LNG) project in Australia.
- › **LNG initiatives** – Advanced the engineering, procurement, construction and commissioning contract for a 5 million-metric-ton-per-year onshore LNG plant in Angola, with major procurement and construction activities expected to commence in late 2007.

Downstream – Refining, Marketing and Transportation

- › **Refinery construction** – Purchased a 5 percent interest in Reliance Petroleum Limited, which will own and operate a new export refinery in India. The new refinery will be the world's sixth largest, designed for crude capacity of 580,000 barrels per day and is expected to begin operation at the end of 2008. Chevron has future rights to increase its equity ownership to 29 percent.
- › **Refinery upgrade** – Completed the expansion of the Fluid Catalytic Cracking Unit in Pascagoula, Mississippi, increasing the refinery's gasoline manufacturing capacity by about 10 percent.

Chemicals

- › **Manufacturing facility expansion** – Continued construction of the Chevron Phillips Chemical Company LLC's (CPCChem) 49 percent-owned Q-Chem II joint-venture project in Qatar. The project will add significant manufacturing capacity for polyethylene and normal alpha olefins and is expected to start up in early 2009. CPCChem is 50 percent owned by the company.

Corporate Strategies

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

Financial Highlights:

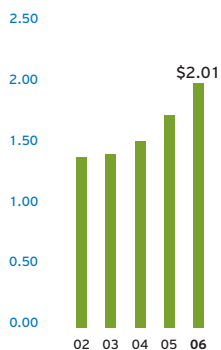
- › **Sales and other operating revenues** – \$204.9 billion
- › **Net income** – \$17.1 billion; \$7.80 per share – diluted
- › **Return on capital employed** – 22.6%
- › **Return on average stockholders' equity** – 26.0%
- › **Cash dividends** – \$2.01 per share
- › **Total stockholder return** – 33.8%

FINANCIAL INFORMATION

FINANCIAL SUMMARY

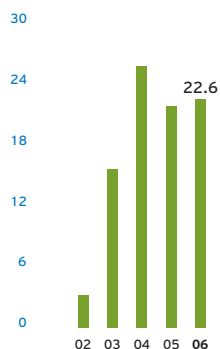
ANNUAL CASH DIVIDENDS

Dollars per share



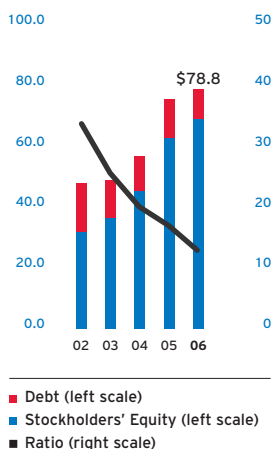
RETURN ON CAPITAL EMPLOYED

Percent



TOTAL DEBT TO TOTAL DEBT-PLUS-EQUITY RATIO

Billions of dollars/Percent



FINANCIAL SUMMARY¹

Millions of Dollars, except per-share amounts

	2006	2005	2004	2003	2002
Net Income	\$ 17,138	\$ 14,099	\$ 13,328	\$ 7,230	\$ 1,132
Sales and Other Operating Revenues ²	\$ 204,892	\$193,641	\$150,865	\$119,575	\$ 98,340
Cash Dividends - Common Stock	4,396	3,778	3,236	3,033	2,965
Capital and Exploratory Expenditures	16,611	11,063	8,315	7,363	9,255
Cash Provided by Operating Activities	24,323	20,105	14,690	12,315	9,943
At December 31: Working Capital	7,895	9,325	9,708	3,315	(2,100)
Total Assets	132,628	125,833	93,208	81,470	77,359
Total Debt and Capital Lease Obligations	9,838	12,870	11,272	12,597	16,269
Stockholders' Equity	68,935	62,676	45,230	36,295	31,604
Common Shares Outstanding at December 31 (Millions)^{3,4}	2,150.4	2,218.5	2,093.0	2,124.1	2,122.1
Per-Share Data³					
Net Income - Basic	\$ 7.84	\$ 6.58	\$ 6.30	\$ 3.48	\$ 0.53
- Diluted	7.80	6.54	6.28	3.48	0.53
Cash Dividends	2.01	1.75	1.53	1.43	1.40
Stockholders' Equity at December 31	32.06	28.25	21.61	17.09	14.89
Market Price at December 31	73.53	56.77	52.51	43.19	33.24
- High	76.20	65.98	56.07	43.49	45.80
- Low	53.76	49.81	41.99	30.65	32.71
Financial Ratios⁴					
Current Ratio	1.3	1.4	1.5	1.2	0.9
Interest Coverage	53.5	47.5	47.6	24.3	7.6
Total Debt to Total Debt-Plus-Equity	12.5%	17.0%	19.9%	25.8%	34.0 %
Return on Average Stockholders' Equity	26.0%	26.1%	32.7%	21.3%	3.5 %
Return on Capital Employed	22.6%	21.9%	25.8%	15.7%	3.2 %
Return on Average Total Assets	13.2%	12.9%	15.3%	9.1%	1.5 %
Cash Dividends/Net Income (Payout Ratio)	25.7%	26.8%	24.3%	42.0%	261.9 %
Cash Dividends/Cash From Operations	18.1%	18.8%	22.0%	24.6%	29.8 %
Total Stockholder Return	33.8%	11.3%	25.5%	35.2%	(23.1)%

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

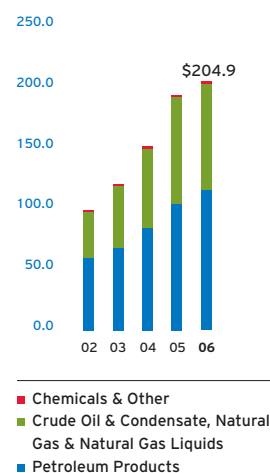
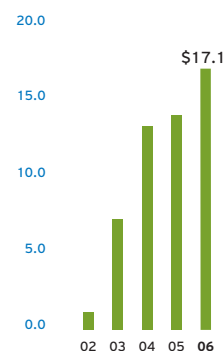
² Excludes \$291, \$457 and \$351 for discontinued operations for 2004, 2003 and 2002, respectively.

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

⁴ Refer to page 67 for Financial Ratios definitions.

CONSOLIDATED STATEMENT OF INCOME

CONSOLIDATED STATEMENT OF INCOME	Year Ended December 31				
	2006	2005	2004	2003	2002
<i>Millions of Dollars</i>					
REVENUES AND OTHER INCOME					
SALES AND OTHER OPERATING REVENUES					
Gasolines	\$ 37,824	\$ 33,892	\$ 27,717	\$ 22,545	\$ 18,363
Jet Fuel	15,524	13,572	9,735	6,916	6,242
Gas Oils and Kerosene	27,149	22,495	16,480	13,632	11,430
Residual Fuel Oils	7,055	6,651	5,500	5,144	4,135
Other Refined Products	5,700	4,706	4,282	3,703	2,911
TOTAL REFINED PRODUCTS	93,252	81,316	63,714	51,940	43,081
Crude Oil and Condensate	61,842	66,552	52,836	40,173	29,822
Natural Gas	22,515	18,248	9,841	8,426	5,959
Natural Gas Liquids	3,484	3,206	2,632	2,208	1,732
Other Petroleum Revenues	2,862	3,145	2,321	2,551	2,674
Excise Taxes, Other Taxes and Duties	18,843	19,470	18,109	13,338	14,010
TOTAL UPSTREAM AND DOWNSTREAM	202,798	191,937	149,453	118,636	97,278
Chemicals	1,395	1,117	1,106	1,009	971
All Other	699	587	597	387	442
Less: Revenues From Discontinued Operations	-	-	291	457	351
TOTAL SALES AND OTHER OPERATING REVENUES^{1,2}	204,892	193,641	150,865	119,575	98,340
Income (Loss) From Equity Affiliates	4,255	3,731	2,582	1,029	(25)
Other Income	971	828	1,853	308	222
Gain From Exchange of Dynegy Preferred Stock	-	-	-	365	-
TOTAL REVENUES AND OTHER INCOME	210,118	198,200	155,300	121,277	98,537
COSTS AND OTHER DEDUCTIONS					
Purchased Crude Oil and Products ²	128,151	127,968	94,419	71,310	57,051
Operating Expenses	14,624	12,191	9,832	8,500	7,795
Selling, General and Administrative Expenses	5,093	4,828	4,557	4,440	4,155
Exploration Expenses	1,364	743	697	570	591
Depreciation, Depletion and Amortization ³	7,506	5,913	4,935	5,326	5,169
Taxes Other Than on Income ¹	20,883	20,782	19,818	17,901	16,682
Interest and Debt Expense	451	482	406	474	565
Minority Interests	70	96	85	80	57
Write-Down of Investments in Dynegy Inc.	-	-	-	-	1,796
Merger-Related Expenses ⁴	-	-	-	-	576
TOTAL COSTS AND OTHER DEDUCTIONS	178,142	173,003	134,749	108,601	94,437
INCOME FROM CONTINUING OPERATIONS BEFORE					
INCOME TAX EXPENSE	31,976	25,197	20,551	12,676	4,100
Income Tax Expense	14,838	11,098	7,517	5,294	2,998
INCOME FROM CONTINUING OPERATIONS	17,138	14,099	13,034	7,382	1,102
INCOME FROM DISCONTINUED OPERATIONS	-	-	294	44	30
Income Before Extraordinary Item and Cumulative					
Effect of Changes in Accounting Principles	\$ 17,138	\$ 14,099	\$ 13,328	\$ 7,426	\$ 1,132
Cumulative Effect of Changes in Accounting					
Principles, Net of Income Tax ⁵	-	-	-	(196)	-
NET INCOME	\$ 17,138	\$ 14,099	\$ 13,328	\$ 7,230	\$ 1,132

¹ Includes excise, value-added and other similar taxes:² Includes amounts for buy/sell contracts; associated costs are in "Purchased Crude Oil and Products":³ Includes \$44, \$25, \$90, \$254 and \$331 in 2006, 2005, 2004, 2003 and 2002, 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 Includes a net loss of \$200 for the adoption of FASB Statement No. 143 (FAS 143), *Accounting for Asset Retirement Obligations*, and a gain of \$4 for the company's share of Dynegy's cumulative effect for the adoption of EITF No. 02-3, *Issues Involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management Activities*.SALES & OTHER OPERATING REVENUES
Billions of dollarsNET INCOME*
Billions of dollars

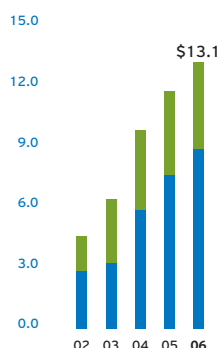
*Includes discontinued operations

FINANCIAL INFORMATION

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

WORLDWIDE UPSTREAM EARNINGS*

Billions of dollars

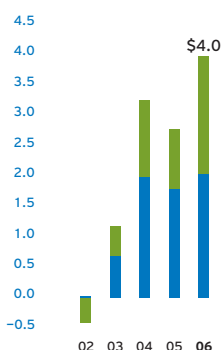


■ United States
■ International

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

WORLDWIDE DOWNSTREAM EARNINGS

Billions of dollars



■ United States
■ International

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year Ended December 31

Millions of Dollars	2006	2005	2004	2003	2002
NET INCOME	\$ 17,138	\$ 14,099	\$ 13,328	\$ 7,230	\$ 1,132
Net Unrealized Holding (Loss) Gain on Securities	(88)	(32)	(9)	80	44
Net Derivatives Gain (Loss) on Hedge Transactions	67	(131)	(9)	75	34
Minimum Pension Liability Adjustment	(38)	58	472	2	(785)
Currency Translation Adjustment	55	(5)	36	32	15
OTHER COMPREHENSIVE (LOSS) GAIN, NET OF TAX	(4)	(110)	490	189	(692)
COMPREHENSIVE INCOME	\$ 17,134	\$ 13,989	\$ 13,818	\$ 7,419	\$ 440
RETAINED EARNINGS AT JANUARY 1	\$ 55,738	\$ 45,414	\$ 35,315	\$ 30,942	\$ 32,767
Net Income	17,138	14,099	13,328	7,230	1,132
Cash Dividends	(4,396)	(3,778)	(3,236)	(3,033)	(2,965)
Tax Benefit From Dividends Paid on Unallocated ESOP Shares	3	3	7	6	8
Adoption of EITF 04-6, Accounting for Stripping Costs Incurred During Production in the Mining Industry	(19)	-	-	-	-
Exchange of Dynegy Securities*	-	-	-	170	-
RETAINED EARNINGS AT DECEMBER 31	\$ 68,464	\$ 55,738	\$ 45,414	\$ 35,315	\$ 30,942

* 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	2006	2005	2004	2003	2002
Upstream	\$ 4,270	\$ 4,168	\$ 3,868	\$ 3,160	\$ 1,703
- United States	8,872	7,556	5,622	3,199	2,823
- International	13,142	11,724	9,490	6,359	4,526
Downstream	\$ 1,938	\$ 980	\$ 1,261	\$ 482	\$ (398)
- United States ¹	2,035	1,786	1,989	685	31
- International	3,973	2,766	3,250	1,167	(367)
Chemicals	\$ 539	\$ 298	\$ 314	\$ 69	\$ 86
All Other^{2,3}	\$ (516)	\$ (689)	\$ (20)	\$ (213)	\$ (3,143)
Income From Continuing Operations	\$ 17,138	\$ 14,099	\$ 13,034	\$ 7,382	\$ 1,102
Income From Discontinued Operations - Upstream	-	-	294	44	30
Cumulative Effect of Changes in Accounting Principles	-	-	-	(196)	-
NET INCOME	\$ 17,138	\$ 14,099	\$ 13,328	\$ 7,230	\$ 1,132

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

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

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

CONSOLIDATED BALANCE SHEET AND SEGMENT ASSETS

CONSOLIDATED BALANCE SHEET				At December 31	
Millions of Dollars	2006	2005	2004	2003	2002
ASSETS					
Cash and Cash Equivalents	\$ 10,493	\$ 10,043	\$ 9,291	\$ 4,266	\$ 2,957
Marketable Securities	953	1,101	1,451	1,001	824
Accounts and Notes Receivable	17,628	17,184	12,429	9,722	9,385
Inventories					
Crude Oil and Petroleum Products	3,586	3,182	2,324	2,003	2,019
Chemicals	258	245	173	173	193
Materials, Supplies and Other	812	694	486	472	551
Total Inventories	4,656	4,121	2,983	2,648	2,763
Prepaid Expenses and Other Current Assets	2,574	1,887	2,349	1,789	1,847
TOTAL CURRENT ASSETS	36,304	34,336	28,503	19,426	17,776
Long-Term Receivables, Net	2,203	1,686	1,419	1,493	1,338
Investments and Advances	18,552	17,057	14,389	12,319	11,097
Properties, Plant and Equipment, at Cost	137,747	127,446	103,954	100,556	105,231
Less: Accumulated Depreciation, Depletion and Amortization	68,889	63,756	59,496	56,018	61,076
Net Properties, Plant and Equipment	68,858	63,690	44,458	44,538	44,155
Deferred Charges and Other Assets	2,088	4,428	4,277	2,594	2,993
Goodwill	4,623	4,636	-	-	-
Assets Held for Sale	-	-	162	1,100	-
TOTAL ASSETS	\$132,628	\$125,833	\$ 93,208	\$ 81,470	\$ 77,359
LIABILITIES AND STOCKHOLDERS' EQUITY					
Short-Term Debt	\$ 2,159	\$ 739	\$ 816	\$ 1,703	\$ 5,358
Accounts Payable	16,675	16,074	10,747	8,675	8,455
Accrued Liabilities	4,546	3,690	3,410	3,172	3,364
Federal and Other Taxes on Income	3,626	3,127	2,502	1,392	1,626
Other Taxes Payable	1,403	1,381	1,320	1,169	1,073
TOTAL CURRENT LIABILITIES	28,409	25,011	18,795	16,111	19,876
Long-Term Debt and Capital Lease Obligations	7,679	12,131	10,456	10,894	10,911
Deferred Credits and Other Noncurrent Obligations	11,000	10,507	7,942	7,758	4,474
Noncurrent Deferred Income Taxes	11,647	11,262	7,268	6,417	5,619
Reserves for Employee Benefit Plans	4,749	4,046	3,345	3,727	4,572
Minority Interests	209	200	172	268	303
TOTAL LIABILITIES	63,693	63,157	47,978	45,175	45,755
STOCKHOLDERS' EQUITY	68,935	62,676	45,230	36,295	31,604
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$132,628	\$125,833	\$ 93,208	\$ 81,470	\$ 77,359
SEGMENT ASSETS					
Millions of Dollars					
Upstream ¹	\$ 77,194	\$ 70,143	\$ 43,108	\$ 41,021	\$ 37,843
Downstream	36,374	34,567	29,506	26,981	27,380
Chemicals	3,400	3,179	2,983	2,827	2,852
All Other ²	15,660	17,944	17,611	10,641	9,284
TOTAL SEGMENT ASSETS	\$132,628	\$125,833	\$ 93,208	\$ 81,470	\$ 77,359

¹ Includes \$4,623 and \$4,636 of goodwill associated with the acquisition of Unocal Corporation in 2006 and 2005, respectively.

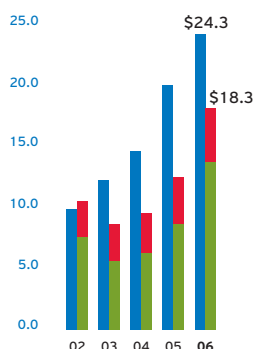
² Consists primarily of worldwide cash, cash equivalents and marketable securities, real estate, information systems, the company's investment in Dynegy, mining operations, power generation businesses, alternative fuels, technology companies and assets of the corporate administrative functions. Does not represent a business segment under the criteria of FASB Statement No. 131, *Disclosures About Segments of an Enterprise and Related Information*.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF CASH FLOWS

CASH FROM OPERATING ACTIVITIES COMPARED WITH CAPITAL EXPENDITURES & DIVIDENDS

Billions of dollars



■ Dividends
■ Capital Expenditures
■ Cash From Operating Activities

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31

Millions of Dollars	2006	2005	2004	2003	2002
OPERATING ACTIVITIES					
Net Income	\$ 17,138	\$ 14,099	\$ 13,328	\$ 7,230	\$ 1,132
Adjustments					
Depreciation, Depletion and Amortization	7,506	5,913	4,935	5,326	5,169
Dry Hole Expense	520	226	286	256	288
Distributions (Less) More Than Income					
From Equity Affiliates	(979)	(1,304)	(1,422)	(383)	510
Net Before-Tax Gains on Asset Retirements and Sales	(229)	(134)	(1,882)	(194)	(33)
Net Foreign Currency Effects	259	62	60	199	5
Deferred Income Tax Provision	614	1,393	(224)	164	(81)
Net Decrease (Increase) in Operating Working Capital Composed of:					
Decrease (Increase) in Accounts and Notes Receivable	17	(3,164)	(2,515)	(265)	(1,135)
(Increase) Decrease in Inventories	(536)	(968)	(298)	115	185
(Increase) Decrease in Prepaid Expenses and Other Current Assets	(31)	(54)	(76)	261	92
Increase in Accounts Payable and Accrued Liabilities	1,246	3,851	2,175	242	1,845
Increase (Decrease) in Income and Other Taxes Payable	348	281	1,144	(191)	138
Net Decrease (Increase) in Operating Working Capital	1,044	(54)	430	162	1,125
Minority Interest in Net Income	70	96	85	80	57
(Increase) Decrease in Long-Term Receivables	(900)	(191)	(60)	12	(39)
Decrease (Increase) in Other Deferred Charges	232	668	(69)	1,646	428
Cash Contributions to Employee Pension Plans	(449)	(1,022)	(1,643)	(1,417)	(246)
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
Other	(503)	353	866	(597)	(168)
NET CASH PROVIDED BY OPERATING ACTIVITIES	24,323	20,105	14,690	12,315	9,943
INVESTING ACTIVITIES					
Cash Portion of Unocal Acquisition, Net of Unocal Cash Received	-	(5,934)	-	-	-
Capital Expenditures	(13,813)	(8,701)	(6,310)	(5,625)	(7,597)
Repayment of Loans by Equity Affiliates	463	57	1,790	293	-
Proceeds From Asset Sales	989	2,681	3,671	1,107	2,341
Marketable Securities Purchased	(1,271)	(918)	(1,951)	(3,563)	(5,789)
Marketable Securities Sold	1,413	1,254	1,501	3,716	5,998
Net Sales (Purchases) of Marketable Securities	142	336	(450)	153	209
Advance to Tengizchevroil	-	-	(2,200)	-	-
NET CASH USED FOR INVESTING ACTIVITIES	(12,219)	(11,561)	(3,499)	(4,072)	(5,047)
FINANCING ACTIVITIES					
Net (Payments) Borrowings of Short-Term Obligations	(677)	(109)	114	(3,628)	(1,810)
Repayments of Long-Term Debt and Other Financing Obligations	(2,224)	(966)	(1,398)	(1,347)	(1,356)
Net (Purchases) Sales of Treasury Shares	(4,491)	(2,597)	(1,645)	57	41
Cash Dividends - Common Stock	(4,396)	(3,778)	(3,236)	(3,033)	(2,965)
Dividends Paid to Minority Interests	(60)	(98)	(41)	(37)	(26)
Redemption of Preferred Stock by Subsidiaries	-	(140)	(18)	(75)	-
Proceeds From Issuances of Long-Term Debt	-	20	-	1,034	2,045
NET CASH USED FOR FINANCING ACTIVITIES	(11,848)	(7,668)	(6,224)	(7,029)	(4,071)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	194	(124)	58	95	15
NET CHANGE IN CASH AND CASH EQUIVALENTS	450	752	5,025	1,309	840
CASH AND CASH EQUIVALENTS AT JANUARY 1	10,043	9,291	4,266	2,957	2,117
CASH AND CASH EQUIVALENTS AT DECEMBER 31	\$ 10,493	\$ 10,043	\$ 9,291	\$ 4,266	\$ 2,957

CAPITAL AND EXPLORATORY EXPENDITURES AND EXPLORATION EXPENSES

CAPITAL AND EXPLORATORY EXPENDITURES

(Includes Equity Share in Affiliates)

Millions of Dollars	Year Ended December 31				
	2006	2005 ¹	2004	2003	2002
UNITED STATES					
Exploration	\$ 810	\$ 667	\$ 511	\$ 548	\$ 658
Production	3,313	1,783	1,309	1,093	1,230
Refining	770	480	255	236	407
Marketing	142	125	134	106	122
Transportation	251	202	70	56	136
Other Downstream	13	11	38	5	85
Chemicals	146	108	123	173	272
All Other	403	329	512	371	855
TOTAL UNITED STATES	5,848	3,705	2,952	2,588	3,765
INTERNATIONAL					
Exploration	1,339	828	681	538	550
Production	7,357	5,111	3,820	3,496	3,845
Refining	1,210	654	388	234	192
Marketing	388	338	281	243	256
Transportation	247	231	31	163	245
Other Downstream	154	109	132	57	189
Chemicals	54	43	27	24	37
All Other	14	44	3	20	176
TOTAL INTERNATIONAL	10,763	7,358	5,363	4,775	5,490
WORLDWIDE					
Exploration	2,149	1,495	1,192	1,086	1,208
Production	10,670	6,894	5,129	4,589	5,075
Refining	1,980	1,134	643	470	599
Marketing	530	463	415	349	378
Transportation	498	433	101	219	381
Other Downstream	167	120	170	62	274
Chemicals	200	151	150	197	309
All Other	417	373	515	391	1,031
TOTAL WORLDWIDE	\$ 16,611	\$ 11,063	\$ 8,315	\$ 7,363	\$ 9,255
Memo: Equity Share of Affiliates' Expenditures Included Above	\$ 1,919	\$ 1,681	\$ 1,562	\$ 1,137	\$ 1,353

EXPLORATION EXPENSES²

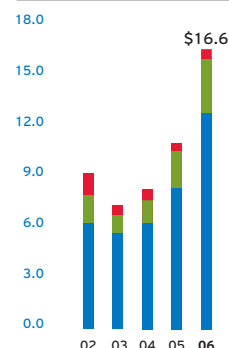
Millions of Dollars

Geological and Geophysical	\$ 429	\$ 253	\$ 221	\$ 162	\$ 230
Unproductive Wells Drilled	520	226	286	256	230
Other ³	415	264	190	152	131
TOTAL EXPLORATION EXPENSES	\$ 1,364	\$ 743	\$ 697	\$ 570	\$ 591
Memo: United States	\$ 431	\$ 320	\$ 232	\$ 193	\$ 216
International	933	423	465	377	375

¹ Excludes \$17.3 billion acquisition cost of Unocal Corporation.² Continuing operations for consolidated companies only. Excludes amortization of undeveloped leaseholds.³ Other Exploration Expenses include expensed well contributions, oil and gas lease rentals and research and development costs.

CAPITAL & EXPLORATORY EXPENDITURES*

Billions of dollars



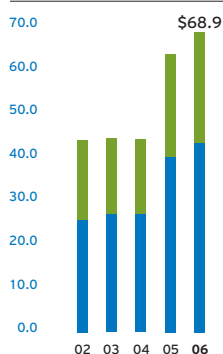
■ Chemicals & Other
 ■ Refining, Marketing & Transportation
 ■ Exploration & Production

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

FINANCIAL INFORMATION

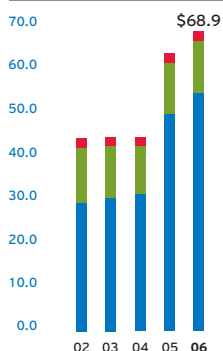
PROPERTIES, PLANT AND EQUIPMENT

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

(Includes Capital Leases)

At December 31

Millions of Dollars	2006	2005	2004	2003	2002
NET PROPERTIES, PLANT AND EQUIPMENT AT JANUARY 1	\$ 63,690	\$ 44,458	\$ 44,538	\$ 44,155	\$ 42,882
ADDITIONS AT COST					
Upstream - Acquisition of Unocal	-	16,401	-	-	-
Upstream - Other ¹	11,029	7,057	4,674	5,022	5,001
Downstream - Acquisition of Unocal	-	619	-	-	-
Downstream - Other	1,641	1,246	923	777	1,082
Chemicals	79	55	39	36	53
All Other - Acquisition of Unocal	-	268	-	-	-
All Other - Other ²	278	203	316	177	285
TOTAL ADDITIONS AT COST	13,027	25,849	5,952	6,012	6,421
DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSE³					
Upstream	(6,000)	(4,496)	(3,598)	(4,504)	(3,938)
Downstream	(1,024)	(1,010)	(1,062)	(1,148)	(1,100)
Chemicals	(42)	(42)	(46)	(59)	(42)
All Other ²	(165)	(178)	(158)	(160)	(151)
TOTAL DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSE	(7,231)	(5,726)	(4,864)	(5,871)	(5,231)
NET RETIREMENTS AND SALES					
Upstream	(188)	(409)	(1,393)	(376)	52
Downstream	(242)	(443)	(458)	(395)	(90)
Chemicals	(1)	(9)	(18)	(5)	(6)
All Other ²	(34)	(83)	(204)	(20)	(20)
TOTAL NET RETIREMENTS AND SALES	(465)	(944)	(2,073)	(796)	(64)
NET INTERSEGMENT TRANSFERS AND OTHER CHANGES⁴					
Upstream ⁵	(43)	(154)	1,031	1,018	(53)
Downstream ⁵	(99)	232	(174)	(15)	128
Chemicals	-	(4)	2	(2)	6
All Other ²	(21)	(21)	46	37	66
TOTAL NET INTERSEGMENT TRANSFERS AND OTHER CHANGES	(163)	53	905	1,038	147
NET PROPERTIES, PLANT AND EQUIPMENT AT DECEMBER 31					
Upstream ⁶	54,436	49,638	31,239	30,525	29,365
Downstream	11,974	11,698	11,054	11,825	12,606
Chemicals	720	684	684	707	737
All Other ²	1,728	1,670	1,481	1,481	1,447
TOTAL NET PROPERTIES, PLANT AND EQUIPMENT AT DECEMBER 31	\$ 68,858	\$ 63,690	\$ 44,458	\$ 44,538	\$ 44,155
Memo: Gross Properties, Plant and Equipment	\$137,747	\$127,446	\$103,954	\$100,556	\$105,231
Accumulated Depreciation, Depletion and Amortization	(68,889)	(63,756)	(59,496)	(56,018)	(61,076)
Net Properties, Plant and Equipment	\$ 68,858	\$ 63,690	\$ 44,458	\$ 44,538	\$ 44,155

¹ Net of exploratory well write-offs.

² Primarily mining operations, 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 and the cumulative effect for the implementation of FAS 143. Reconciliation as follows:

DD&A on Consolidated Statement of Income	\$ 7,506	\$ 5,913	\$ 4,935	\$ 5,326	\$ 5,169
Less: Accretion expense	(275)	(187)	(93)	(132)	-
Plus: Depreciation expense on discontinued operations	-	-	22	58	62
Cumulative effect for the implementation of FAS 143	-	-	-	619	-
DD&A - Properties, plant and equipment	\$ 7,231	\$ 5,726	\$ 4,864	\$ 5,871	\$ 5,231

⁴ Includes reclassifications to/from other asset accounts.

⁵ Includes reclassification adjustments for Assets Held for Sale in 2004 and 2003.

⁶ Includes net investment in unproved oil and gas properties of \$5,217, \$5,168, \$1,410, \$1,485 and \$1,677 in 2006, 2005, 2004, 2003 and 2002, respectively.

MISCELLANEOUS DATA

MISCELLANEOUS DATA

	At December 31				
	2006	2005	2004	2003	2002
COMMON STOCK					
Number of Shares Outstanding at December 31 (<i>Millions</i>) ¹	2,150.4	2,218.5	2,093.0	2,124.1	2,122.1
Weighted Average Shares Outstanding for the Year (<i>Millions</i>) ¹	2,185.0	2,142.7	2,114.4	2,123.2	2,121.4
Number of Stockholders of Record at December 31 (<i>Thousands</i>)	225	234	228	241	248
Cash Dividends on Common Stock					
Millions of Dollars	\$ 4,396	\$ 3,778	\$ 3,236	\$ 3,033	\$ 2,965
Per Common Share ¹	\$ 2.01	\$ 1.75	\$ 1.53	\$ 1.43	\$ 1.40
Net Income (Loss) per Common Share - Diluted ^{1,2}					
First Quarter	\$ 1.80	\$ 1.28	\$ 1.20	\$ 0.90	\$ 0.34
Second Quarter	1.97	1.76	1.94	0.75	0.19
Third Quarter	2.29	1.64	1.51	1.01 ³	(0.42)
Fourth Quarter	1.74	1.86	1.63	0.82	0.42
Year	\$ 7.80	\$ 6.54	\$ 6.28	\$ 3.48	\$ 0.53
Stockholders' Equity per Common Share at December 31 ¹	\$ 32.06	\$ 28.25	\$ 21.61	\$ 17.09	\$ 14.89
PERSONNEL, PAYROLL AND BENEFITS⁴					
Number of Employees at December 31					
Excluding Service Station Employees	55,882	53,440	47,265	50,582	53,014
Service Station Employees	6,572	6,255	9,269	10,951	13,024
Total	62,454	59,695	56,534	61,533	66,038
Payroll Costs (<i>Millions of Dollars</i>) ⁵	\$ 3,500	\$ 3,151	\$ 2,858	\$ 2,816	\$ 2,958
Employee Benefit Costs (<i>Millions of Dollars</i>) ⁶	\$ 1,742	\$ 1,777	\$ 1,386	\$ 1,957	\$ 1,192
Investment per Employee at December 31 (<i>Thousands of Dollars</i>) ⁷	\$ 1,265	\$ 1,269	\$ 1,002	\$ 799	\$ 730
Average Sales per Employee (<i>Thousands of Dollars</i>) ⁸	\$ 3,198	\$ 3,182	\$ 2,421	\$ 1,763	\$ 1,349
Average Monthly Wage per Employee	\$ 4,775	\$ 4,518	\$ 4,035	\$ 3,679	\$ 3,639
CAPITAL EMPLOYED AT DECEMBER 31 (<i>Millions of Dollars</i>)					
Upstream					
- United States	\$ 10,965	\$ 10,100	\$ 6,570	\$ 7,310	\$ 7,740
- International	31,372	28,454	20,225	18,580	18,345
- Goodwill	4,623	4,636	-	-	-
- Total	46,960	43,190	26,795	25,890	26,085
Downstream					
- United States	6,200	5,430	4,405	4,960	4,995
- International	15,210	14,370	13,015	12,145	12,570
- Total	21,410	19,800	17,420	17,105	17,565
Chemicals	2,405	2,250	2,055	2,125	2,160
All Other	8,205	10,510	10,405	4,040	2,365
TOTAL CAPITAL EMPLOYED	\$ 78,980	\$ 75,750	\$ 56,675	\$ 49,160	\$ 48,175

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.

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

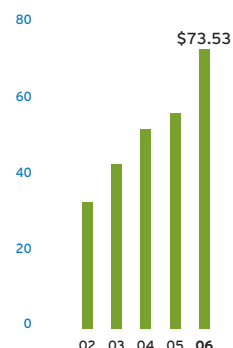
⁴ Consolidated companies only.

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

*2002 and 2003 adjusted for stock split in 2004

UPSTREAM

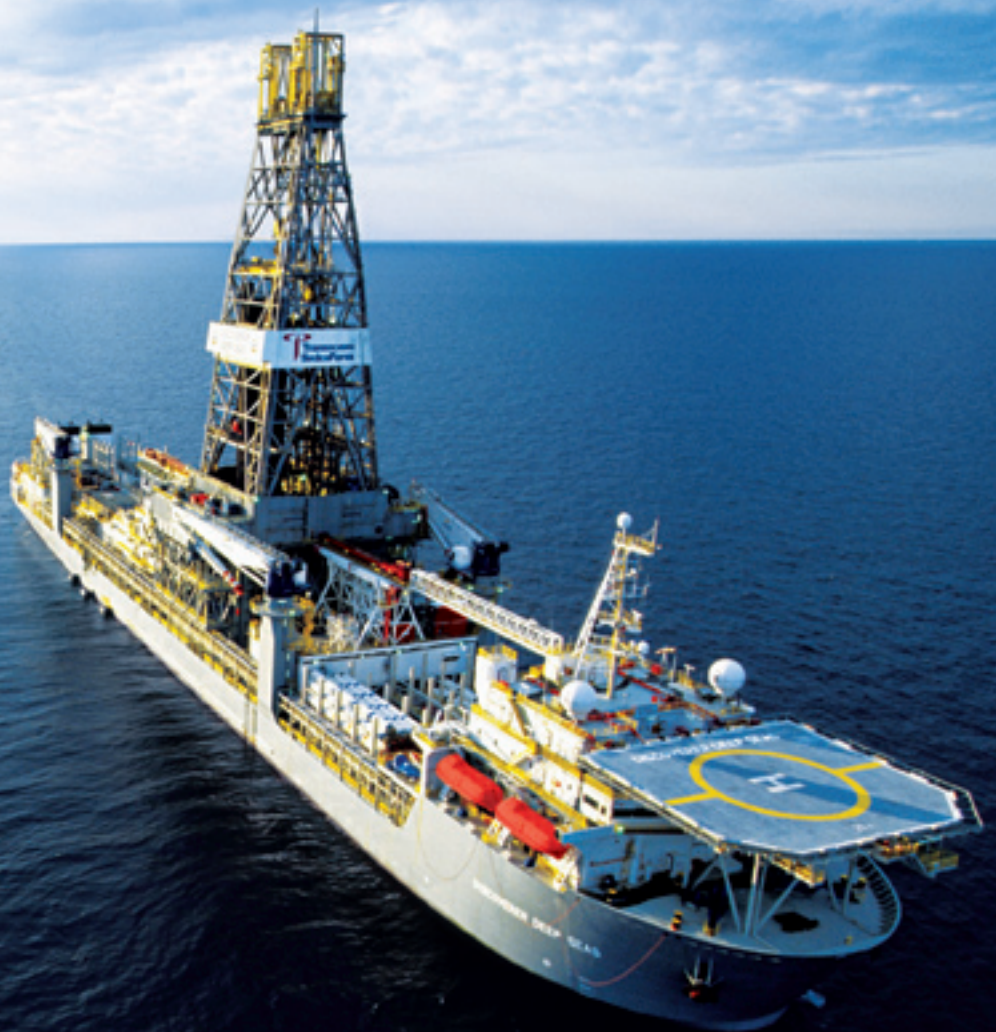
DOWNSTREAM

CHEMICALS

OTHER BUSINESSES



GROW PROFITABLY IN
CORE AREAS, BUILD NEW
LEGACY POSITIONS AND
COMMERCIALIZE THE
COMPANY'S NATURAL
GAS EQUITY RESOURCE
BASE WHILE GROWING A
HIGH-IMPACT GLOBAL
GAS BUSINESS.



PHOTOS: Large photo: Discoverer Deep Seas, a deepwater drillship used in the Gulf of Mexico
Small photo (top): The Muskeg River Mine, Athabasca Oil Sands Project
Small photo (bottom): North West Shelf Venture, Western Australia

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 2.67 million barrels per day in 2006. 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 2006 were the deepwater regions of West Africa and the U.S. Gulf of Mexico, as well as offshore North-west Australia and the Gulf of Thailand. Drilling activities were also conducted or were in various stages of planning in several “test areas,” including west of Shetland Islands in the United Kingdom, East Coast Canada, offshore Venezuela and deepwater Brazil. In 2006, the company was also awarded acreage in “new entry” areas in Alaska, Canada and Norway.

Aligned with the activities in both exploration and production is the company’s strategy to commercialize its significant international natural gas resource base through the integration of business activities from “the wellhead to the burner tip,” including plans for producing, liquefying, transporting, regasifying and marketing natural gas to target markets.

Industry Conditions In 2006

Industry price levels for crude oil generally increased in the first half of 2006 and declined in the second half. Prices at the end of 2006 were slightly higher than at the beginning of the year. In November 2006, the Organization of Petroleum Exporting Countries (OPEC) implemented a 4.4 percent, 1.2 million barrel-per-day reduction in crude oil production quotas for its member countries. In February 2007, quotas were reduced another 500,000 barrels per day.

The spot price for West Texas Intermediate crude oil, a benchmark crude oil, peaked above \$77 per barrel in July and averaged \$66 per barrel for the year – or approximately \$9 higher than the 2005 average price. In contrast to price movements in the global market for crude oil, price changes for natural gas are more closely aligned with regional supply and demand conditions. In the United States during 2006, benchmark prices at Henry Hub averaged about \$6.50 per thousand cubic feet, compared with about \$8 in 2005.

Business Strategies

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

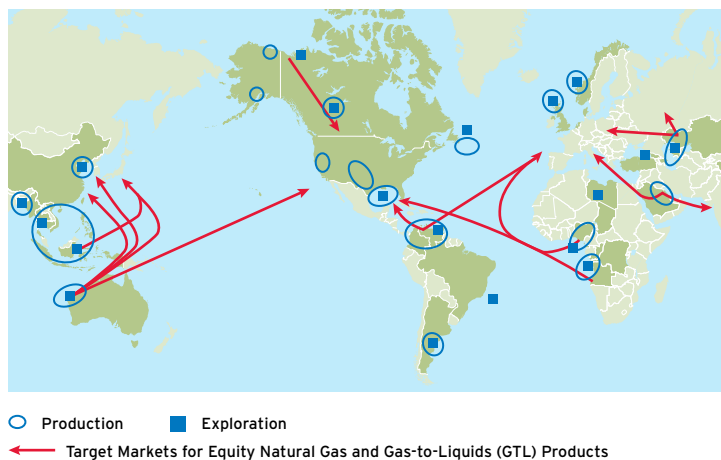
- › Achieving world-class operational performance.
- › Maximizing and growing the base business.
- › Leading the industry in selection and execution of major capital projects.
- › Achieving superior exploration success.
- › Identifying, capturing and effectively incorporating new core upstream businesses.

2006 Accomplishments

Worldwide

- › Reported record net income of \$13.1 billion.
- › Achieved an exploration drilling success rate of 38 percent. Discoveries occurred in Angola, Australia, Brazil, Chad, China, Indonesia, Nigeria, the Joint Development Zone between Nigeria and São Tomé e Príncipe, Thailand and the United Kingdom.
- › Produced the two billionth barrel of crude oil from the Duri Field in Indonesia, site of the world’s largest steamflood operation.
- › Produced the one billionth barrel of crude oil from the Tengiz Field in Kazakhstan.

Upstream Portfolio and Global Gas Strategy



United States

- › Executed a successful well test at Jack (Walker Ridge Block 758) in the deepwater Gulf of Mexico, resulting in several world records for depth, pressure and temperature.
- › Drilled a successful follow-up sidetrack at the 2005 Big Foot Discovery (Walker Ridge Block 29).
- › Announced the decision to participate in the ultra-deep Perdido Regional Development located in Alaminos Canyon.
- › Restored most of the production that was economic following outages caused by the 2005 Gulf of Mexico hurricanes.
- › Added 22 leases in the deepwater Gulf of Mexico.

International

- › Achieved first production in:
 - Angola – Belize Field, Lobito Field and Landana North reservoir.
 - Azerbaijan – East Azeri Field – Azeri-Chirag-Gunashli (ACG) Phase II.
 - Trinidad and Tobago – Dolphin Deep Field natural gas supply to Atlantic liquefied natural gas (LNG) Train 4.
 - United Kingdom – Captain Field – Area C.
- › Loaded first tanker from the Baku-Tbilisi-Ceyhan (BTC) crude oil export pipeline with first oil from ACG project in Azerbaijan.
- › Completed farm-out agreement to relinquish interest in several Indonesian Production Sharing Contracts (Papalang, Popodi, Bukat, Ambalat and Muara Bakau) in exchange for a 40 percent interest in the NE Madura III Block.
- › Discovered significant resources in Angola at the deepwater Lucapa prospect.
- › Discovered significant resources in northwestern Australia at Chandon-1 and Clio-1 fields.
- › Commenced development of Angola's Tombua-Landana and Mafumeira Norte projects.
- › Completed the conversion of operating service agreement contracts for the Boscan and LL-652 fields in Venezuela to joint stock companies.
- › Authorized the development of the deepwater Frade Field in Brazil.
- › Finalized the Pre-Unit Agreement for Bonga SW/Aparo in deepwater Nigeria.
- › Approved expansion of mining and upgrading facilities in the Athabasca Oil Sands Project in Canada.
- › Acquired additional heavy oil leases in the Athabasca region of northern Alberta.

Global Natural Gas Projects

- › Continued development of LNG and product offtake, shipping and marketing arrangements required for the Angola LNG project investment decision.
- › Moved forward with permitting process for the construction and operation of a natural gas import terminal at Casotte Landing, Mississippi, adjacent to Chevron's Pascagoula Refinery, to process imported LNG. Received approval in early 2007 from the Federal Energy Regulatory Commission to construct the facility.
- › Started front-end engineering and design (FEED) for the Olokola LNG (OK LNG) project in Nigeria.
- › Delivered first commissioning cargo of Australian LNG to China from the North West Shelf (NWS) Venture in the Chevron-operated *Northwest Swan* LNG vessel and continued expansion of the NWS Venture's LNG facilities.
- › Advanced other activities connected to the company's global gas strategy:
 - Continued negotiations for long-term LNG sales and purchase agreements for gas from Chevron's equity interest in the Greater Gorgon Area in Australia.
 - Managed Chevron's interest at the Cheniere Sabine Pass LNG terminal in Louisiana.
 - Continued the construction of the gas-to-liquids (GTL) facility in Escravos and the technical training of Nigerian employees.

2007 Outlook

- › Project execution – Advance the major projects that are expected to add significant production beginning in 2007.
 - Angola – Continue construction of Tombua-Landana, Mafumeira Norte and Area A Gas Management projects.
 - Azerbaijan – Complete BTC ramp-up and fuel-gas supply to increase exports to the design capacity of 1 million barrels per day.
 - Bangladesh – Begin production of first natural gas from Bibiyana and finalize its development. (First production of natural gas occurred in March 2007.)
 - Indonesia – Complete the construction and installation of the geothermal Darajat Unit III.
 - Kazakhstan – Commence operations of the Tengizchevroil Sour Gas Injection/Second Generation Plant.
 - Nigeria – Finalize construction of the Agbami floating production, storage and offloading vessel in South Korea and transport to Nigeria.
 - Nigeria – Complete FEED and contract-tendering for deepwater production facilities and drilling associated with the Usan and Bonga SW/Aparo projects.
 - Nigeria – Commence water injection from the new Delta South Water Injection Platform.
 - Nigeria – Finalize construction of the West Africa Gas Pipeline.
 - United States – Advance construction of the Tahiti, Blind Faith and Perdido Regional Development projects.
 - United States – Continue development activities in the Piceance Basin and San Ardo Field.
- › Exploration – Follow up on 2006 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 – Award major engineering and procurement contract and begin construction on the Angola LNG project (engineering and procurement contract was awarded in early 2007); make investment decision on the Nigeria OK LNG project; move forward the permitting and evaluation of other sites and facilities; continue construction of the GTL facility in Escravos; continue progress toward the investment decision for the Gorgon offshore LNG project; and advance construction and installation of the fifth LNG train at the NWS Venture.

UPSTREAM FINANCIAL AND OPERATING HIGHLIGHTS¹

<i>Dollars in Millions</i>	United States		International	
	2006	2005	2006	2005
Segment Income	\$ 4,270	\$ 4,168	\$ 8,872	\$ 7,556
Gross Liquids Production (<i>Thousands of Barrels per Day</i>) ²	510	499	1,739	1,676
Net Liquids Production (<i>Thousands of Barrels per Day</i>) ²	462	455	1,270	1,214
Other Produced Volumes (<i>Thousands of Barrels per Day</i>) ³	-	-	109	143
Gross Natural Gas Production (<i>Millions of Cubic Feet per Day</i>) ²	2,115	1,860	3,767	2,726
Net Natural Gas Production (<i>Millions of Cubic Feet per Day</i>) ²	1,810	1,634	3,146	2,599
Gross Proved Liquids Reserves (<i>Millions of Barrels</i>) ²	1,899	1,984	8,100	8,322
Net Proved Liquids Reserves (<i>Millions of Barrels</i>) ²	1,751	1,831	6,055	6,169
Gross Proved Natural Gas Reserves (<i>Billions of Cubic Feet</i>) ²	4,678	4,924	23,125	22,044
Net Proved Natural Gas Reserves (<i>Billions of Cubic Feet</i>) ²	4,028	4,428	18,856	19,006
Natural Gas Sales (<i>Millions of Cubic Feet per Day</i>) ⁴	7,051	5,449	3,478	2,450
Natural Gas Liquids Sales (<i>Thousands of Barrels per Day</i>) ⁴	124	151	102	120
Net Exploratory Oil and Gas Wells Completed ^{4,5,6}	16	19	27	26
Net Development Oil and Gas Wells Completed ^{4,5,6}	951	946	581	374
Net Productive Wells at Year-End ^{5,6,7}	39,279	40,503	11,416	12,230
Net Proved and Unproved Acreage (<i>Thousands of Acres</i>) ⁵	10,268	11,209	61,109	60,555
Exploration Expenditures	\$ 810	\$ 667	\$ 1,339	\$ 828
Production Expenditures	\$ 3,313	\$ 1,783	\$ 7,357	\$ 5,111
Total Upstream Capital and Exploratory Expenditures ⁸	\$ 4,123	\$ 2,450	\$ 8,696	\$ 5,939

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 (and a government's agreed-upon share of production under a production-sharing contract). Net production or net reserves are after deducting royalties (and a government's agreed-upon share of production under a production-sharing contract).

³ Represents volumes produced at Athabasca (Canada) Oil Sands and Boscan (Venezuela) under an operating service agreement. Effective October 1, 2006, the Boscan operation was converted from an operating service agreement to a joint stock company. As of that date, quantities associated with the Boscan Field are included in liquids and natural gas production.

⁴ 2005 conformed to 2006 presentation.

⁵ Consolidated companies only.

⁶ Net wells include all wholly owned wells and the sum of the fractional interests in wells that are associated with joint ventures or unitized operations.

⁷ 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.

⁸ 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 2006, with average net daily production of 462,000 barrels of crude oil and natural gas liquids and 1.8 billion cubic feet of natural gas. As a percentage of the company's production including oil sands, the United States represented 25 percent of the liquids and 37 percent of the natural gas produced worldwide. U.S. production on an oil-equivalent basis was approximately 30 percent of the worldwide total.

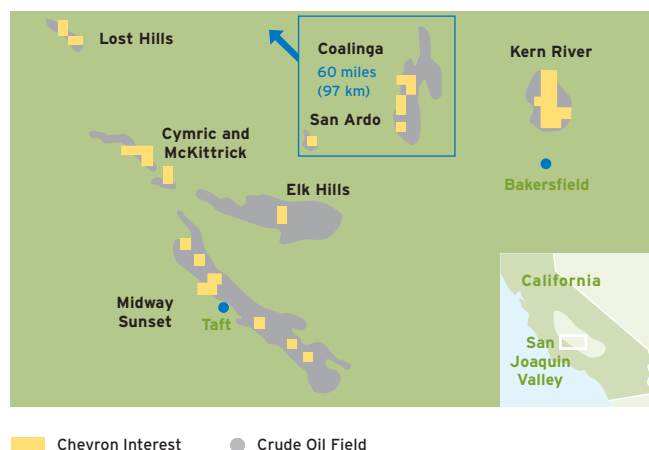
The U.S. portfolio is anchored by mature assets concentrated in the Gulf of Mexico, California, Louisiana, Texas, New Mexico and the Rocky Mountains. In 2006, the U.S. operations were concentrated on the ongoing restoration of production in the Gulf of Mexico following the 2005 storms; maximizing the value of the company's base business assets; advancing the execution of a growing queue of world-class major capital projects; and continuing to achieve superior results from a focused, high-impact exploration program.

U.S. Upstream received several health, environment and safety awards during 2006. The company received the *Clean Lease Awards* from the California Department of Conservation for the 10th consecutive year for operations on the San Joaquin lease in the Kern River Field and on the Star and Inca leases in the Coalinga Field. The California Bureau of Land Management State Directors awarded Chevron the *Operator of the Year Award* for operations in the Lost Hills Field. The company received the State of Wyoming's *Governor's Safety Award* for operations at both Carter Creek and the Painter Reservoir Unit.

California

Operating primarily in the San Joaquin Valley, Chevron again ranked No. 1 in oil-equivalent production in California in 2006, averaging net daily production of 202,000 barrels of crude oil, 101 million cubic feet of natural gas and 5,000 barrels of natural gas liquids. With approximately 80 percent of the crude oil production considered heavy oil (typically with API gravity lower than 22 degrees), heat management continues to be a major operational focus in the recovery of these reserves. In June 2003, a strategic decision was made to increase capital investment to double the number of wells being drilled. As a result, from 2004 through 2006 the production decline rate was reduced by nearly 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 daily oil-equivalent production of 155,000 barrels in 2006. The Kern River Field is a mature steamflood operation, with net daily oil-equivalent production exceeding 83,000 barrels during the year. The company drilled 165 infill wells at Kern River in 2006 and plans to drill an additional 125 infill wells in 2007.



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 65 production wells and 55 injection wells during 2006 and increased daily water injection rates from 164,000 to 200,000 barrels. Waterflood technology is being employed in the region to improve recovery of the field's hydrocarbons. Net daily oil-equivalent production for 2006 in the Lost Hills area averaged 22,000 barrels.

The company also has heavy oil, diatomite reservoirs in the Cymric, McKittrick and Midway Sunset fields. A recovery technique utilizing a high-pressure cyclic steaming process continues to improve recovery from Cymric's Antelope reservoir. This cyclic steaming process is being utilized at the McKittrick Field to increase production. Average net daily oil-equivalent production from the Cymric and McKittrick diatomite reservoirs was 24,000 barrels in 2006, a 4 percent increase from 2005 levels. The company drilled 76 wells in new, infill and replacement locations during 2006 and plans to drill an additional 93 Antelope and McKittrick wells in 2007. Chevron's ownership in these diatomite areas is nearly 100 percent.

Elk Hills An active development program continued in the non-operated Elk Hills Field, in which the company has an average ownership interest of 23 percent in four producing zones. During 2006, 268 development wells (including producers and injectors) were drilled to mitigate the decline of crude oil and natural gas production to less than 3 percent from a base level of 13 percent annually. In 2006, Chevron's share of net daily production was 12,000 barrels of crude oil, 65 million cubic feet of natural gas and 4,000 barrels of natural gas liquids. Construction of additional injection infrastructure was completed during 2006, and nitrogen injection into the Shallow Oil Zone was significantly increased. A CO₂ injection pilot to extract hydrocarbons from shale has been initiated. These activities are intended to move the field toward producing additional crude oil and natural gas through enhanced recovery processes.

San Ardo Chevron is executing a project to develop heavy oil reservoirs in central California through the extension of an existing steamflood in the San Ardo Field. Chevron operates the San Ardo Field and holds a 100 percent interest.

Net daily oil-equivalent production from the San Ardo Field averaged 3,000 barrels in 2006. The project plan consists of drilling new injection and producing wells and re-turning existing shut-in wells to operation in order to increase the number of steamflood patterns over a six-year period. Expanded production and transportation facilities, including upgrades to existing infrastructure, and a new water treatment plant are included in the scope of this project. Maximum total daily production of 16,500 barrels of oil-equivalent is expected in 2011.

The total estimated capital required for the six-year execution period is approximately \$300 million. Proved undeveloped reserves associated with this project have been booked, and reclassification of these reserves into the proved developed category is anticipated over the six-year development period.

Gulf of Mexico

During 2006, average net daily production in the Gulf of Mexico shelf and deepwater areas and onshore Louisiana was 102,000 barrels of crude oil, 661 million cubic feet of natural gas and 12,000 barrels of natural gas liquids. Chevron has an interest in 973 leases in the Gulf of Mexico, 587 of which are located in water depths greater than 1,000 feet (305 m). At year-end 2006, the company was the largest leaseholder in the Gulf of Mexico.

In 2005, Hurricanes Katrina and Rita caused significant damage to production facilities and third-party infrastructure. Restoring shut-in production related to these storms was a major focus area during 2006. Net production at the end of 2006 was 226,000 barrels of oil-equivalent, approximately the same as the average net daily production for the year, which reflects restoration of most of the volumes that were economic to restore following the production outages caused by the storms.

Shelf

Chevron is one of the largest producers of crude oil and natural gas on the Gulf of Mexico shelf. Average net daily production was 69,000 barrels of crude oil, 622 million cubic feet of natural gas and 10,000 barrels of natural gas liquids. The company drilled 70 development and delineation wells during 2006 and participated with partners in five deep-gas exploration wells.

Holding an extensive acreage position in the central Gulf of Mexico Shelf, Chevron will continue to pursue deep-gas exploration opportunities. Deep gas is a series of trends and prospects with targets below 15,000 feet (4,572 m), characterized by higher-resource potential wells but also by higher-than-average cost, complexity, pressure and temperature. Numerous opportunities are identified, many of which lie adjacent to or beneath existing Chevron production leases, allowing future discoveries to be brought onstream quickly.

Deep Water

Chevron is one of the top producers in the deepwater Gulf of Mexico, averaging net daily production of 33,000 barrels of crude oil, 39 million cubic feet of natural gas and 2,000 barrels of natural gas liquids during 2006.



Chevron Activity Highlight

Production

Genesis Total daily production during 2006 averaged 13,000 barrels of crude oil and 21 million cubic feet of natural gas (9,000 barrels of net oil-equivalent). Chevron is the operator with a 56.7 percent interest.

K2 During 2006, Chevron maintained a 12.5 percent nonoperated working interest in this subsea development, located in Green Canyon Block 562. Effective January 2007, Chevron's interest changed to 9.2 percent due to the expansion of the unit to include the adjacent Green Canyon Block 518. First oil occurred in 2005, and total daily production during 2006 averaged 12,000 barrels of crude oil and 6 million cubic feet of natural gas (2,000 barrels of net oil-equivalent). 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. Additional delineation and development drilling are planned for 2007.

Mad Dog The Mad Dog Field, located in Green Canyon Block 826, came on production in 2005. Chevron has a 15.6 percent nonoperated working interest in this spar development project. Total daily production during 2006 averaged 31,000 barrels of crude oil and 7 million cubic feet of natural gas (5,000 barrels of net oil-equivalent). The field is expected to reach 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. Satellite development opportunities also exist and continue to be evaluated. 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 2006, including volumes processed from Perseus (discussed below), averaged 47,000 barrels of crude oil and 51 million cubic feet of natural gas (25,000 barrels of net oil-equivalent). The company is the operator with a 50 percent interest. A 4-D seismic survey was acquired in 2005, and the data from this survey is being 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. Additional near-lease exploratory drilling was planned for 2007.

Perseus Chevron holds a 50 percent operated interest in this 2003 discovery. Perseus is being developed by extended-reach drilling from the Petronius platform, which is located approximately 5 miles (8 km) to the northeast. Hurricane Ivan damaged the platform rig in September 2004, delaying first production. The first production well, completed in 2005, was successfully drilled to a total depth of 28,000 feet (8,534 m) at a 78-degree angle. Net daily oil-equivalent production from the initial well averaged 2,000 barrels in 2006. A second extended-reach well targeting a deeper zone was drilled to a total depth of 31,500 feet (9,601 m) and commenced production in April 2006. After start-up, net daily production for the remainder of the year averaged 2,000 barrels of net oil-equivalent. The Perseus project has an estimated production life of six to nine years, with maximum production rates in 2006. The remaining proved undeveloped reserves were reclassified to proved developed in 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. The platform was ultimately determined to be unsalvageable, and the hull was safely converted into an artificial reef near the site where it was found capsized. The remaining hydrocarbons in the Typhoon and Boris fields were sold to a third party in 2006.

Development

Blind Faith Chevron holds a 62.5 percent interest and is the operator of the Blind Faith Field located in Mississippi Canyon Block 696. The field, discovered in 2001 in approximately 7,000 feet (2,134 m) of water, is estimated to contain more than 100 million oil-equivalent barrels that are potentially recoverable. The \$900 million project includes a subsea development plan with tieback to a semisubmersible floating production facility that has a design capacity of 45,000 barrels of crude oil and 45 million cubic feet of natural gas per day. Development drilling commenced in early 2007. First oil production is expected to commence in 2008 with initial total daily production rates estimated at 30,000 barrels of crude oil and 30 million cubic feet of natural gas, thereafter rising to maximum rates of 40,000 barrels of crude oil and 35 million cubic feet of natural gas per day. The field has an expected life of approximately 20 years. The initial booking of proved undeveloped reserves for the field occurred in 2005. Reclassification of these reserves to the proved developed category is expected near the time of first production.

Perdido Regional Development In October 2006, the company announced its decision to participate in the ultra-deep Perdido Regional Development located in Alaminos Canyon, approximately 250 miles (402 km) south of Houston. The development encompasses the installation of a producing host facility designed to service multiple fields, including Chevron's 33.3 percent-owned Great White (Blocks 813, 857, 900 and 901), 60 percent-owned Silvertip (Block 815) and 57.5 percent-owned Tobago (Block 859). Chevron has a 37.5 percent interest in the Perdido Regional Host. All of these fields and the production facility are partner-operated. The host production facility will be located in Alaminos Canyon Block 857.

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

Chevron and partners continue to evaluate development alternatives for the other discoveries in the Great White-Perdido Foldbelt area, which include Tiger (Alaminos Canyon Block 818; 50 percent operated interest) and Trident (Alaminos Canyon Blocks 903, 904 and 947; 70 percent operated interest). At the end of 2006, no proved reserves had been recognized for these discoveries.

Tahiti Chevron is developing the Tahiti Field located in Green Canyon Blocks 596, 597, 640 and 641 and holds a 58 percent operated interest. The field is estimated to contain between 400 million and 500 million oil-equivalent barrels that are potentially recoverable.

Tahiti was discovered in approximately 4,100 feet (1,250 m) of water in 2002. Subsea development with tie-back to a truss-spar floating production facility designed to have maximum total daily production of 125,000 barrels of crude oil and 70 million cubic feet of natural gas was selected as the preferred development alternative. Development drilling commenced in February 2006, and well-completion work was expected to be finalized during 2007. First oil is scheduled to occur in 2008. The project has an anticipated life of approximately 30 years.

Total capital costs for the project are estimated to be approximately \$3.5 billion. The initial booking of proved undeveloped reserves for the project occurred in 2003, and reclassification of these reserves to the proved developed category is planned near the time of first production.

Exploration In the Gulf of Mexico during 2006, the company completed four exploratory wells (two wildcat and two appraisal), conducted a record-setting extended flow test and performed further evaluation at several previously announced discoveries. An additional appraisal well was spud in late 2006, and another appraisal well was in a deferred status as of early 2007 following an interruption in the drilling operations. The 2006 program included sidetrack appraisal drilling at the 2006-announced discovery at the Big Foot prospect (Walker Ridge Block 29, 60 percent operated interest). Additional appraisal drilling at Big Foot was planned for the first-half 2007.

An appraisal well drilled in 2005 at the 2004 Jack discovery (Walker Ridge Block 758, 50 percent operated interest) was the site of a successful extended production flow test in 2006. The test evaluated approximately 40 percent of the total pay interval and flowed at a sustained daily rate in excess of 6,000 barrels of crude oil. The test set several world records for depth, pressure and temperature. The results will improve the company's understanding of Jack as well as of Saint Malo and other prospects in the Lower Tertiary Trend, in which Chevron maintains a significant lease position. Data evaluation also continued at the Saint Malo prospect (Walker Ridge Block 678, 41.3 percent operated interest), 25 miles (40 km) to the northeast of Jack. Saint Malo was discovered in 2003, and an appraisal well was completed in 2004. Future appraisal drilling is being planned based on ongoing technical studies that are incorporating additional regional data.

A successful sidetrack was drilled to further assess the Knotty Head prospect (Green Canyon Block 512, 25 percent nonoperated working interest), where a significant discovery was made in 2005. Additional appraisal drilling and development alternatives were being evaluated in early 2007. An appraisal well at the Tubular Bells prospect (Mississippi Canyon Block 725, 30 percent nonoperated working interest) was spud in April 2006 and successfully tested the eastern portion of the structure. Drilling activities are scheduled to continue at this location into 2007, and additional appraisal work is being planned to delineate the reservoir and to further evaluate potential deeper targets.

Drilling operations resumed on the first appraisal well at the 2003 Puma discovery (Green Canyon Block 823, 21.8 percent nonoperated working interest) but were interrupted midyear before the well completed. Plans were in progress in early 2007 to complete the drilling of this well and to spud an additional appraisal well in 2007.

At the end of 2006, the company had not recognized proved reserves for the exploration and appraisal projects discussed above.

Chevron added new leases to its deepwater portfolio in 2006. In the Central Gulf of Mexico Lease Sale 198, the company was awarded four deepwater leases. In the Western Gulf of Mexico Lease Sale 200, the company was awarded 18 leases.

Other U.S. Areas

The company manages production operations in the mid-continental 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 working-interest production in these and several other states. Chevron remains the second-largest hydrocarbon producer in the Permian Basin. Chevron also operates 10 platforms and five producing natural gas fields in Alaska's Cook Inlet and has nonoperated production on the North Slope.



● Major Producing Fields in Other U.S. Areas

In 2006, the company's operations outside California and the Gulf of Mexico averaged net daily production of 1 billion cubic feet of natural gas and 140,000 barrels of crude oil and natural gas liquids. Capital spending is focused on both crude oil and natural gas development, with major programs in the Permian Basin, the Rockies, East Texas and South Texas. In 2006, the company drilled 275 wells and participated in approximately 365 nonoperated wells. Also in 2006, the company was awarded 290,000 additional exploration acres on the Alaskan North Slope.

In the other U.S. areas, the company is managing historical base production decline rates in existing fields with well workovers, artificial lift techniques, facility and equipment improvements, enhanced recovery methods such as water and CO₂ injection, and development drilling. For example, at the McAllen Ranch Field in south Texas, development drilling and enhanced automation resulted in a 76 percent increase in net daily production to 8,000 barrels of oil-equivalent in

2006. Another example is the optimization work that has been performed at the McElroy oil field in West Texas, where 2006 production increased 3 percent, compared with a historical decline rate of 9 percent. Production at the Rangely oil field in northwestern Colorado, which began producing in the 1940s, averaged more than 9,000 barrels per day during 2005 and 2006, offsetting a 9 percent historical decline rate. The improvement was due to reservoir management techniques such as CO₂ flood expansions and infill drilling. Production increased 7 percent in 2006 at the Carthage gas field in East Texas due to infill drilling and artificial-lift enhancements.

In 2006, a 14-well, tight-gas delineation drilling program was successfully concluded on the operated Skinner Ridge properties in the Piceance Basin of northwestern Colorado. Development drilling was scheduled to begin in the second quarter 2007 with the delivery of two custom-built drilling rigs.

AFRICA

Angola

Chevron has an interest in four concessions in Angola. In two concessions, Blocks 0 and 14 off the west coast of Angola, north of the Congo River, the company is the operator. Chevron has a 39.2 percent interest in Block 0, a concession adjacent to the Cabinda coastline. Block 14, in which Chevron has a 31 percent interest, is a deepwater concession located west of Block 0. Chevron also has nonoperated working interests of 20 percent in Block 2, which is adjacent to the northwestern part of Angola's coast, south of the Congo River, and 16.3 percent in the onshore Fina Sonangol Texaco (FST) area concession.



During 2006, total daily liquids production averaged 538,000 barrels (156,000 net). The company is continuing its major development program to significantly increase production from the 2006 start-up of the Benguela Belize-Lobito Tomboco project (BBLT).

Block 0

Production Block 0 is divided into areas A and B, which contain a total of 20 fields that produced an average of 400,000 barrels of liquids per day (127,000 net) in 2006. Area A, with 14 producing fields, averaged total daily production of 214,000 barrels of crude oil (67,000 net) and 3,000 barrels of liquefied petroleum gas (LPG) (1,000 net). Area B has six producing fields and averaged total daily production of 166,000 barrels of crude oil and condensate (52,000 net) and 17,000 barrels of LPG (7,000 net) in 2006. The Block 0 concession extends through 2030.

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

In Area B, development drilling associated with the Sanha natural gas condensate utilization and Bomboco crude oil project continued during 2006. Average total daily production for the project was 85,000 barrels of liquids (28,000 net). Maximum total daily production from the Sanha and Bomboco fields reached 100,000 barrels of liquids in 2006. Initial reclassification of reserves from proved undeveloped to proved developed for this project occurred in 2004 and is expected to continue during the drilling program that was scheduled for completion in 2007.

In Area A, development of the Banzala Field continued during 2006 with the installation of additional well and processing jackets. First production was anticipated in 2007, with a projected maximum total daily production rate of approximately 25,000 barrels of crude oil.

The Greater Takula infrastructure project in Area A involves the renewal and debottlenecking of four offshore platforms and onshore treating facilities to increase production and water treatment capacity. This work was scheduled to be completed in 2007. Construction continued during 2006 on the Takula Gas Processing Platform, as well as on the Cabinda Gas Plant and the Flare and Relief Modification projects. These three projects, collectively called the Area A Gas Management (AAGM) projects, are scheduled to start coming onstream in 2008. The AAGM projects are expected to eliminate the remaining Area A associated natural gas flares by collecting and reinjecting excess natural gas into the reservoir.

The first phase of development of the Mafumeira Field in Area A, Mafumeira Norte, will target the northern portion of the field. The project was approved in 2006, with total capital expenditures in excess of \$500 million for the Mafumeira Norte development. Initial bookings of proved undeveloped reserves for this development occurred in 2003, and reclassification of proved reserves into the proved developed category is anticipated near the time of first production, which is planned in 2008. Maximum total daily production is expected to be approximately 30,000 barrels of crude oil in 2011.

The Nemba enhanced recovery project was approved in 2006. The project is planned to improve crude oil recovery at the Nemba Field by injecting additional natural gas into the field. The project is scheduled for completion in 2009.

As of early 2007, feasibility studies in Block 0 projects, including South N'Dola in Area B and Southern Malongo area in Area A, were under way while other small field discoveries were under evaluation for commerciality.

Exploration Drilling began on two exploration wells during 2006, and one was completed and is on production. The other well was completed in first quarter 2007 and resulted in a successful appraisal of Mafumeira Centro. The results from this well will be used to plan future development phases for the larger Southern Malongo area.

Block 14

Production Block 14 produced 105,000 barrels of crude oil per day (25,000 net) in 2006 from the Kuito, Belize, Lobito and Landana fields.

Development Since 1995, when the exploration license was first awarded, Block 14 has undergone an aggressive exploration program, resulting in nine commercial discoveries and the 2006 Lucapa discovery that was under evaluation in early 2007.

Phase 1 of the BBLT project involved the installation of an integrated drilling and production platform and the development of the Benguela and Belize fields. First oil was produced at the Belize Field in January 2006. Benguela-Belize was 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 involved the installation of subsea production systems, pipelines and wells for the development of the Lobito and Tomboco fields. First oil was produced from the Lobito Field in June 2006. Maximum total daily production for both phases is estimated at 200,000 barrels of crude oil and is scheduled to occur in 2008. Proved undeveloped reserves for Benguela and Belize were initially recognized in 1998 and for Lobito and Tomboco in 2000. Certain proved developed reserves for Belize and Lobito were recognized in 2006, and additional BBLT reserves are expected to be reclassified to proved developed as project milestones are met. The concession for these fields will expire in 2027.

Another major project in Block 14 is the development of the Tombua and Landana fields. Construction on the project started in 2006. First oil was produced in June 2006 from the Landana North reservoir via the BBLT infrastructure. The maximum total daily production of 100,000 barrels of crude oil is expected to occur by 2010. Proved undeveloped reserves were recognized for Tombua and Landana in 2001 and 2002, respectively. Initial reclassification from proved undeveloped to proved developed occurred in 2006. Further reclassification is expected from 2009, when the Tombua-Landana facilities are completed, through 2012, when the drilling program is scheduled for completion. The concession for these fields expires in 2028. The total cost of the Tombua-Landana project is estimated at \$3.8 billion.

Exploration Four exploration wells were drilled in Block 14 in 2006. One well resulted in a crude oil discovery at the deep-water Lucapa prospect. A second well appraised a prior-year discovery at Gabela, where development options are being studied. The remaining two wells were completed in first quarter 2007, and evaluation of these wells is ongoing.

Block 2 and FST Area

Production Block 2 and the FST area produced 33,000 barrels of crude oil per day (4,000 net) in 2006. Sonangol, the national oil company of Angola, became operator of Block 2 in July 2006.

Angola Liquefied Natural Gas (LNG) Angola LNG is an integrated natural gas utilization project. 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-leaders of the project, which provides the company with an opportunity to grow its international natural gas business and operate a world-class LNG facility. Chevron's interest is 36.4 percent. As of early 2007, participants in the Angola LNG project awarded the engineering and procurement contract and were finalizing the construction contract for a 5 million-metric-ton-per-year onshore LNG plant to be located in the northern part of the country. Construction was expected to begin in late 2007. At the end of 2006, the company had not recognized proved reserves for the natural gas associated with this project. Initial proved reserves associated with Angola LNG are planned to be recognized when all necessary project-enabling legislation and agreements are finalized.

Angola-Republic of the Congo Joint Development Area

Chevron is operator and holds a 31.3 percent interest in the 14K/A-IMI Unit, located in a joint development area shared equally between Angola and Republic of the Congo.

Exploration In 2006, Chevron submitted a conceptual development plan for the Lianzi Field to the Interstate Committee, whose members are from the Angola and Republic of the Congo governments. At the end of 2006, proved reserves had not been recognized for this development plan. Additional exploration drilling was planned for first-half 2007.

Democratic Republic of the Congo

Chevron has a 17.7 percent nonoperated working interest in a production-sharing contract (PSC) off the coast of Democratic Republic of the Congo.

Production Total daily production from seven fields averaged 15,000 barrels of crude oil (3,000 net) in 2006.

Republic of the Congo

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

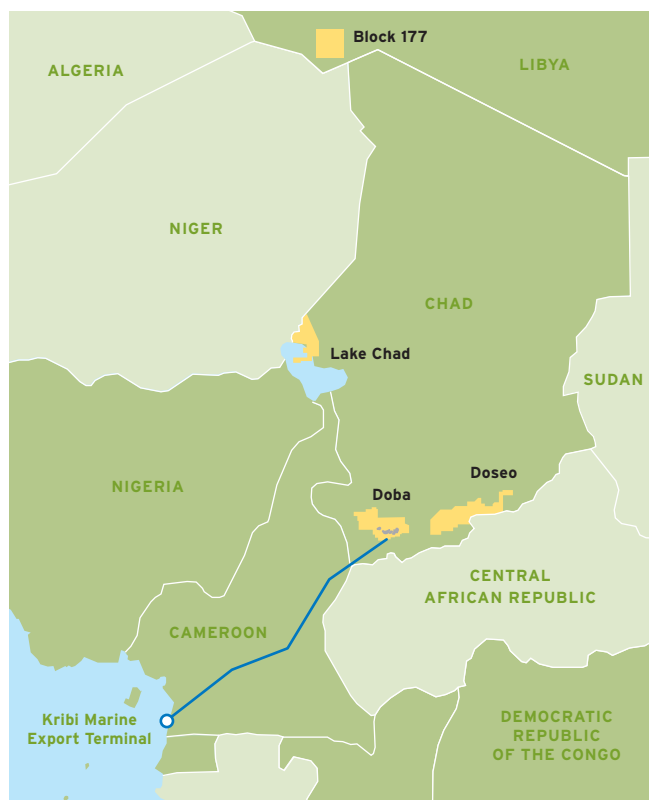
Production Average total daily production from the Republic of the Congo fields was 63,000 barrels of liquids (11,000 net) in 2006.

Development The Moho-Bilondo development continued in 2006, with first production expected in 2008. The development plan calls for crude oil produced by subsea well clusters to flow into a floating processing unit. Maximum total daily production of 80,000 barrels of crude oil is expected by 2010. Proved undeveloped reserves were initially recognized in 2001. Transfer to proved developed category is scheduled near the time of first production. The Moho-Bilondo concession expires in 2030.

Exploration Two exploration wells were drilled in 2006. The Mobim-2 well successfully delineated the northern extension of the Moho-Bilondo Field. A new prospect drilled at Moho Nord was completed in first quarter 2007 and was under evaluation.

Chad/Cameroon

The Chad/Cameroon project is developing crude oil fields in southern Chad and transporting the crude oil about 665 miles (1,070 km) by underground pipeline to the coast of Cameroon for export to world markets. Chevron has a 25 percent nonoperated working interest in the producing operations and a 21 percent nonoperated interest in the pipeline.



Production Total daily production from five fields averaged 155,000 barrels of crude oil (34,000 net) in 2006.

Development The first of the satellite field development projects was completed in first quarter 2006. First oil was achieved in 2005 from the Nya Field and in March 2006 from the Moundouli Field.

The second satellite field development project, Maikeri, was approved in second-half 2006, with first oil scheduled for fourth quarter 2007. The Chad producing operations are conducted under a concession agreement that expires in 2030.

Exploration Evaluation in the Timbre discovery in the Doba area is ongoing. As of early 2007, there is an active exploration program continuing in all Chad exploration permit areas.

Libya

Exploration In 2005, the company was awarded Block 177 in Libya's first exploration license round under the Exploration and Production Sharing Agreement IV. Chevron is the operator and holds a 100 percent interest in the block. Acquisition and evaluation of seismic data was scheduled for completion late 2007. A drilling program is planned for 2008.

Equatorial Guinea

Until October 2006, Chevron was a 22 percent partner and operator of Block L, located off the coast of the island of Bioko. Following the drilling of two noncommercial wells and expiration of the exploration period, the company relinquished its equity in the block.

Nigeria

Chevron's principal subsidiary in Nigeria, Chevron Nigeria Limited (CNL), operates with 40 percent interest in 14 concessions that include approximately 2.5 million acres (10,253 sq km), predominantly in the onshore and near-offshore regions of the Niger Delta. CNL operates under a joint-venture arrangement with Nigerian National Petroleum Corporation (NNPC), which owns a 60 percent interest.

Production In 2006, total daily production from 30 fields averaged 387,000 barrels of crude oil (137,000 net), 72 million cubic feet of natural gas (29 million net cubic feet) and 5,000 barrels of LPG (2,000 net). The total average daily natural gas production capacity was restricted by 113 million cubic feet due to vandalism of the Nigerian Gas Company Limited pipeline in early 2006.

Development

South Offshore Water Injection Project (SOWIP)

Chevron holds a 40 percent operated interest in SOWIP, an enhanced recovery project in the south offshore area of Oil Mining Lease (OML) 90. The objective of the project is to increase production by providing water injection, natural-gas lift and production debottlenecking to cost-effectively develop approximately 160 million barrels of potentially recoverable crude oil in the South Offshore Asset Area (the Okan and Delta fields). The maximum total production rate is expected to be 35,000 barrels of crude oil per day in 2010. The project includes replacing the topsides of the existing Delta South Water Injection Platform (DSWIP) and upgrading the daily water injection capacity to 240,000 barrels, modifying the existing well jackets, installing new pipelines, and conducting an

extensive drilling program. The infill drilling and gas-lift portions of the project have been executed and by the end of 2006 were contributing incremental daily production of 17,000 (7,000 net) of crude oil. In February 2006, the project reached a major milestone by commencing the offshore installation with the successful lifting of the DSWIP modules. The major project milestones expected in 2007 include commencement of water injection from the new DSWIP facility, drilling of 10 additional wells and installation of pipelines. Initial recognition of proved developed and proved undeveloped reserves was made in 2005. With the commencement of full water injection in 2007, reclassification of proved reserves to the proved developed category is expected to occur after the evaluation of the water injection performance. The project has an expected 25-year life.



Western Niger Delta Re-entry

In March 2003, Chevron's swamp production was shut in following community unrest and vandalism of facilities in the area. In June 2004, production was restored in the Abiteye Field in the south swamp area. This was followed in April 2005 by the restoration of production in the Makaraba and Utonana fields also in the south swamp area. Construction continued on an early production system (EPS) for the north swamp field of Dibi. Installation and commissioning of the Dibi EPS was planned for completion in second quarter 2007. These and other activities resumed operations in portions of all the affected fields and as of year-end 2006 resulted in approximately 60,000 barrels (22,000 net) per day being returned to production.

Deep Water

The company has a large acreage position in deepwater offshore Nigeria, with the following interests in 10 deepwater blocks: OML 127 (80 percent operated interest), OML 128 and OML 129 (46.2 percent nonoperated working interest), OML 132 (100 percent operated interest), Oil Prospecting Lease (OPL) 214 (20 percent nonoperated working interest), OPL 221 (40 percent nonoperated working interest), OPL 222 (30 percent nonoperated working interest), OPL 247 (54 percent operated interest), OPL 249 (95 percent operated interest), and OPL 318 (18 percent nonoperated working interest).

Development

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

Agbami is designed as an all-subsea development, with the wells tied back to a floating production, storage and offloading vessel (FPSO), using a system of flexible flowlines, manifolds and control umbilicals. All wells are to be drilled by a mobile drilling unit. Development drilling and completion operations were conducted throughout 2006. During 2006, the Agbami development achieved the following major milestones: the FPSO hull was floated out of drydock in South Korea; topside modules fabricated in South Korea were installed on the FPSO and modules that were fabricated in Nigeria were received at the shipyard in South Korea. All other major equipment items were shipped to South Korea for installation, and manufacturing began on the equipment for the subsea wells. Completion of the FPSO and its subsequent transport to Nigeria are expected in fourth quarter 2007.

Maximum total daily production of 250,000 barrels of crude oil and natural gas liquids is expected to be reached within the first year after start-up in second-half 2008. The total capital investment for this project is estimated at \$5.2 billion. Chevron's operated interest under the unit agreement is 68.2 percent.

The company initially recognized proved undeveloped reserves for Agbami in 2002. A portion of the proved undeveloped reserves are scheduled to be reclassified to proved developed in advance of production start-up. The expected field life is approximately 20 years.

Bonga SW/Aparo Project The Aparo Field in OML 132 (formerly OPL 213) and OPL 249 and the Bonga SW Field in OML 118 (formerly OPL 212) share a common structure and are planned to be jointly developed. The geologic structure lies in approximately 4,300 feet (1,311 m) of water, 70 miles (113 km) off the coast of the western Niger Delta. A pre-unit agreement was executed between Chevron and the partner group of Bonga SW in 2006. Negotiation of the final terms for a unitization agreement was ongoing as of early 2007. Front-end engineering and design (FEED) continued through 2006, and discussions were under way in early 2007 with potential contractors. Development will likely involve an FPSO and subsea wells with pressure maintenance provided by peripheral water injection. Partners expect to make the investment decision during 2007, with production start-up estimated to

occur in 2011. Maximum total daily production of 150,000 barrels of crude oil is expected to be reached within one year of production start-up. The company recognized initial proved undeveloped reserves in 2006 for its approximate 20 percent interest in the unitized project.

Nsiko Project Chevron operates and holds a 95 percent interest in the 2003 Nsiko discovery, also on OPL 249. This discovery lies in approximately 5,800 feet (1,768 m) of water, 90 miles (145 km) off the coast of the western Niger Delta. Two successful appraisal wells were drilled in 2004 with subsurface evaluations and field development planning ongoing in early 2007. The company expects FEED to begin in late 2007. Maximum total daily production of 100,000 barrels of oil is anticipated within one year of initial start-up, targeted for 2012. At the end of 2006, no proved reserves had been recognized for this project.

Nnwa Field Discovered in 1999, the Nnwa Field in OML 129 (formerly OPL 218), extends into two adjacent blocks in which the company is not a participant. A later discovery in OML 129 was made in the Bilah Field. Commerciality of these fields is dependent upon resolution of the Nigerian Deepwater Gas fiscal regime and collaboration agreements with adjacent blocks as a result of the straddle Nnwa/Doro structure. The Bilah Field discovery was under evaluation in early 2007 for further appraisal and the viability of a standalone condensate liquid recovery scheme.

Usan Project The company holds a 30 percent nonoperated working interest in this development, located in OPL 222, which lies in 2,461 feet (750 m) of water, 62 miles (100 km) off the coast in the eastern Niger Delta. FEED for the Usan Field continued through 2006 on a selected FPSO concept. Technical tendering for the major contracts was under way as of early 2007. Project partners expect to make the investment decision during 2007. The company recognized proved undeveloped reserves in 2004. Production start-up is projected for late 2011, before which time certain proved undeveloped reserves are planned to be reclassified to the proved developed category. Maximum total daily production of 180,000 barrels of crude oil is projected to be achieved within one year of start-up. The end date of the concession period will be determined after final regulatory approvals are obtained.

Exploration Since 2002, Chevron has maintained interests in 10 blocks in the Deep Water offshore Nigeria. Commercial activities include the ongoing conversions of blocks from their original OPL status to OML status, usually accompanied by a relinquishment of 50 percent of the block area. Blocks that have undergone this conversion to date include OML 132 (formerly OPL 213), OML 127 (formerly OPL 216), OML 128 (formerly OPL 217) and OML 129 (formerly OPL 218). Conversion of OPL 222 was pending as of early 2007.

In 2006, Chevron participated in three deepwater exploration/appraisal wells. Wells drilled include Oko-1 in OPL 221, Ukot South-1 in OPL 222 and Onigun-1 in OPL 318. The wells yielded a limited potential or were dry. In May 2006, the company announced the discovery of crude oil at the Uge-1 well located approximately 70 miles (113 km) offshore Nigeria. Future drilling is contingent on maturation

of technical work and securing of rig slots in a tight rig market. In 2007, two exploration wells and two appraisal wells were planned in Nigeria.

Exploration activities in the shallow water continued through 2006. In early 2006, results of Obokun-4 appraisal well showed success. As of early 2007, preliminary evaluation of alternative field development plans was ongoing. Reserves are scheduled to be booked after the preferred development plan has been selected. Other drilling in 2006 included the Awodi-4 block appraisal well, which further delineated the offshore Awodi Field (OML 90). Results of this well were under evaluation in early 2007. The Kaka-2 well (OML 90) drilled in 2006 was dry.

Natural Gas Commercialization Projects

Escravos Gas Plant (EGP) Phase 3A Early site work for EGP Phase 3A began in late 2005, and construction commenced in February 2006. Engineering, procurement and construction are expected to continue through 2007, with start-up targeted for early 2009. The project, in which Chevron has a 40 percent operated interest, includes offshore natural gas gathering and compression infrastructure and a second plant, which potentially would increase daily processing capacity from 285 million to 680 million cubic feet of natural gas and increase LPG and condensate export capacity from 4,000 to 43,000 barrels per day. Proved undeveloped reserves associated with EGP Phase 3A were recognized in 2002. These reserves are expected to be reclassified to proved developed as various project milestones are reached and related projects are completed. The anticipated life of the project is 25 years.

Nigeria EGTL CNL and NNPC are developing a 34,000-barrel-per-day gas-to-liquids (GTL) facility at Escravos that will process natural gas from the Phase 3A expansion of the EGP. Plant construction began in 2005, and the first process modules were expected to be delivered to the site by the second half of 2007. The GTL plant is projected to be operational by the end of the decade.

Olokola (OK) LNG Project In February 2006, Chevron signed a Project Development Agreement for an 18.5 percent nonoperated working interest in the OK LNG Project. OK LNG plans to build a four-train, 22 million-metric-ton-per-year natural gas liquefaction facility and marine terminal in the Olokola Free Trade Zone located between Lagos and Escravos. The project entered FEED in first quarter 2006, and the investment decision was expected in 2007. Project start-up is targeted for 2012. Chevron plans to lift and market its equity share of the LNG and LPG produced. Chevron also is expected to supply approximately 50 percent of the gas supply to the OK LNG project, representing approximately 1.8 billion cubic feet per day. As of early 2007, Chevron was in the process of completing the certification of the natural gas reserves required to satisfy the project's supply requirements. As of the end of 2006, the company had not recognized proved reserves for this project.

West African Gas Pipeline Chevron West African Gas Pipeline Company Limited holds a 37.6 percent interest in the West African Gas Pipeline that is anticipated to supply Nigerian natural gas to customers in Ghana, Benin and Togo for industrial applications and power generation. Start-up of the 421-mile

(678-km) pipeline was expected in 2007. A 350-mile (570-km) offshore segment of the West African Gas Pipeline connects via 70 miles (113 km) of onshore pipeline to an existing pipeline system in Nigeria. At the end of 2006, essentially the entire offshore segment had been installed with 43 percent of the onshore portion completed. Chevron is the managing sponsor in West African Pipeline Gas Company Limited, which constructed, owns and will operate the pipeline.

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

Chevron is the operator of JDZ Block 1 and holds a 45.9 percent interest following the sale of a 5 percent interest in 2006. In March 2006, the first exploration well, Obo-1 in JDZ Block 1, was completed and found hydrocarbons. In 2007, technical studies are scheduled for continuation to determine the possible need for additional drilling.

ASIA-PACIFIC

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 2006, the total daily production was 183,000 barrels of crude oil and condensate (34,000 net), 27,000 barrels of LPG (5,000 net) and 2.2 billion cubic feet of natural gas (360 million net).

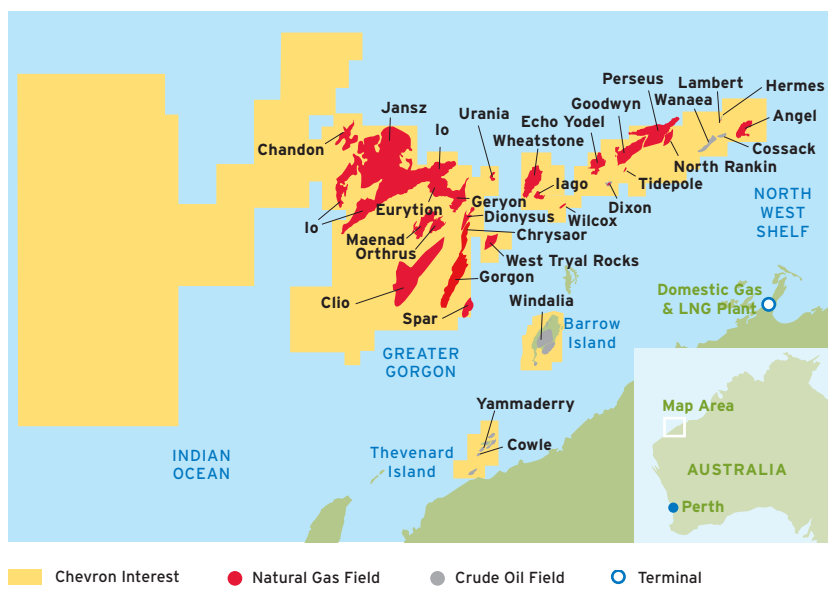
North West Shelf (NWS) Venture Chevron has a 16.7 percent nonoperated working interest in the NWS Venture in Western Australia. The venture comprises the North Rankin, Goodwyn, Perseus and Echo Yodel producing natural gas fields and the Wanaea, Cossack, Lambert and Hermes producing crude oil fields. Total daily production from the project during 2006 averaged 174,000 barrels of crude oil and condensate (29,000 net), 27,000 barrels of LPG (5,000 net) and 2.2 billion cubic feet of natural gas (358 million net). Approximately 75 percent of the natural gas was sold in the form of LNG to major utilities in Japan and South Korea, primarily under long-term contracts. A total of 202 LNG cargoes were sold in 2006. Approximately 482 million cubic feet of natural gas per day (80 million net) were sold into the Western Australia domestic market.

A fifth LNG train, which is intended to increase export capacity by more than 4 million metric tons per year, to more than 16 million, is expected to be commissioned in 2008. The Angel natural gas field, being developed at an estimated total cost of \$1.2 billion, will supply the fifth LNG train. Potentially recoverable volumes for the field are expected to be 1.8 trillion cubic feet.

NWS reserves are recorded according to existing sales agreements. Start-up of the fifth train is projected to accelerate production of proved reserves and additional reclassification of proved undeveloped reserves to proved developed. The end of the concession for the NWS Venture is 2034.

The NWS Venture participants are evaluating additional natural gas supply projects for feeding the five LNG trains and domestic gas plant over the mid- to long-term. The cost of these projects could exceed \$5 billion and develop potentially recoverable volumes between 7 trillion and 10 trillion cubic feet of natural gas from six natural gas fields within the NWS acreage. The studies are expected to confirm the commercial feasibility and sequence of projects. FEED has commenced for all the projects.

Barrow Island and Thevenard Island On Barrow and Thevenard islands off the northwest coast of Australia, Chevron operates crude oil producing facilities that had total daily production of 9,000 barrels (5,000 net) in 2006. Chevron's interest in this operation is 57.1 percent for Barrow Island and 51.4 percent for Thevenard Island.



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. Following execution of a Framework Agreement with its two joint-venture partners in 2005, the company has a 50 percent ownership interest across most of the area and is operator of the Gorgon development. The Framework Agreement enables the combined development of Gorgon and the nearby natural gas fields as one world-class project.

In early 2007, progress continued toward securing environmental regulatory approvals necessary for the development of the Greater Gorgon LNG project on Barrow Island. Barrow Island is located off the northwest coast of Australia and is where Chevron has a successful 40-year history of operating Australia's largest onshore crude oil field. A two-train, 10 million-metric-ton-per-year LNG development is planned for the island, with natural gas supplied from the Gorgon and Jansz natural gas fields.

At the end of 2006, the company had not recognized proved reserves for any of the Greater Gorgon Area fields. Recognition is contingent on securing sufficient LNG sales agreements and achieving other key project milestones. The company has signed separate nonbinding Heads of Agreement totaling 4.2 million metric tons per year with three utility customers in Japan to supply LNG from the Gorgon project. As of early 2007, negotiations were continuing to finalize binding sale and purchase agreements. Purchases by each of these customers are expected to range from 1.2 million to 1.5 million metric tons per year over 25 years, commencing after 2010.

Exploration During 2006, the company operated and participated in five large 3-D seismic surveys in the Exmouth West region and northern Carnarvon Basin. Chevron participated in six successful appraisal wells – three in the Browse Basin, two in the Dampier Sub-Basin and one in the northern Carnarvon Basin. Chevron also participated in four successful exploration wells – two in the northern Carnarvon Basin and two in the Dampier Sub-Basin. The Carnarvon Basin wells resulted in natural gas discoveries at Clío-1 (67 percent operated interest) and Chandon-1 (50 percent operated interest) located offshore northwestern coast in the Greater Gorgon development area. Chevron will be undertaking further work, including a 3-D seismic survey program that started in late 2006, to better determine the potential of the gas find and subsequent development options. Evaluation of the results of the Dampier Sub-Basin wells is ongoing. Technical evaluations of Blocks T/32P, T/35P and T/36P continued in 2006 with an exploration well planned for 2008. During 2006, concept studies were undertaken on the Wheatstone-1 natural gas discovery located offshore 110 miles (177 km) west-northwest of Dampier in Western Australia. In addition, a rig was mobilized and preparations were completed for appraisal drilling in 2007.

In 2006, the company was awarded exploration rights to Blocks WA-374-P (Greater Gorgon Area) and WA-383-P (Exmouth West) in the Carnarvon Basin offshore Western Australia. Chevron holds a 50 percent operated interest in the blocks. Operations commenced in WA-374-P with the acquisition of a 3-D marine seismic survey. On WA-383-P, a three-year work program includes geotechnical studies and 2-D seismic work.

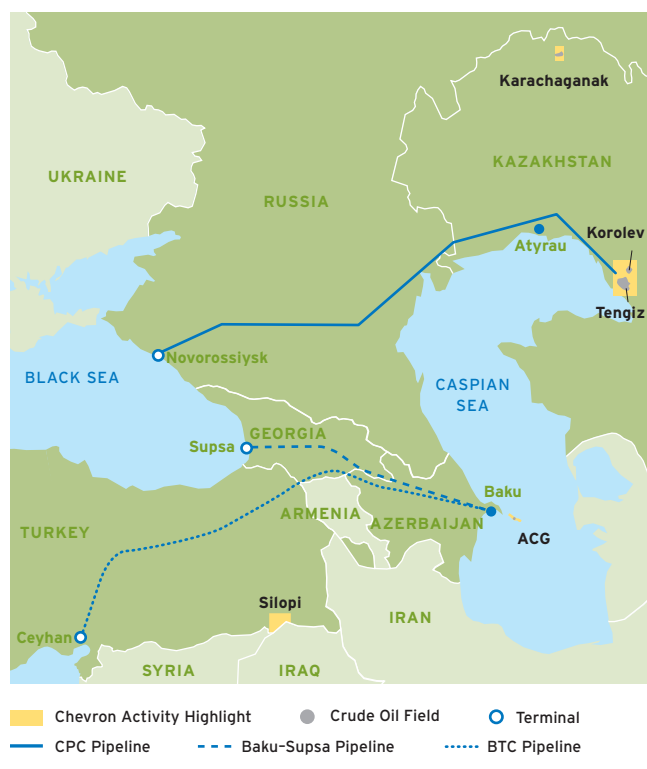
In February 2007, the company was also named operator of and awarded a 50 percent interest in exploration acreage in Block W06-12 in the Greater Gorgon Area. The block covers an area of 733,000 acres (2,966 sq km), and the three-year work program for the area includes geotechnical studies, 2-D seismic reprocessing, acquisition of a 3-D seismic survey and the drilling of an exploration well.

Azerbaijan

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

Production AIOC's total daily crude oil production averaged 475,000 barrels (46,000 net) in 2006. To export its production, AIOC uses rail tank cars and three pipelines – a northern pipeline route that connects in Russia to an existing pipeline system; the Baku-Supsa pipeline from Baku, Azerbaijan, to the terminal at Supsa, Georgia; and BTC. The 1,094-mile (1,762-km) BTC pipeline has a crude oil capacity of 1 million barrels per day and is expected to accommodate the majority of the AIOC production. The first tanker loading at the Ceyhan marine terminal occurred in June 2006. The Baku-Supsa pipeline, wholly owned by AIOC, spans 515 miles (829 km) and has crude oil capacity of 145,000 barrels per day. The northern and Baku-Supsa pipelines and rail tank cars connect with ports on the Black Sea.

Development Progress continued on the ACG crude oil project. Phase II of the ACG development began producing from the West Azeri Field in late 2005 and was completed with the production of first oil from the East Azeri Field in October 2006. Phase III was in the final phase of development in early 2007. The deepwater Gunashli Platform was expected to be installed in 2007 with production start-up for Phase III targeted for 2008. Total crude oil production from the project is expected to increase to about 700,000 barrels per day in 2007 and to more than 1 million barrels per day by 2009. Proved undeveloped reserves for ACG are expected 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.



Kazakhstan

Chevron is the largest private producer in Kazakhstan, with total daily production in 2006 from the Tengizchevroil (TCO) and Karachaganak projects of 517,000 barrels of crude oil and natural gas liquids (173,000 net) and 1.2 billion cubic feet of natural gas (336 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. During 2006, CPC transported an average of 664,000 barrels of crude oil per day, including 519,000 barrels per day from the Caspian region and 145,000 barrels per day from Russia.

Karachaganak

Karachaganak is a natural gas and condensate field located in northwest Kazakhstan. Chevron holds a 20 percent nonoperated working interest in the project that is being developed in phases.

Production During 2006, total daily production averaged 201,000 barrels of liquids (38,000 net) and 765 million cubic feet of natural gas (143 million net). Approximately 143,000 barrels of liquids (27,000 net) were sold at prices available in world markets, of which 142,000 barrels (26,000 net) were exported via the CPC pipeline. The remainder was exported via the Atyrau-Samara pipeline, a second export route for the Karachaganak liquids that was started in mid-2006. The remaining liquids were sold in the Russian market.

Development During 2006, the Karachaganak partners moved forward with a project to add additional liquids stabilization capacity so that partially stabilized liquids currently sold in the Russian market could be processed and exported to higher-value world markets. In December 2006, a fourth train, designed to increase the export of processed liquids by 56,000 barrels per day (11,000 net), was approved. Start-up is expected in 2009. Karachaganak partners also continued to evaluate Phase III development, which is contingent upon the Republic of Kazakhstan identifying and enabling a commercially attractive outlet for the increased natural gas volumes. Timing for the recognition of Phase III proved reserves and an increase in production are uncertain, and both depend on obtaining a natural gas sales agreement and finalizing a viable project design. The Karachaganak operations are conducted under a 40-year concession agreement that expires in 2038.

Tengiz and Korolev

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 2006 total daily production was 291,000 barrels of crude oil (124,000 net), 443 million cubic feet of natural gas (193 million net) and 25,000 barrels of natural gas liquids (11,000 net).

Development TCO is undergoing 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 \$6 billion, these projects are designed to increase TCO's total daily crude oil production capacity from 300,000 barrels to between 460,000 and 550,000 barrels in 2008. In addition, daily natural gas production capacity is expected to increase from 470 million cubic feet to between 645 million and 745 million cubic feet. Daily natural gas liquids production capacity is projected to increase from 26,000 barrels to between 39,000 and 46,000 barrels. Approximately one-third of the total natural gas produced from the expansion 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. Start-up was expected in 2007.

SGP involves the construction of a large processing train for treating crude oil and the associated sour gas (i.e., high in sulfur content). The SGP design is based on the same conventional technology employed in the existing processing trains. Proved undeveloped reserves associated with SGP were recognized in 2001. During 2006, 55 wells were drilled, deepened and/or completed in the Tengiz and Korolev reservoirs to generate volumes required for the new SGP train, and reserves associated with the project were reclassified to the proved developed category. Over the next decade, ongoing field development is expected to result in the reclassification of additional proved undeveloped reserves to proved developed.

SGI involves taking a portion of the sour gas separated from the crude oil production at the SGP processing train and injecting it into the Tengiz reservoir. Chevron expects that SGI will have two key effects. First, SGI will reduce the sour gas processing capacity required at SGP, thereby increasing liquid production capacity and lowering the quantities of sulfur and gas that would otherwise be generated. Second, it is expected that over time SGI will improve production efficiency and increase recoverable volumes as the injected gas maintains higher reservoir pressure and displaces oil toward producing wells. Most important, success with SGI will pave the way to apply the technology more broadly within Tengiz reservoir, with the potential to increase recoverable reserves by maintaining higher reservoir pressure from the natural gas reinjection. The primary SGI risks include uncertainties about compressor performance associated with injecting high-pressure sour gas and subsurface response to injection. Between 2007 and 2008, the company anticipates recognizing additional proved reserves associated with the SGI expansion.

Essentially all TCO production is exported through the CPC pipeline that runs from Tengiz in Kazakhstan to tanker loading facilities at Novorossiysk. CPC is seeking stockholder approval for an expansion to accommodate increased TCO volumes beginning in 2009. During 2006, TCO continued the construction of expanded rail car loading and rail export facilities, which were expected to be completed by third quarter 2007. As of early 2007, other alternatives were also being explored to increase export capacity prior to expansion of the CPC pipeline.

Russia

In 2005, OAO Gazprom, Russia's largest natural gas producer, 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, a very large natural gas field offshore Russia in the Barents Sea. In October 2006, OAO Gazprom issued a public statement indicating its plan to develop Shtokmanovskoye without foreign partners.

In October 2006, Chevron signed a Framework Agreement with OAO Gazpromneft, establishing a Russian joint venture for exploration and development activities focused in the Yamal-Nenets region of western Siberia. Chevron will hold a 49 percent joint-operated interest in the venture.

Turkey and Georgia

Chevron holds a 25 percent operating interest in the 550,000-acre (2,226-sq-km) Silopi Block in southeast Turkey on trend with production in Iraq's Zagros Fold Belt. The first well in this acreage was spud in November 2006, with further seismic planned to detail an additional prospect in 2007. In 2006, Chevron withdrew from the deepwater Black Sea Block 3534.

Chevron holds 10 percent interests in Blocks IIA, IIB and III in offshore Georgia. In 2006, Chevron notified all partners of its intentions to withdraw from these three blocks, which was expected to occur in 2007.

Bangladesh

Chevron holds interests in three PSCs in Bangladesh. The first PSC covers onshore Block 12 (Bibiyana development). The second PSC includes onshore Blocks 13 and 14 (Jalalabad and Moulavi Bazar fields), and the third PSC is in Block 7. Chevron is the operator of all three PSCs and has a 98 percent interest in Blocks 12, 13 and 14 and a 43 percent interest in Block 7.



Yellow box: Chevron Interest Red dot: Natural Gas Field

Production In 2006, total daily production averaged 310 million cubic feet of natural gas (126 million net). Total daily production from the Jalalabad Field averaged more than 201 million cubic feet (67 million net), and production from the Moulavi Bazar Field averaged more than 109 million cubic feet (59 million net). The rights to produce from Moulavi Bazar expire in 2028 and from Jalalabad in 2025.

Development Following a two-year development program, production from the Bibiyana Field commenced in first quarter 2007. Under a natural gas sales and purchase agreement, Bibiyana total daily production is expected to increase from 200 million cubic feet of natural gas in 2007 to a maximum total daily production of 500 million cubic feet by late 2010. Total development cost for the project, including 12 development wells, is approximately \$245 million. The development program included a gas processing plant with capacity of 600 million cubic feet per day, a natural gas pipeline to connect the Bibiyana Field to the national natural gas transmission grid and a condensate pipeline. Initial proved reserves were recognized for Bibiyana in 2005. In 2006, additional proved reserves were recognized based on additional development wells drilled during the year, and certain proved undeveloped reserves were reclassified to the proved developed category in recognition of the imminent completion of the gas plant and pipeline infrastructure required for production start-up. The Bibiyana PSC expires in 2034.

Exploration The Block 7 seismic program was completed in July 2006. Exploration and market evaluation will continue in 2007.

Cambodia

Chevron operates and holds a 55 percent interest in the 1.6 million-acre (6,278 sq km) Block A, located offshore in the Gulf of Thailand.

Exploration A five-well exploration and appraisal program commenced in September 2006 and was completed in December. As part of another drilling program, four additional wells are anticipated for drilling and completion in 2007. The need for drilling in 2008 and 2009 will be based on results of the earlier drilling campaign.

Myanmar

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

Production Natural gas from the Yadana Field is primarily purchased by Thailand's PTT Public Company Limited (PTT) and contributes to the fuel requirements of three major power plants in Thailand. A small amount of production is dedicated to the domestic market. Total daily natural gas production averaged 683 million cubic feet (89 million net) in 2006.

Development One additional wellhead platform in the Sein Field commenced production in March 2006 with daily maximum total production of 35 million cubic feet of natural gas (5 million net) achieved in July 2006.

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 one-third of Thailand's total electricity demand. To meet growing demand for domestic natural gas in Thailand, Chevron continued discussions with PTT in 2006 on the commercial arrangements required to extend existing natural gas sales agreements and expand contract quantities for two of its natural gas sales agreements.



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

Production Within the Pattani Field, Blocks B8/32 and 9A produce crude oil and natural gas from six operating areas, and Blocks 10, 11, 12, 13 and B12/27 produce crude oil, condensate and natural gas from 16 operating areas. Total average daily production in 2006 from all blocks was 144,000 barrels of crude oil and condensate (73,000 net) and 1.6 billion cubic feet of natural gas (856 million net).

Development Sixteen wellhead platforms were installed and 346 development wells were drilled in 2006. In the concessions containing Blocks 10 through 13 and B12/27, debottlenecking of all central processing platforms was completed during the year, which added more than 160 million cubic feet per day of processing capacity. The company began to utilize this capacity following the March 2007 commissioning by PTT of the third natural gas pipeline. In addition, six wellhead platforms were installed and 41 development wells were drilled in Arthit Field in 2006. First production from Arthit is planned for 2008.

In late 2007, the company expects to complete the evaluation of a possible second natural gas central processing facility in Platong, to support a Heads of Agreement signed in 2003 for additional natural gas sales to meet future natural gas demands in Thailand. The 69.7 percent-owned Platong Gas II Project would add 330 million cubic feet per day of processing capacity in the Platong area, which spans Blocks 10, 10A,

11 and 11A in the Gulf of Thailand. The new facilities would include a central processing platform, pipelines and five initial wellhead platforms. First gas sale from the \$650 million project is anticipated in 2010. Proved reserves would be recognized throughout the 12-year project life as the required wellhead platforms are developed.

Exploration Chevron was awarded a production license in June 2006 for the Lanta area in Block G4/43. Two exploration wells were drilled in the block and first oil was anticipated by mid-2007.

During 2006, drilling included two exploration wells in Block B8/32, four delineation wells in Block 10, four delineation wells in Block 11, three delineation wells in Block 12 and one exploration well in Arthit. First oil from Block B8/32 was expected in second quarter 2007. Of the 16 exploration wells drilled across Thailand in 2006, 12 were successful. In Block B12/27, 3-D seismic mapping was performed over the Moragot and

Ubon areas.

In 2006, the company signed two exploration concessions, Blocks G4/48 and G9/48. Two delineation wells are scheduled to be drilled in Block G4/48 in 2007. One exploration well in Block G9/48 is required to be drilled by first quarter 2009. As of early 2007, processing and interpretation of seismic data were under way in Block G9/48.

Chevron also holds a 33.3 percent nonoperated working interest in the Thailand-Cambodia overlapping claims area – Blocks 7, 8 and 9 – that is adjacent to Block B8/32, as well as operated interests in the overlapping claims area consisting of Blocks 5, 6, 10, 11, 12, 13 and 14, in which the company's interests vary from 40 percent to 80 percent. As of early 2007, these areas were inactive, 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 interest in one PSC, which includes Block B and Block 48/95, and a 43.4 percent interest in another PSC for Block 52/97. In April 2006, the company signed a 30-year PSC contract for Block 122 located offshore eastern Vietnam. The company has a 50 percent operated interest in this block and has undertaken a three-year work program for seismic acquisition and drilling of an exploratory well.

Development In July 2006, the company submitted a revised summary development plan to state-owned PetroVietnam (PV) for Blocks B, 48/95 and 52/97 for the Vietnam Gas project. The final detailed development plan was expected to be submitted in third quarter 2007, with FEED projected to begin by the end of 2007. First natural gas is targeted for 2011, but is dependent on the progress of commercial negotiations. Maximum total daily production of approximately 500 million cubic feet of natural gas is projected within four years of production start-up. Recognition of initial proved reserves is expected to follow execution of the gas sales agreements and anticipated project sanction in 2008. Total development cost for the project is approximately \$3.5 billion. In 2006, Chevron initiated discussions with PV concerning a natural gas pipeline and with Electricity Vietnam regarding construction of power plants in southern Vietnam. A Heads of Agreement was expected to be signed in late 2007 for natural gas sales and natural gas transportation agreements.

China

Chevron holds nonoperated working interests in three areas of China. In the South China Sea, the company has a 32.7 percent interest in exploration and production activity in offshore Blocks 16/08 and 16/19, located in the Pearl River Delta Mouth Basin. In Bohai Bay, the company owns a 16.2 percent interest in the unitized and producing Bozhong 25-1 Field in Block 11/19 and a 24.5 percent interest in the QHD32-6 Field. In the onshore Ordos Basin, the company holds 50 percent interests in the San Jiao Bei, Linxing and Shenfu blocks and 35.8 percent interest in the Baode Block.

Production Total average daily production in 2006 from the company's interests in China was 100,000 barrels of crude oil and condensate (23,000 net) and 54 million cubic feet of natural gas (18 million net).

Development The HZ21-1 natural gas development project, located in Block 16/08, began producing in January 2006. Since start-up, this development has added total average daily production of 59 million cubic feet of natural gas (20 million net cubic feet) and 3,000 barrels of condensate (1,000 net).



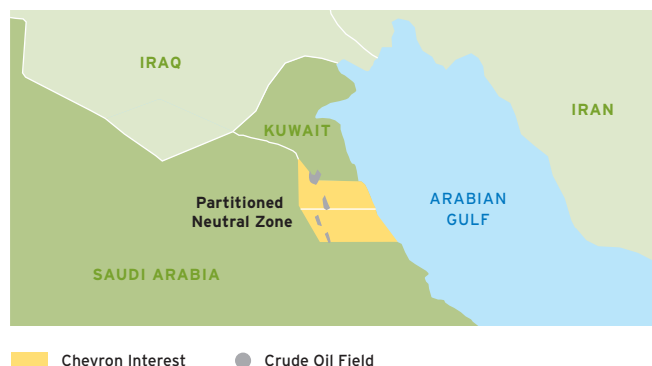
Joint development of the HZ25-3 and HZ25-1 crude oil fields in Block 16/19 commenced in first quarter 2007. The project includes installation of a single platform, the drilling of 10 wells, and plans for the use of the existing infrastructure and operational organization of Blocks 16/08 and 16/19. First production is expected in early 2009, with maximum total daily production of approximately 17,000 barrels of crude oil during 2009.

Exploration The Ordos blocks comprise about 1.5 million acres (6,070 sq km) and contain the potential for coal bed methane and natural gas production. Thirteen exploration and appraisal wells were drilled on the various blocks during 2006. On the Baode Block, work continued on an eight-well coal bed methane pilot program that employs a combination of vertical and horizontal wells. Evaluation of the results was under way in early 2007 and drilling was scheduled to continue during the year.

Kuwait

Chevron has a Technical Service Agreement (TSA) with Kuwait Oil Company (KOC). This agreement was established in 1994 and was renewed in early 2005 for a term of three and a half years. Chevron assigned technical and professional employees to KOC for the transfer of technology, the development of Kuwaiti employees and the modernization of Kuwait's oil industry. Chevron signed another TSA in 2003 for a term of five years with Kuwait National Petroleum Corporation (KNPC) for technical assistance with local refineries. These TSAs provide Chevron with a presence in Kuwait to demonstrate the company's technology, employee abilities and overall commitment to the region.

Chevron is the operator of one of three competing consortia for Project Kuwait, a project to develop Kuwait's northern fields. In 2006, the company had ongoing dialogue with the Kuwaiti government about the development plans for this project. Bidding for the Project Kuwait operatorship was expected during 2007.



Partitioned Neutral Zone (PNZ)

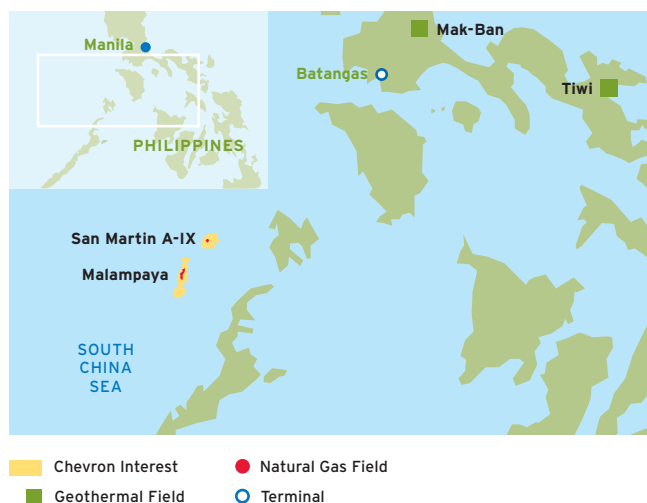
Saudi Arabian Chevron Inc., a Chevron subsidiary, holds a 60-year concession signed in 1949 with the Kingdom of Saudi Arabia to produce crude oil from the onshore PNZ, which is located between the Kingdom of Saudi Arabia and the State of Kuwait. The concession agreement is scheduled to expire in February 2009. In September 2006, Chevron submitted to the Kingdom of Saudi Arabia a proposal to extend the concession agreement. Under the current concession, Chevron 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 2006, total daily production from four producing fields averaged 238,000 barrels of crude oil (111,000 net) and 38 million cubic feet of natural gas (19 million net). Fifty wells were drilled during 2006, and the active well count at year-end 2006 was 930. Development drilling, well workovers and numerous facility-enhancement programs scheduled for 2007 through 2009 are expected to maintain production at similar levels.

Development Facilities for the first phase of a steamflood project were completed in December 2005, and steam injection began in February 2006. The success of the first phase has led to the approval of funding for a second phase steamflood pilot project that is planned to be completed by late 2008. The second phase pilot is designed to determine the technical and economic viability of thermal recovery projects. The second phase entails drilling 16 injection wells, 25 producing wells, and the installation of water-treatment and steam-generation facilities. The estimated total project cost is more than \$360 million. This is a unique application of steam injection into a carbonate reservoir, and success of this enhanced crude oil recovery method could significantly increase the potentially recoverable volumes of heavy oil in the PNZ reservoirs.

Philippines

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



Production Total daily production from the Malampaya Field during 2006 averaged 296 million cubic feet of natural gas (108 million net) and 14,000 barrels of condensate (6,000 net).

Power Plant/Cogeneration Chevron Geothermal Philippines Holdings, Inc. (CGPHI) develops and produces steam resources under an agreement with the National Power Corporation (NPC), a Philippine government-owned corporation. The combined generating capacity of the Tiwi and Mak-Ban geothermal plants is 634 megawatts. In 2004, CGPHI signed a Compromise Agreement settling a contract dispute. As part of this agreement, CGPHI is operating the steam fields under a transition agreement with NPC. This transition agreement is expected to be superseded by a new agreement that will become effective upon completion by NPC of the rehabilitation of the Mak-Ban geothermal plant and the formation by CGPHI of a Philippine company. It is uncertain as to when NPC will complete the rehabilitation at the Mak-Ban geothermal plant. Under the new operating agreement, the Philippine company would be granted the right to operate the steam fields under a contract with the Philippine Department of Energy for an additional 25 years until 2032. The Philippine company would sell geothermal resources under a Geothermal Resources Sales Contract until 2021, at negotiated prices designed to baseload operation of the Tiwi and Mak-Ban geothermal plants.

INDONESIA

Chevron's operated interests in Indonesia are managed by several wholly owned subsidiaries, including PT. Chevron Pacific Indonesia (CPI), Chevron Geothermal Indonesia (CGI), Chevron Indonesia Company, Chevron Makassar Ltd. and Chevron Geothermal Salak, Ltd. (CGS) and the partially owned subsidiary PT. Mandau Cipta Tenaga Nusantara (MCTN). CPI has interests in and operates four PSC areas, Rokan (100 percent), Siak (100 percent), MFK (90 percent) and Kisaran (50 percent). In addition, Chevron holds a 25 percent nonoperated working interest in South Natuna Sea Block B and additional interests in seven offshore Indonesian PSC areas covering approximately 4 million acres (16,000 sq km).



Of the seven offshore PSCs, five PSC areas are located offshore East Kalimantan in the Kutei Basin. They include operated interests in East Kalimantan (92.5 percent), Makassar Strait (90 percent), Rapak (80 percent), Ganai (80 percent) and Donggala (35 percent). One PSC area is a 100 percent operated interest in East Ambalat, located in the Tarakan Basin offshore northeast Kalimantan. The seventh PSC was acquired in 2006 when the company successfully executed a farm-out agreement relinquishing five Indonesian PSCs in exchange for a 40 percent nonoperated working interest in the NE Madura III Block located in the East Java Sea Basin.

Total daily production in 2006 from all producing areas in Indonesia averaged 540,000 barrels of liquids (198,000 net) and 660 million cubic feet of natural gas (302 million net).

CPI

Production CPI's total daily production averaged 447,000 barrels of oil-equivalent (170,000 net) and 61 million cubic feet of natural gas (61 million net) in 2006.

CPI continues to execute projects designed to optimize production from its existing reservoirs. During 2006, the majority of CPI's production came from fields under primary or secondary recovery within the CPI-operated Rokan PSC. The Duri Field, located in the Rokan PSC and under steamflood since 1985, is one of the largest steamflood operations in the world. In 2006, 75 percent of the field was under steam injection, with total daily production averaging 199,000 barrels of crude oil (105,000 net). In addition to drilling 109 producing and injection wells and focusing on steam reliability improvement, development also progressed in 2006 in the North Duri region, in which approximately 190 million barrels of crude oil are estimated to be potentially recoverable. The development plan calls for the sequential development of three possible expansion areas. The first expansion involves the development of Area 12 and is planned to come onstream in 2008, with maximum total daily production estimated at 34,000 barrels of crude oil in 2012. Proved undeveloped reserves for North Duri were recognized in previous years, and reclassification from proved undeveloped to proved developed is scheduled to occur during various stages of sequential completion.

Production from the Sumatra light-oil area in the Rokan Block, consisting of more than 80 active fields, averaged 248,000 barrels of liquids (65,000 net) and 61 million cubic feet of natural gas (61 million net) in 2006. During 2006, 119 wells were drilled in this area.

Development CPI is expanding the waterflood recovery programs and infill development well programs to sustain production of the Sumatra light-oil fields. The programs include advancement of the waterflood optimization in Minas, the start-up of the Pungut waterflood project in 2005, and many infill well programs in both CPI's Sumatra light- and heavy-oil areas. Efforts are also ongoing to further evaluate the Pematang formation across the Central Sumatra Basin, as well as to develop new opportunities in the more mature fields.

Exploration Programs in the Rokan and Siak blocks continue to focus on lower-depth objectives as follow-up to recent successes. In 2006, the exploration wells Tiang and Lampu resulted in discoveries that are planned to be tied into the adjacent infrastructure for eventual production.

The Kisaran Block is in the exploration stage and is located relatively close to the existing CPI infrastructure. CPI is the operator of the block with a 50 percent interest. The first well commitment was drilled in second quarter 2006 and was a dry hole.

Kutei Basin, East Kalimantan

Production During 2006, total daily production averaged 37,000 barrels of liquids (21,000 net) and 244 million cubic feet of natural gas (167 million net). Chevron operates 12 producing offshore crude oil and natural gas fields. Crude oil and natural gas production from the northern fields are processed at the company-operated Santan terminal and liquids extraction plant, and the natural gas is transported by pipeline to the Bontang LNG plant. Natural gas is also transported by pipeline to a fertilizer, ammonia and methanol complex. Crude oil and natural gas from the southern fields are sent to the operated Lawe-Lawe terminal. The stored crude oil is either exported by tanker or transported by pipeline to Pertamina's Balikpapan Refinery. The natural gas is transported by pipeline and sold as fuel gas to the Balikpapan Refinery.

Development The company advanced the development plan during 2006 for its deepwater natural gas projects. The development concept for the 50 percent-owned and operated Sadewa project remains under evaluation and was expected to be completed in late 2007. Assuming the evaluation is positive, initial proved reserves recognition would be expected to occur in 2008, with first production expected in 2010. This concession expires in 2018.

Chevron also selected the development concepts for the Bangka, Gendalo Hub and Gehem Hub prospects and submitted an integrated preliminary plan of development to the government of Indonesia in January 2007. These projects will likely be developed in parallel, with first production for all projects targeted for 2013. The actual timing is partially dependent on government approvals, market conditions and achievement of key project milestones. Chevron is operator with a 72 percent interest in these projects.

Chevron also continued work on several shelf developments in 2006. The Sapi Field was placed on production to the Bontang LNG plant starting May 2006. The Seturian Field is expected to supply natural gas to the Balikpapan Refinery with first production anticipated in 2008. These projects are designed to help mitigate the decline rate of Chevron's mature East Kalimantan shelf operations.

Exploration Chevron's strong exploration position in the Kutei Basin offshore East Kalimantan continues to transition to a focus on deepwater developments. Kutei exploration operations in 2006 included two commitment wells in the East Kalimantan PSC that were considered dry holes. During the completion of these exploratory operations, a new technology for deepwater exploration called controlled source electromagnetic survey was utilized for the first time in Indonesia.

East Java Sea Basin

Exploration In 2006, Chevron's farm-in to the NE Madura III Block was a key step toward refocusing efforts on significant new opportunities in Indonesia, including the East Java Sea Basin. Two wells were drilled in 2006 but were dry holes. At least one additional well was planned in 2007.

South Natuna Sea Block B

Production Block B total daily production averaged 56,000 barrels of crude oil (5,000 net) and 354 million cubic feet of natural gas (74 million net). Production is from six natural gas fields and three fields that produce both crude oil and natural gas.

Development Block B is a five-phase development project to support two long-term gas sales contracts to Malaysia and Singapore. Drilling for the initial three development phases was scheduled to continue through 2007, with first oil from the Kerisi Field expected in late 2007. First LPG from the Belanak Field was expected in second quarter 2007. The North Belut development project is the fourth phase of the Block B development and is located approximately 40 miles (65 km) northeast of the Belanak FPSO. The North Belut Field is one of the largest hydrocarbon-bearing structures in the West Natuna Basin, with sufficient natural gas reserves to meet approximately 50 percent of the total gas volume required under the Malaysian gas sales contract. As of early 2007, the North Belut project was under development with drilling planned to begin in mid-2008. The cost of the project is approximately \$275 million. First production is expected in 2009.

Geothermal and Power

Geothermal/Cogeneration CGI is a power generation company that operates the Darajat geothermal field located in the Darajat contract area in West Java, Indonesia, with a total capacity of 255 megawatts. This includes the addition of the Darajat III 110-megawatt unit that was scheduled to come on-line in first-half 2007. Further expansion of the field with the additional Darajat Unit IV was under evaluation in early 2007. A decision to proceed with the additional unit will be made after further study of the reservoir and is not expected prior to 2008. Also in West Java, CGS operates the Salak geothermal field located in the Gunung Salak contract area, with a total capacity of 377 megawatts. A drilling program that began in 2006 is scheduled to continue in a phased development through 2010 in order to meet the steam needs of the power plant and optimize the field.

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

OTHER INTERNATIONAL

Argentina

Chevron operates in Argentina through its subsidiary Chevron Argentina S.R.L. The company and its partners hold 17 operated production concessions and four exploratory blocks (two operated and two nonoperated) in the Neuquen and Austral basins. Working interests range from 18.8 percent to 100 percent in operated license areas.

In addition, Chevron holds a 14 percent interest in Oleoductos del Valle S.A., a major crude oil pipeline from the Neuquen producing area to the Atlantic coast. The company also holds a 27.8 percent interest in the Oleoducto Transandino pipeline that extends from the Neuquen Basin to Chile.



Production During 2006, total daily production averaged 51,000 barrels of crude oil (38,000 net) and 71 million cubic feet of natural gas (54 million net). In early 2006, the company performed an intensive review that focused on the El Trapiel Field. Efforts resulted in successfully arresting prior-year declines in El Trapiel and added daily production of approximately 5,000 barrels of crude oil (4,000 net) at year-end.

Exploration In early 2006, a successful appraisal well to the Zuri Austral Basin discovery was drilled. In another Austral Basin test, the Rio Coyle well was plugged and abandoned due to the lack of hydrocarbons. The results from three other exploration wells – two in the Neuquen Basin and one in the Austral Basin – were under evaluation in 2006 and were expected to be completed by mid-2007.

Brazil

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

Development The Frade Field lies in approximately 3,700 feet (1,128 m) of water, 230 miles (370 km) northeast of Rio de Janeiro. In second-half 2006, the Frade project started construction with all major contracts in place. The total project cost is estimated at \$2.8 billion. Proved undeveloped reserves were recorded for the first time in 2005. Reclassification of proved undeveloped reserves to the proved developed category is anticipated near production start-up in early 2009 and is expected to continue until 2011. Estimated maximum total daily production of 85,000 barrels of crude oil and 30 million cubic feet of natural gas is anticipated in 2011. The Frade concession expires in 2025.

Exploration Following the end of the exploration phase in Block BC-20, the company retained two areas for development: 37.5 percent-owned Papa-Terra (formerly RJS610) and 30 percent-owned RJS609 Assessment Area.

The initial appraisal phase was completed for Papa-Terra. As of early 2007, six wells had been drilled, and approximately 350 million potentially recoverable oil-equivalent barrels were identified in three separate reservoirs. A Declaration of Commerciality was filed in 2005, which started a 27-year production period. In June 2006, a field development plan was submitted to the government. FEED was expected to commence in late 2007 after completing an appraisal program planned for mid-year.

In RJS609, all appraisal drilling was completed to fulfill requirements for a Declaration of Commerciality that was filed in December 2006, and the new field was designated Maromba. Three wells were drilled in 2006, two discoveries and one dry hole, and resulted in filing for the maximum area retention in the Declaration of Commerciality. Results confirmed approximately 140 million potentially recoverable oil-equivalent barrels.

In the BM-C-4 Block, the final required exploration well was started in October 2006. As of early 2007, drilling of the Guarana prospect was ongoing with completion and evaluation expected to occur later in 2007.

On Block BS-4, the evaluation of an exploration campaign was completed in 2006. A Declaration of Commerciality was filed in December 2006, designating two new fields, Atlanta for the BS-4NE area and Oliva for the BS-4 BSS-69 area. FEED was expected to begin in fourth quarter 2007 after the evaluation of the development options for both fields.

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 agreement that was extended in 2003. At that time, additional proved reserves were recognized. The company continues to operate the fields and receives 43 percent of the production for the remaining life of each field as well as a variable production volume from a fixed-fee Build-Operate-Maintain-Transfer (BOMT) agreement based on prior Chuchupa capital contributions. The BOMT agreement expires in 2016. New production capacity, including three wells and infrastructure additions and upgrades, was commissioned in 2006 and will help meet the demand of the growing Colombian natural gas market.

Production During 2006, total daily production averaged 469 million cubic feet of natural gas (174 million net).

Trinidad and Tobago

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

Production During 2006, total daily production from the Dolphin and Dolphin Deep fields averaged 464 million cubic feet of natural gas (174 million net).

Development The first phase of the East Coast Marine Area development project became fully operational in 2006. The natural gas is supplied to Atlantic LNG Trains 3 and 4 and the local market through a take-or-pay natural gas sales contract. Natural gas supply to the Atlantic LNG Train 3 from the Dolphin Field began in 2005. In July 2006, Chevron delivered the first natural gas from the Dolphin Deep development to the Atlantic LNG Train 3 and Train 4. Both trains supply LNG to the United States and other markets under long-term contracts. The gas supply contract period for Train 3 ends in 2023 and for Train 4 in 2026. Natural gas supply to Train 3 started in late 2005 and to Train 4 in March 2006. Proved reserves associated with the Train 4 gas sales agreement were recognized in 2004. Reserves associated with Trains 3 and 4 were transferred to the proved developed category in 2005. The contract period for Train 3 ends in 2023 and for Train 4 in 2026.

Exploration The company drilled a successful exploratory well in the Manatee area of Block 6d in 2005. This well appeared to extend the six shallow gas sands discovered in Venezuela's Loran Field in Block 2 into Trinidad and Tobago. The company assessed alternative development strategies for the Loran Field and the Manatee area of Block 6d in 2006. As of early 2007, negotiations were in progress between Trinidad and Tobago and Venezuela to unitize the Loran and Manatee discoveries.

Venezuela

Boscan The Boscan Field is located onshore western Venezuela. Chevron operated the field for 10 years under an operating service agreement with Petróleos de Venezuela S.A. (PDVSA), the Venezuelan state-owned petroleum company. In October 2006, the contract was converted into a joint stock company, Petroboscan, in which Chevron is a 39.2 percent owner. At the same time, operatorship was transferred from Chevron to Petroboscan. No proved reserves had been recognized under the operating service agreement, but proved reserves associated with the new 20-year production contract were recorded in 2006. Under the operating service agreement, Boscan had average total daily production of 111,000 barrels (109,000 net) for the first nine months of 2006. Total daily production for the final three months of 2006 under the joint stock arrangement was 109,000 oil-equivalent barrels (30,000 net). A water-injection pressure-maintenance program is being developed to arrest decline and provide pressure support in the more depleted areas of the field.

LL-652 The company operated the LL-652 Field for eight years under a risked service agreement with a 63 percent interest until the contract was converted in October 2006 to a 25.2 percent-owned joint stock company, Petroindependiente. Under the new contract, Petroindependiente is the operator for a 20-year contract period. Located in Lake Maracaibo, LL-652's total daily production averaged 8,000 barrels of liquids (3,000 net) and 70 million cubic feet of natural gas (25 million net) during 2006. Chevron had previously booked proved reserves for LL-652 under the risked service agreement.

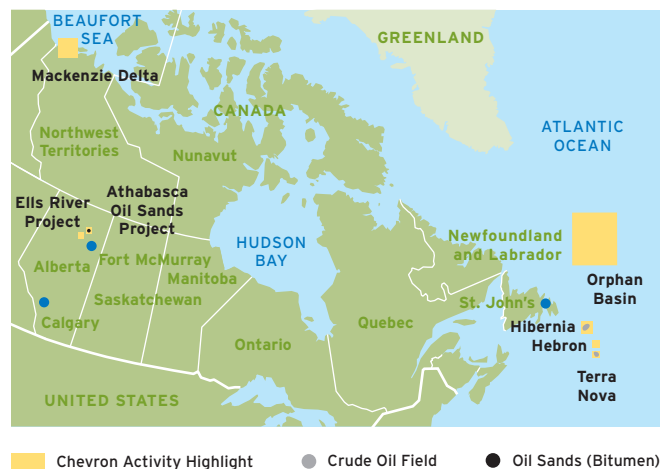
Hamaca The company has a 30 percent interest in Petrolera Ameriven, a joint-venture operating agent that serves as operator for Hamaca, a heavy oil production and upgrading project located in Venezuela's Orinoco Belt. The crude oil upgrading began in 2004. In 2005, the project facility reached total design capacity of processing and upgrading 190,000 barrels per day of heavy crude oil (8.5 degrees API) into 180,000 barrels of lighter, higher-value crude oil (26 degrees API). In 2006, total daily production averaged 146,000 barrels of liquids (36,000 net) and 34 million cubic feet of natural gas (8 million net). In February 2007, the president of Venezuela issued a decree announcing the government's intention for PDVSA to increase its ownership later this year in all Orinoco Heavy Oil Associations, including Chevron's 30 percent-owned Hamaca project, to a minimum of 60 percent.

Exploration Chevron has the license for Blocks 2 and 3, two of five offshore blocks in the northeastern Plataforma Deltana. The 60 percent-owned and operated Block 2 contains a natural gas discovery in the Loran Field, for which evaluation and project development continued during 2006. In the 100 percent-owned and operated Block 3, Chevron drilled the Macuira natural gas discovery well in 2005. The discovery is in close proximity to Loran and provides resources that will be included in the detailed evaluation of the two blocks as a potential gas supply source of Venezuela's first LNG train. Seismic work elsewhere in Block 3 started in 2006.

Chevron also has a 100 percent interest in the Cardon III exploration block, located offshore western Venezuela north of the Maracaibo producing region. Seismic work in this block, which has natural gas potential, was planned for 2007.

Canada

Chevron has ownership interests in oil sands projects at Athabasca and Ells River in the Alberta province, exploration and development projects offshore in the Atlantic Canada region, and exploration interests in the Mackenzie Delta region of Canada's western Arctic. Chevron's net daily production in 2006 from Canadian operations was 46,000 barrels of liquids, 6 million cubic feet of natural gas and 27,000 barrels of bitumen from oil sands.



Athabasca Oil Sands Project The 20 percent-owned and partner-operated Athabasca Oil Sands Project (AOSP) began operations in 2003. Total daily bitumen production in 2006 averaged 138,000 barrels (27,000 net). Oil sands are mined from the Muskeg River Mine, and bitumen is extracted from the oil sands and upgraded into synthetic crude oil using hydroprocessing technology. Chevron's net proved reserves for the Muskeg River Mine as of year-end 2006 were 241 million barrels of bitumen. AOSP has resources in place to support a total daily bitumen production in excess of 500,000 barrels and provides Chevron with the opportunity to participate on a 20 percent nonoperated working interest basis in all oil sands leases near Fort McMurray, Alberta. The first expansion of AOSP was approved in November 2006 at a total projected cost of \$10 billion. The 100,000-barrel-per-day expansion will increase AOSP design capacity to more than 255,000 barrels of bitumen per day by 2010 and will include a new mine named Jackpine. Preliminary work is also under way to determine the feasibility of additional AOSP expansion projects. Oil sands production at Athabasca is considered a mining operation rather than an oil and gas operation under the rules of the U.S. Securities and Exchange Commission, so the oil sands reserves are not included with the company's reported volumes of proved reserves of oil and gas.

Ells River "In Situ" Oil Sands Project In 2005 and 2006, the company acquired heavy oil leases in the Athabasca region of northern Alberta, comprising more than 75,000 acres (304 sq km). The potential for production is through the utilization of Steam Assisted Gravity Drainage, a proven "in situ" technology that uses steam and horizontal drilling to extract bitumen. The company began activities during 2006 at the 60 percent-owned and operated Ells River Project with an appraisal drilling program involving 60 to 80 wells to be drilled during the 2006–2007 winter drilling season.

Atlantic Canada At the 27 percent-owned and nonoperated Hibernia Field, two delineation wells and one development well were drilled in 2006. Results from one of the delineation wells confirmed the existence of additional crude oil in the southern portions of the main Hibernia reservoir. The development well was successfully completed as a producer into the secondary Ben-Nevis Avalon reservoir. Due to increasing levels of water in producing wells, changes to the drilling schedule and reduced operating efficiency, average total daily crude oil production dropped about 10,000 barrels from 2005 levels, to 178,000 (45,000 net) in 2006. As of year-end 2006, Hibernia had produced 521 million of the estimated 900 million barrels of crude oil potentially recoverable over the field life.

Chevron is the operator with a 28 percent interest in the Hebron development project. Located offshore the province of Newfoundland and Labrador, the field is estimated to contain between 400 million and 700 million barrels of potentially recoverable volumes. In April 2006, the joint venture suspended negotiations with the government of Newfoundland and Labrador and demobilized the Hebron project team. The negotiations were focused on the fiscal terms and levels of local benefits that would have enabled the project to proceed into the regulatory approval and front-end engineering phase. The timing for a possible resumption of negotiations was uncertain as of early 2007.

Chevron holds a 50 percent operated interest in eight Orphan Basin exploration licenses totaling 5.2 million acres (21,044 sq km). Exploration activities are planned over the next three years.

Western Arctic Chevron and partners have the largest onshore exploration lease position in the Mackenzie Delta region, totaling more than 1 million acres (4,047 sq km). In September 2006, the company executed an extensive areawide farm-out agreement that will result in a multiyear seismic and drilling program on the leases. Chevron was drilling two exploration wells in the Mackenzie Delta during the 2006–2007 winter drilling season as part of this agreement. In 2006, the company also executed an asset exchange that increased Chevron's interests in the Beaufort Sea and Yukon areas for a portion of Chevron's assets in the deepwater Gulf of Mexico and West Texas.

Denmark

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

Production Average total daily production in 2006 from the DUC was 291,000 barrels of crude oil (44,000 net) and 972 million cubic feet of natural gas (146 million net).

Development Fifteen development wells were drilled in the Dan, Halfdan, Gorm and Tyra fields in 2006. Development of the Halfdan NE Field Phase III was approved as part of the Danish Additional Gas Sales Project and was scheduled for start-up in mid-2007. The first four of eight wells in the new Valdemar North project were drilled and completed in 2006. The Valdemar South Development Project was completed and installed in 2006, and the first of seven wells was being drilled in early 2007. Halfdan Phase IV and Tyra SE are expected to start up in 2009, and Dan East is scheduled for start-up in 2010.

Exploration The DUC was awarded two exploration licenses under the Danish 6th Licensing Round in 2006. Processing of 3-D and 4-D seismic surveys acquired in 2005 over the DUC exploration concession and the Dan Field was completed in 2006. Interpretation of the surveys by the operator in support of both exploration and production activities was expected to continue through 2007.

Faroe Islands

Exploration During 2006, the company focused on the interpretation of the 2-D seismic program acquired over License 008, located near the Rosebank/Lochnagar discovery in the United Kingdom. The company has a 40 percent operated interest in five offshore blocks.

Greenland

Exploration At the invitation of the Greenland Bureau of Minerals & Petroleum, Chevron participated as a nonoperating partner in the application for acreage under the Disko West Licensing Round located offshore West Greenland in the Baffin Basin. The company anticipates that the results of the application will be announced in second quarter 2007.

Netherlands

Chevron has operated interests in nine blocks in the Netherlands sector of the North Sea. Five blocks are under development as part of the A/B Gas Project, with a unitized interest of 34.1 percent. The remaining four have producing fields, with interests ranging from 45.8 percent to 80 percent.

Production In 2006, average total daily production from seven fields was 4,000 barrels of crude oil (3,000 net) and 9 million cubic feet of natural gas (7 million net).

Development The first stage of the A/B Gas Project will develop three shallow gas fields in two stages. The first stage of the project located in Block A12 has planned daily production of 100 million cubic feet of natural gas (34 million net) and comprises the installation of a central processing platform and an export pipeline and the drilling of seven development wells. Production start-up is scheduled for early 2008.



Norway

Production At the 7.6 percent-owned and nonoperated Draugen Field, total average daily production in 2006 was 84,000 barrels of crude oil (6,000 net).

Exploration In the 30 percent-owned and nonoperated PL324 Field in the Norwegian Sea, the first exploration well was planned to spud in the first-half 2007. In the 40 percent-owned and operated PL325 in the Norwegian Sea, 3-D seismic was acquired in 2006. Pending the results of the ongoing seismic processing, a first exploration well is tentatively planned for 2008. At PL283, in which Chevron holds a 25 percent nonoperated working interest, an exploration well that tested gas in the Stetind prospect in 2006 is scheduled to be followed by another exploration well in mid-2007. Through an Area of Mutual Interest with a partner in the Barents Sea, Chevron was awarded in April 2006 a 40 percent nonoperated working interest in PL397 encompassing six blocks located in the Nordkapp East Basin in the Norwegian Barents Sea. A 3-D seismic survey was acquired and was scheduled for processing in 2007.

United Kingdom

Chevron has equity interests in five operated producing fields (Alba 23.4 percent, Caledonia 27.4 percent, Captain 85 percent, Erskine 50 percent and Strathspey 67 percent), one jointly operated field (Britannia 32.4 percent) and three nonoperated fields (Clair 19.4 percent, Elgin/Franklin 3.9 percent and Jade 19.9 percent).

In December 2006, Chevron exchanged interests in two nonproducing North Sea blocks (16/22 and 16/23) for an additional 2.2 percent interest in the Chevron-operated Alba Field, raising the company's total interest in Alba to 23.4 percent. In early 2007, Chevron was awarded eight operated exploration blocks and two nonoperated blocks west of Shetland Islands in the 24th United Kingdom Offshore Licensing Round.

Production Total daily production in 2006 was 272,000 barrels of liquids (75,000 net) and 1.2 billion cubic feet of natural gas (242 million net). The majority of this production came from the Captain Field, which averaged 43,000 barrels of crude oil per day (37,000 net) and 7 million cubic feet of natural gas per day (6 million net); the Britannia Field, which averaged 17,000 barrels of crude oil per day (5,000 net) and 427 million cubic feet of natural gas per day (138 million net); and the Alba Field, which averaged 52,000 barrels of crude oil per day (11,000 net).

Production start-up occurred in June 2006 at the Area C project in the eastern portion of the Captain Field. The project included the installation of a subsea manifold, subsea pipelines, platform modifications and the drilling of two new subsea wells. Maximum total daily production of 14,000 barrels of crude oil was achieved in September 2006. Initial proved undeveloped reserves were booked in 2004 and were reclassified as proved developed in 2006 following completion of development drilling. Further additions to proved reserves are expected to occur as the field matures.

Development Active development drilling programs, platform and subsea, continued on the Alba, Britannia and Captain fields in 2006 and are planned to extend into 2009.

Callanish-Brodgar Project As of early 2007, offshore construction, hook-up and commissioning activities were under way on the estimated \$1 billion development of the Britannia satellite fields, Callanish and Brodgar, in which Chevron holds 16.5 percent and 25 percent nonoperated working interests, respectively. Production start-up from these two satellite fields is planned for 2008. Together, these fields are expected to achieve maximum total daily production of 25,000 barrels of crude oil and 133 million cubic feet of natural gas several months after both fields start up. Proved undeveloped reserves were initially recognized in 2000. In 2006, proved undeveloped reserves were reclassified to the proved developed category. This project has a projected production life of approximately 15 years.

Alder The Alder high-temperature, high-pressure oil and gas discovery located approximately 17 miles (27 km) to the west of the Britannia Field is being evaluated and likely to be developed as a two-well subsea tieback to Britannia. The \$500 million development project, in which the company has a 70 percent operated interest, is expected to start up and produce maximum total daily rates of 9,000 barrels of crude oil and 80 million cubic feet of natural gas in 2011. Initial proved reserves are planned to be recognized in 2008.

Exploration In late 2006, the first well in a three-well program was drilled to evaluate the commercial potential of the Rosebank/Lochnagar discovery and adjacent acreage. An electromagnetic survey was acquired over Chevron-operated acreage, awarded under the previous United Kingdom 19th Licensing Round, west of Shetland Islands. The objective of this program was to reduce risk in the deep subsurface section and to image shallow hydrocarbon reservoirs.

Chevron also participated in two successful appraisal wells during 2006 in the Clair Phase 2 area, increasing estimates of potentially recoverable volumes. A further appraisal well was planned in 2007 to define the field boundary and assist in development concept evaluation.

GLOBAL GAS

Chevron's global gas strategy is to commercialize Chevron's equity gas resource base while growing a high-impact global gas business. Significant progress was made in 2006 to connect the business and technical expertise across the entire natural gas value chain – production, liquefaction, transportation, regasification, marketing and power generation.

Business Strategies

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

2006 Activities

Angola LNG The Angola LNG project is planned as an integrated 5 million-metric-ton-per-year natural gas utilization project encompassing offshore and onshore operations to commercialize natural gas resources and reduce gas flaring from blocks located offshore Angola. LNG from the project will target U.S. markets. For information on significant milestones in the development of this project, refer to page 19.

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 pursuing GTL opportunities in Qatar and several other countries.

Gorgon As of early 2007, negotiations with customers were continuing in order to finalize long-term LNG sales and purchase binding agreements for gas from Chevron's equity interest in the Greater Gorgon Area. The agreements are for a sale of a combined total of 4.2 million metric tons per year, commencing after 2010. For more information on development of the Greater Gorgon resources, refer to page 23.

Nigeria EGTL The Nigeria EGTL project in Escravos 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 liquefied petroleum gas. During 2006, Chevron progressed plant construction. For more information on the development of this project, refer to page 22.

North America LNG Import Terminals Global Gas continued to execute its strategy of gaining access to natural gas markets in key regions around the world. In 2006, Chevron made progress in securing additional access to North America through two LNG import and regasification facilities:

- **Sabine Pass** Construction continued in 2006 on Cheniere's Sabine Pass LNG terminal in Cameron Parish, Louisiana. Chevron has contractual rights to 1 billion cubic feet per day of regasification capacity at the terminal beginning in 2009. Chevron also has a binding agreement to be one of the anchor shippers in a 3.2 billion-cubic-foot-per-day pipeline system to be connected to the Sabine Pass LNG terminal. Also in the Sabine Pass area, the company has secured up to 1 billion cubic feet per day of pipeline capacity in a new pipeline that will be connected to the Sabine Pass LNG terminal and 600 million cubic feet per day of interconnect capacity to an existing pipeline. The new pipeline system will provide access to Chevron's Sabine and Bridgeline pipelines, which connect to the Henry Hub. The Henry Hub is the pricing point for natural gas futures contracts traded on the NYMEX (New York Mercantile Exchange) and is located on the natural gas pipeline system in Louisiana. Henry Hub interconnects to nine interstate and four intrastate pipelines.
- **Casotte Landing** During 2006, the company moved forward with the federal, state and local permitting process for construction of a natural gas import terminal at Casotte Landing in Jackson County, Mississippi. In February 2007, the company received approval from the Federal Energy Regulatory Commission to construct the facility. The terminal will be located adjacent to Chevron's Pascagoula Refinery and be designed to process imported LNG for distribution to industrial, commercial and residential customers in Mississippi, Florida and the Northeast. The terminal will have LNG capacity to deliver 1.3 billion cubic feet of natural gas per day. A decision to construct the facility will be timed to align with the company's LNG supply projects.

North West Shelf (NWS) Venture LNG The NWS Venture is constructing a fifth LNG train as part of the Phase 5 expansion of its onshore LNG facilities in Western Australia. The expansion project is expected to increase the NWS Venture's export capacity by more than 4 million metric tons per year, to more than 16 million. In 2006 the Chevron-operated *Northwest Swan* vessel delivered the first commissioning cargo of Australian LNG to China's first LNG receiving terminal in Guangdong province, southern China. Additionally, by early 2007, all eight of the NWS Venture's original Japanese LNG customers and a South Korean utility had negotiated new long-term LNG supply agreements. For more information on this project, refer to page 23.

Olokola (OK) LNG In early 2007, front-end engineering and design was in progress on the OK LNG plant, which is to be located in a free trade zone between Lagos and Escravos. The plant would be a phased development of four liquefaction trains with a total capacity of 22 million metric tons per year. For more information on the development of this project, refer to page 22.

MAJOR DEVELOPMENT PROJECTS

MAJOR DEVELOPMENT PROJECTS ¹				Maximum Total Production ²	
Year of Start-up/Project	Location	Ownership Percentage	Operatorship	Liquids (MBPD) ³	Natural Gas (MMCFPD) ³
2006					
ACG Project Phase II (East Azeri)	Azerbaijan	10.3	Nonoperated	480	280
Benguela Belize-Lobito Tomboco	Angola	31.0	Operated	200	-
Captain - Area C	United Kingdom	85.0	Operated	14	-
Dolphin Deep	Trinidad and Tobago	50.0	Nonoperated	-	200 ⁴
South Offshore Water Injection	Nigeria	40.0	Operated	35	-
2007					
Bibiyana	Bangladesh	98.0	Operated	-	500
Tengizchevroil Sour Gas Injection/ Second Generation Plant	Kazakhstan	50.0	Joint Operation	173-270	175-275
2008					
ACG Project Phase III	Azerbaijan	10.3	Nonoperated	280	140
Agbami	Nigeria	68.2 ⁵	Operated	250	-
Blind Faith	United States	62.5	Operated	40	35
Callanish-Brodgar	United Kingdom	16.5 & 25.0	Nonoperated	25	133
Moho-Bilondo	Republic of the Congo	31.5	Nonoperated	80	-
North Duri Development (Area 12)	Indonesia	100.0	Operated	34	-
North West Shelf Train 5	Australia	16.7	Nonoperated	1 ⁶	570 ⁶
Tahiti	United States	58.0	Operated	125	70
2009					
Escravos Gas Project Phase 3A	Nigeria	40.0	Operated	43 ⁶	395 ⁶
Frade	Brazil	51.7	Operated	85	30
Nigeria EGTL Plant	Nigeria	75.0	Operated	34 ⁶	-
Tombua-Landana ⁷	Angola	31.0	Operated	100	-
2010 - 2012					
Alder	United Kingdom	70.0	Operated	9	80
Angola LNG Plant	Angola	36.4	Joint Operation	-	670 ⁶
Athabasca Oil Sands Project Expansion	Canada	20.0	Nonoperated	100 ⁸	-
Bonga SW/Aparo	Nigeria	19.7 ⁹	Nonoperated	150	-
Greater Gorgon (Trains 1-2)	Australia	50.0	Operated	11 ⁶	1,343 ⁶
Karachaganak Phase 3	Kazakhstan	20.0	Nonoperated	95	750
Nsiko	Nigeria	95.0	Operated	100	-
Olokola LNG	Nigeria	18.5	Nonoperated	180 ⁶	3,200 ⁶
Perdido Regional Development ¹⁰	United States	33.3-60.0	Nonoperated	130 ^{6,11}	-
Platong Gas II	Thailand	69.7 ⁵	Operated	10	330
Sadewa	Indonesia	50.0	Operated	4	120
Usan	Nigeria	30.0	Nonoperated	180	-
Vietnam Gas	Vietnam	42.9 ⁵	Operated	-	500

¹ These 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 start-up and production volumes for the projects are projections based on the information available to the company at the date of this publication (March 2007). 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 2006 Annual Report on Form 10-K.

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

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

⁴ Represents the anticipated production level to service the gas supply contracts to Atlantic Train 3 and Train 4.

⁵ Represents a weighted average of Chevron's interest across multiple blocks.

⁶ Represents total plant processing capacity.

⁷ Production from the Landana North reservoir commenced in 2006 through the existing BBLT facilities.

⁸ Total mined bitumen production.

⁹ Equity is pending execution of the pre-unit agreement.

¹⁰ Perdido Regional Development includes interests in the Great White Field (33.3 percent), Silvertip (60.0 percent), Tobago (57.5 percent) and the Perdido Regional Host Shared Producing Facility (37.5 percent).

¹¹ Capacity expressed in thousands of oil-equivalent barrels per day.

NET WELLS

NET WELLS COMPLETED¹

	Year Ended December 31									
	2006		2005 ²		2004		2003		2002	
	Productive	Dry	Productive	Dry	Productive	Dry	Productive	Dry	Productive	Dry
CALIFORNIA										
Exploratory	-	-	-	-	-	-	-	-	-	-
Development	600	-	661	-	636	1	418	-	227	1
TOTAL CALIFORNIA	600	-	661	-	636	1	418	-	227	1
GULF OF MEXICO										
Exploratory	9	8	14	8	13	8	25	9	44	10
Development	34	5	29	3	43	3	47	6	78	4
TOTAL GULF OF MEXICO	43	13	43	11	56	11	72	15	122	14
OTHER U.S.										
Exploratory	7	-	5	6	3	1	2	1	13	12
Development	317	6	256	4	221	3	232	12	333	11
TOTAL OTHER U.S.	324	6	261	10	224	4	234	13	346	23
UNITED STATES										
Exploratory	16	8	19	14	16	9	27	10	57	22
Development	951	11	946	7	900	7	697	18	638	16
TOTAL UNITED STATES	967	19	965	21	916	16	724	28	695	38
AFRICA										
Exploratory	1	-	4	1	3	1	3	1	6	1
Development	45	2	38	-	36	-	24	-	27	-
TOTAL AFRICA	46	2	42	1	39	1	27	1	33	1
ASIA-PACIFIC										
Exploratory	18	7	10	-	16	-	6	3	4	-
Development	235	1	150	-	84	-	43	-	44	-
TOTAL ASIA-PACIFIC	253	8	160	-	100	-	49	3	48	-
INDONESIA										
Exploratory	2	-	5	-	2	-	1	-	-	1
Development	258	-	107	-	163	-	562	-	426	-
TOTAL INDONESIA	260	-	112	-	165	-	563	-	426	1
OTHER INTERNATIONAL										
Exploratory	6	3	7	4	3	7	2	4	7	9
Development	43	-	79	-	84	-	107	-	140	-
TOTAL OTHER INTERNATIONAL	49	3	86	4	87	7	109	4	147	9
TOTAL INTERNATIONAL	608	13	400	5	391	8	748	8	654	11
TOTAL WORLDWIDE	1,575	32	1,365	26	1,307	24	1,472	36	1,349	49

¹ Net Wells Completed includes wholly owned wells and the sum of the company's fractional interests in jointly owned wells completed during the year, regardless of when drilling was initiated. Completion refers to the installation of permanent equipment for the production of crude oil or natural gas or, in the case of a dry well, the reporting of abandonment to the appropriate agency. Some exploratory wells are not drilled with the intention of producing from the well bore. In such cases, "completion" refers to the completion of drilling. Further categorization of productive or dry is based on the determination as to whether hydrocarbons in a sufficient quantity were found to justify completion as a producing well, whether or not the well is actually going to be completed as a producer. Consolidated companies only.

² 2005 conformed to 2006 presentation.

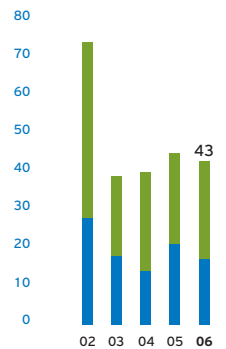
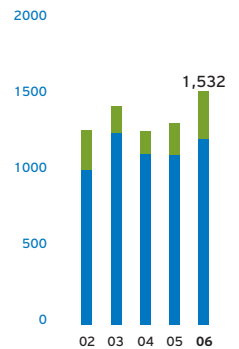
NET PRODUCTIVE WELLS^{1,2}

	At December 31				
	2006	2005 ³	2004	2003	2002
<i>Thousands of Barrels Per Day</i>					
UNITED STATES					
Oil	33,067	32,712	29,270	31,535	33,364
Gas	6,212	6,014	5,733	6,486	6,906
TOTAL UNITED STATES	39,279	38,726	35,003	38,021	40,270
INTERNATIONAL					
Oil	9,903	9,891	9,447	9,805	9,746
Gas	1,513	891	257	329	304
TOTAL INTERNATIONAL	11,416	10,782	9,704	10,134	10,050
TOTAL WORLDWIDE	50,695	49,508	44,707	48,155	50,320

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

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

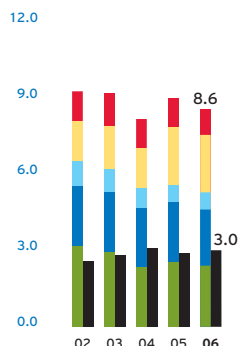
³ 2005 conformed to 2006 presentation.

NET COMPLETED
PRODUCTIVE
EXPLORATORY WELLS
Number of wellsNET COMPLETED
PRODUCTIVE
DEVELOPMENT WELLS
Number of wells

UPSTREAM OPERATING DATA

PROVED RESERVES

NET PROVED RESERVES Billions of BOE*



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

*Barrels of oil-equivalent; excludes oil sands reserves

PROVED RESERVES - CRUDE OIL AND NATURAL GAS LIQUIDS¹

At December 31

Millions of Barrels	2006	2005	2004	2003	2002
GROSS CRUDE OIL AND NATURAL GAS LIQUIDS					
California	953	989	1,034	1,077	1,129
Gulf of Mexico	374	384	341	507	462
Other U.S.	572	611	493	653	714
Africa	2,056	2,203	2,196	2,258	2,320
Asia-Pacific	1,212	1,288	777	902	921
Indonesia	1,175	1,280	1,548	1,744	1,868
Other International ^{2,3}	507	600	591	729	746
TOTAL CONSOLIDATED COMPANIES	6,849	7,355	6,980	7,870	8,160
EQUITY SHARE IN AFFILIATES					
TCO	2,449	2,429	2,317	2,127	2,026
Other - Venezuela ⁴	701	522	539	551	558
TOTAL GROSS RESERVES	9,999	10,306	9,836	10,548	10,744
NET CRUDE OIL AND NATURAL GAS LIQUIDS					
California	926	965	1,011	1,051	1,102
Gulf of Mexico	325	333	294	435	389
Other U.S.	500	533	432	572	626
Africa	1,698	1,814	1,833	1,923	1,976
Asia-Pacific	785	829	676	796	815
Indonesia	576	579	698	807	889
Other International ^{2,3}	484	573	567	696	697
TOTAL CONSOLIDATED COMPANIES	5,294	5,626	5,511	6,280	6,494
EQUITY SHARE IN AFFILIATES					
TCO	1,950	1,939	1,994	1,840	1,689
Other - Venezuela ⁴	562	435	468	479	485
TOTAL NET RESERVES	7,806	8,000	7,973	8,599	8,668

PROVED RESERVES - NATURAL GAS¹

Billions of Cubic Feet

GROSS NATURAL GAS					
California	316	309	320	327	330
Gulf of Mexico	1,299	1,162	1,267	2,201	2,457
Other U.S.	3,063	3,453	2,719	3,732	4,756
Africa	3,206	3,204	2,989	2,658	2,330
Asia-Pacific	11,871	10,305	5,922	5,645	4,901
Indonesia	652	755	555	572	578
Other International ²	3,677	3,971	3,902	3,995	3,121
TOTAL CONSOLIDATED COMPANIES	24,084	23,159	17,674	19,130	18,473
EQUITY SHARE IN AFFILIATES					
TCO	3,435	3,591	3,427	2,920	2,983
Other - Venezuela ⁴	284	218	155	129	50
TOTAL GROSS RESERVES	27,803	26,968	21,256	22,179	21,506
NET NATURAL GAS					
California	310	304	314	323	325
Gulf of Mexico	1,094	1,171	1,064	1,841	2,052
Other U.S.	2,624	2,953	2,326	3,189	4,040
Africa	3,206	3,191	2,979	2,642	2,298
Asia-Pacific	8,920	8,623	5,405	5,373	4,646
Indonesia	574	646	502	520	518
Other International ²	3,182	3,578	3,538	3,665	2,924
TOTAL CONSOLIDATED COMPANIES	19,910	20,466	16,128	17,553	16,803
EQUITY SHARE IN AFFILIATES					
TCO	2,743	2,787	3,413	2,526	2,489
Other - Venezuela ⁴	231	181	134	112	43
TOTAL NET RESERVES	22,884	23,434	19,675	20,191	19,335

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

² Chevron operated under a risked service agreement in Venezuela's LL-652 Field until October 1, 2006, when a joint venture was formed. LL-652 was accounted for as a crude oil and natural gas activity, and reserves were reported in all years. No reserve quantities had been recorded or reported for the company's other service agreement for the Boscan Field in Venezuela until October 1, 2006, when a joint stock company was formed.

³ Excludes oil sands reserves at the Athabasca project in Canada, which are considered mining-related under SEC rules. Net proved oil sands reserves were 443 million barrels at December 31, 2006.

⁴ Other - Venezuela includes reserves at Hamaca for all periods and at Petroboscan and Petroindependiente for 2006.

NET OIL-EQUIVALENT PRODUCTION

NET OIL-EQUIVALENT PRODUCTION ^{1,2}		Year Ended December 31				
Thousands of Barrels per Day		2006	2005	2004	2003	2002
CONSOLIDATED COMPANIES						
UNITED STATES						
Alabama - Onshore	11	10	11	12	13	
- Offshore	11	10	12	18	21	
Alaska	40	24	15	14	13	
California	224	235	239	250	264	
Colorado	27	26	25	26	27	
Louisiana - Onshore	5	7	10	18	34	
- Offshore	175	174	254	299	316	
New Mexico	40	36	35	41	44	
Oklahoma	13	14	15	15	19	
Texas - Onshore	150	124	125	161	174	
- Offshore	22	20	21	18	12	
Utah	8	9	14	17	18	
Wyoming	33	36	38	40	45	
Other States	4	2	3	4	3	
TOTAL UNITED STATES	763	727	817	933	1,003	
AFRICA						
Angola	164	145	144	154	164	
Chad	35	39	37	8	-	
Democratic Republic of the Congo	3	1	4	9	8	
Nigeria	144	136	129	131	139	
Republic of the Congo	12	12	12	13	16	
TOTAL AFRICA	358	333	326	315	327	
ASIA-PACIFIC						
Australia	99	102	93	95	96	
Azerbaijan	47	13	-	-	-	
Bangladesh	21	10	-	-	-	
China	26	26	18	23	27	
Kazakhstan	62	61	52	42	36	
Myanmar	15	5	-	-	-	
Papua New Guinea	-	-	-	4	6	
Partitioned Neutral Zone	114	116	120	136	142	
Philippines	24	35	28	31	25	
Thailand	216	111	35	42	33	
TOTAL ASIA-PACIFIC	624	479	346	373	365	
TOTAL INDONESIA	248	237	240	251	288	
OTHER INTERNATIONAL						
Argentina	47	52	56	65	67	
Canada	47	57	71	91	93	
Colombia	29	31	35	35	37	
Denmark	68	71	68	59	59	
Netherlands	4	3	-	-	-	
Norway	6	9	11	10	16	
Trinidad and Tobago	29	19	23	19	18	
United Kingdom	115	133	163	179	173	
Venezuela ³	7	10	11	9	4	
TOTAL OTHER INTERNATIONAL	352	385	438	467	467	
TOTAL INTERNATIONAL	1,582	1,434	1,350	1,406	1,447	
TOTAL CONSOLIDATED COMPANIES	2,345	2,161	2,167	2,339	2,450	
EQUITY SHARE IN AFFILIATES						
TCO	167	172	178	167	170	
Hamaca	38	41	24	17	6	
Petroboscan ⁴	7	-	-	-	-	
Petroindependiente ⁴	1	-	-	-	-	
TOTAL EQUITY SHARE IN AFFILIATES	213	213	202	184	176	
TOTAL CONSOLIDATED COMPANIES AND AFFILIATES	2,558	2,374	2,369	2,523	2,626	
OTHER PRODUCED VOLUMES						
Athabasca Oil Sands in Canada	27	32	27	15	-	
Boscan Operating Service Agreement in Venezuela ⁵	82	111	113	99	97	
TOTAL OTHER PRODUCED VOLUMES	109	143	140	114	97	
TOTAL WORLDWIDE	2,667	2,517	2,509	2,637	2,723	

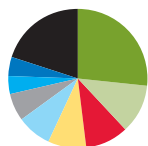
¹ Net oil-equivalent production excludes royalty interests (and a government's agreed-upon share of production under a production-sharing contract).² Includes volumes from August 1, 2005, associated with the acquisition of Unocal Corporation.³ Includes production from LL-652 through September 30, 2006.⁴ Joint stock company formed on October 1, 2006.⁵ Includes volumes through September 30, 2006.

UPSTREAM OPERATING DATA

NET LIQUIDS PRODUCTION

NET CRUDE OIL & NATURAL GAS LIQUIDS PRODUCTION BY COUNTRY*

Percent

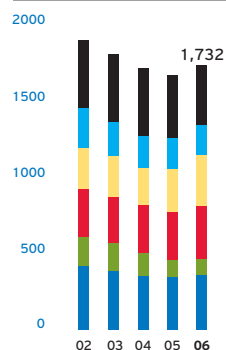


United States	26.7%
Indonesia	11.4%
Kazakhstan	10.0%
Angola	9.0%
Nigeria	8.0%
Partitioned Neutral Zone	6.4%
United Kingdom	4.3%
Thailand	4.2%
Others	20.0%

*Includes equity share 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 CRUDE OIL AND NATURAL GAS LIQUIDS PRODUCTION^{1,2}

Year Ended December 31

Thousands of Barrels per Day	2006	2005	2004	2003	2002
CONSOLIDATED COMPANIES					
UNITED STATES					
Alaska	20	13	7	7	7
California	207	217	221	231	243
Colorado	10	10	10	10	11
Louisiana - Onshore	2	3	4	7	15
- Offshore	101	104	145	170	182
New Mexico	20	19	22	25	27
Texas - Onshore	79	61	61	84	89
- Offshore	6	11	13	6	2
Wyoming	8	9	10	11	12
Other States	9	8	12	11	14
TOTAL UNITED STATES	462	455	505	562	602
AFRICA					
Angola	156	139	140	154	164
Chad	34	38	37	8	-
Democratic Republic of the Congo	3	1	4	9	8
Nigeria	139	125	119	123	127
Republic of the Congo	11	11	12	13	16
TOTAL AFRICA	343	314	312	307	315
ASIA-PACIFIC					
Australia	39	42	43	48	52
Azerbaijan	46	13	-	-	-
China	23	26	18	23	27
Kazakhstan	38	37	31	25	22
Papua New Guinea	-	-	-	4	6
Partitioned Neutral Zone	111	112	117	134	140
Philippines	6	8	7	8	7
Thailand	73	43	20	25	18
TOTAL ASIA-PACIFIC	336	281	236	267	272
TOTAL INDONESIA	198	202	215	223	263
OTHER INTERNATIONAL					
Argentina	38	43	45	52	55
Canada	46	54	62	73	70
Denmark	44	47	46	42	42
Netherlands	3	2	-	-	-
Norway	6	8	11	10	15
United Kingdom	75	83	106	116	113
Venezuela ³	3	4	5	5	4
TOTAL OTHER INTERNATIONAL	215	241	275	298	299
TOTAL INTERNATIONAL	1,092	1,038	1,038	1,095	1,149
TOTAL CONSOLIDATED COMPANIES	1,554	1,493	1,543	1,657	1,751
EQUITY SHARE IN AFFILIATES					
TCO	135	136	143	134	140
Hamaca	36	40	24	17	6
Petroboscan ⁴	7	-	-	-	-
TOTAL WORLDWIDE	1,732	1,669	1,710	1,808	1,897

DAILY NET PRODUCTION OF NATURAL GAS LIQUIDS

(Included Above)

Thousands of Barrels per Day

United States	48	54	55	60	63
International	19	20	13	16	18

¹ Net liquids production excludes royalty interests (and a government's agreed-upon share of production under a production-sharing contract).

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

³ Includes production from LL-652 through September 30, 2006.

⁴ Joint stock company formed on October 1, 2006.

NET NATURAL GAS PRODUCTION

NET NATURAL GAS PRODUCTION^{1,2}

	Year Ended December 31				
Millions of Cubic Feet per Day	2006	2005	2004	2003	2002
CONSOLIDATED COMPANIES					
UNITED STATES					
Alabama - Onshore	36	31	33	43	51
- Offshore	67	61	71	106	127
Alaska	115	69	46	44	39
California	101	106	108	112	125
Colorado	100	98	91	98	97
Louisiana - Onshore	22	22	33	63	115
- Offshore	443	423	653	776	801
New Mexico	122	101	87	97	99
Oklahoma	55	57	67	73	84
Texas - Onshore	425	380	382	463	508
- Offshore	95	53	48	71	58
Utah	50	52	69	81	84
Wyoming	153	161	166	179	199
Other States	26	20	19	22	18
TOTAL UNITED STATES	1,810	1,634	1,873	2,228	2,405
AFRICA					
Angola	47	36	26	-	-
Chad	4	3	-	-	-
Democratic Republic of the Congo	2	-	-	-	-
Nigeria	29	68	59	50	74
Republic of the Congo	8	8	-	-	-
TOTAL AFRICA	90	115	85	50	74
ASIA-PACIFIC					
Australia	360	362	305	284	264
Azerbaijan	4	1	-	-	-
Bangladesh	126	59	-	-	-
China	18	-	-	-	-
Kazakhstan	143	142	125	101	85
Myanmar	89	32	-	-	-
Partitioned Neutral Zone	19	22	20	15	15
Philippines	108	163	131	140	105
Thailand	856	409	93	104	87
TOTAL ASIA-PACIFIC	1,723	1,190	674	644	556
TOTAL INDONESIA	302	211	149	166	147
OTHER INTERNATIONAL					
Argentina	54	55	64	74	71
Canada	6	19	51	110	140
Colombia	174	185	210	206	222
Denmark	146	146	130	99	102
Netherlands	7	4	-	-	-
Norway	1	2	2	-	3
Trinidad and Tobago	174	115	135	116	107
United Kingdom	242	300	340	378	361
Venezuela	21	35	34	21	7
TOTAL OTHER INTERNATIONAL	825	861	966	1,004	1,013
TOTAL INTERNATIONAL	2,940	2,377	1,874	1,864	1,790
TOTAL CONSOLIDATED COMPANIES	4,750	4,011	3,747	4,092	4,195
EQUITY SHARE IN AFFILIATES					
TCO	193	216	208	197	181
Hamaca	9	6	3	3	-
Petroboscan ³	1	-	-	-	-
Petroindependiente ³	3	-	-	-	-
TOTAL WORLDWIDE	4,956	4,233	3,958	4,292	4,376

¹ Net natural gas production excludes royalty interests (and a government's agreed-upon share of production under a production-sharing contract); includes natural gas consumed in operations:

United States	56	48	50	65	64
International ⁴	419	356	293	268	256
Total	475	404	343	333	320

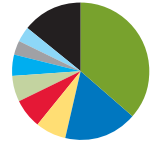
² Includes volumes from August 1, 2005, associated with the acquisition of Unocal Corporation.

³ Joint stock company formed on October 1, 2006.

⁴ 2005 conformed to 2006 presentation.

NET NATURAL GAS PRODUCTION BY COUNTRY*

Percent

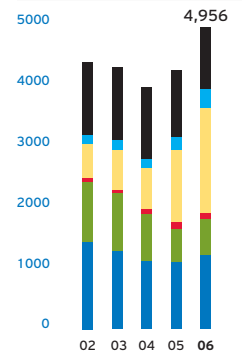


United States	36.5%
Thailand	17.3%
Australia	7.3%
Kazakhstan	6.8%
Indonesia	6.1%
United Kingdom	4.9%
Colombia	3.5%
Trinidad and Tobago	3.5%
Others	14.1%

*Includes equity share in affiliates

NET NATURAL GAS PRODUCTION

Millions of cubic feet per day



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

UPSTREAM OPERATING DATA

GROSS PRODUCTION

GROSS OIL-EQUIVALENT PRODUCTION ¹		Year Ended December 31			
Thousands of Barrels per Day	2006	2005	2004	2003	2002
California	228	240	242	254	270
Gulf of Mexico	265	238	345	428	475
Other U.S.	370	331	333	374	411
Africa	427	411	391	376	392
Asia-Pacific	752	520	389	420	413
Indonesia	558	544	540	544	612
Other International	377	406	463	501	505
TOTAL CONSOLIDATED COMPANIES	2,977	2,690	2,703	2,897	3,078
EQUITY SHARE IN AFFILIATES					
TCO	196	202	199	187	188
Hamaca	45	47	30	20	8
Petroboscan ²	11	-	-	-	-
Petroindependiente ²	1	-	-	-	-
TOTAL WORLDWIDE	3,230	2,939	2,932	3,104	3,274
GROSS LIQUIDS PRODUCTION¹					
Thousands of Barrels per Day					
California	211	222	224	235	248
Gulf of Mexico	134	132	183	221	238
Other U.S.	165	145	148	163	179
Africa	413	392	377	368	380
Asia-Pacific	392	320	273	309	317
Indonesia	499	504	514	516	587
Other International	222	252	290	317	318
TOTAL CONSOLIDATED COMPANIES	2,036	1,967	2,009	2,129	2,267
EQUITY SHARE IN AFFILIATES					
TCO	159	162	161	151	155
Hamaca	43	46	30	20	8
Petroboscan ²	11	-	-	-	-
TOTAL WORLDWIDE	2,249	2,175	2,200	2,300	2,430
GROSS NATURAL GAS PRODUCTION¹					
Millions of Cubic Feet per Day					
California	101	107	109	113	130
Gulf of Mexico	784	638	973	1,242	1,422
Other U.S.	1,230	1,115	1,109	1,264	1,393
Africa	88	115	87	50	74
Asia-Pacific	2,159	1,200	697	663	579
Indonesia	353	241	153	170	149
Other International	929	923	1,036	1,103	1,122
TOTAL CONSOLIDATED COMPANIES	5,644	4,339	4,164	4,605	4,869
EQUITY SHARE IN AFFILIATES					
TCO	222	239	227	214	196
Hamaca	11	8	3	3	-
Petroboscan ²	1	-	-	-	-
Petroindependiente ²	5	-	-	-	-
TOTAL WORLDWIDE	5,883	4,586	4,394	4,822	5,065

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

² Joint stock company formed on October 1, 2006.

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

NATURAL GAS REALIZATIONS¹

	Year Ended December 31				
<i>Dollars per Thousand Cubic Feet</i>	2006	2005	2004	2003	2002
United States	\$ 6.29	\$ 7.43	\$ 5.51	\$ 5.01	\$ 2.89
International	3.73	3.19	2.68	2.64	2.14

CRUDE OIL AND NATURAL GAS LIQUIDS REALIZATIONS²

<i>Dollars per Barrel</i>	2006	2005	2004	2003	2002
United States	\$ 56.66	\$ 46.97	\$ 34.12	\$ 26.66	\$ 21.34
International	57.65	47.59	34.17	26.79	23.06

NATURAL GAS SALES

(Includes Equity Share in Affiliates)

Millions of Cubic Feet per Day

United States	7,051	5,449	4,518	4,304	5,891
International ³	3,478	2,450	1,885	1,951	3,131
TOTAL	10,529	7,899	6,403	6,255	9,022

NATURAL GAS LIQUIDS SALES

(Includes Equity in Affiliates)

Thousands of Barrels per Day

United States	124	151	177	194	241
International ³	102	120	105	107	131
TOTAL	226	271	282	301	372

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 share 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 share in affiliates.

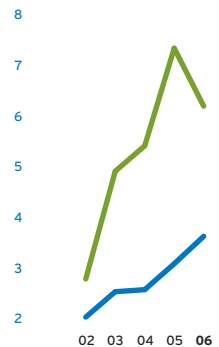
³ 2005 conformed to 2006 presentation.

EXPLORATION AND DEVELOPMENT COSTS^{*}

	Year Ended December 31				
<i>Millions of Dollars</i>	2006	2005	2004	2003	2002
UNITED STATES					
CALIFORNIA					
Exploration	\$ -	\$ -	\$ -	\$ -	\$ 25
Development	686	494	412	264	221
GULF OF MEXICO					
Exploration	705	612	478	495	529
Development	1,632	639	457	434	475
OTHER U.S.					
Exploration	46	32	5	12	53
Development	868	596	372	350	395
TOTAL UNITED STATES					
Exploration	\$ 751	\$ 644	\$ 483	\$ 507	\$ 607
Development	3,186	1,729	1,241	1,048	1,091
INTERNATIONAL					
AFRICA					
Exploration	\$ 379	\$ 225	\$ 271	\$ 203	\$ 229
Development	2,890	1,871	1,047	974	661
ASIA-PACIFIC					
Exploration	314	124	82	110	99
Development	1,788	1,026	567	605	593
INDONESIA					
Exploration	90	31	15	7	30
Development	460	325	245	363	424
OTHER INTERNATIONAL					
Exploration	388	341	226	148	188
Development	1,019	713	542	461	926
TOTAL INTERNATIONAL					
Exploration	\$ 1,171	\$ 721	\$ 594	\$ 468	\$ 546
Development	6,157	3,935	2,401	2,403	2,604

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

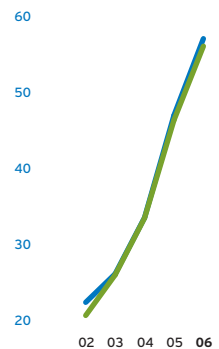
NATURAL GAS REALIZATIONS

Dollars per thousand cubic feet

■ United States
■ International*

*Includes equity share in affiliates

CRUDE OIL & NATURAL GAS LIQUIDS REALIZATIONS

Dollars per barrel

■ United States
■ International*

*Includes equity share in affiliates

UPSTREAM OPERATING DATA

ACREAGE

PROVED AND UNPROVED OIL AND GAS ACREAGE ^{1,2}						At December 31
Thousands of Acres	Gross Acres				Net Acres	
	2006	2006	2005 ³	2004	2003	2002
UNITED STATES						
ONSHORE						
Alabama	126	76	79	50	55	55
Alaska	1,639	805	827	339	474	705
California	316	291	292	257	302	325
Colorado	324	274	274	211	220	168
Louisiana	388	344	399	448	421	461
New Mexico	625	376	389	310	352	353
Oklahoma	421	224	229	224	239	279
Texas	6,023	3,684	3,844	3,143	3,484	3,503
Utah	148	79	82	106	169	199
Wyoming	327	185	200	226	266	269
Other States	420	253	262	212	242	265
TOTAL ONSHORE	10,757	6,591	6,877	5,526	6,224	6,582
OFFSHORE						
Alaska Coast	42	23	23	8	18	48
Gulf Coast	5,084	3,646	4,304	3,657	3,703	3,414
Pacific Coast	29	8	5	5	5	10
TOTAL OFFSHORE	5,155	3,677	4,332	3,670	3,726	3,472
TOTAL UNITED STATES	15,912	10,268	11,209	9,196	9,950	10,054
AFRICA						
Angola	2,617	887	923	918	924	924
Chad	8,171	2,043	2,043	2,043	2,556	2,556
Democratic Republic of the Congo	250	44	22	-	123	124
Equatorial Guinea	-	-	142	473	473	683
Libya	2,796	2,796	-	-	-	-
Namibia	-	-	-	-	-	144
Nigeria	6,945	13,120	3,150	3,868	3,868	3,309
Republic of the Congo	191	59	54	53	53	185
TOTAL AFRICA	20,970	8,949	6,334	7,355	7,997	7,925
ASIA-PACIFIC						
Australia	18,276	8,740	9,444	3,832	6,470	7,044
Azerbaijan	207	41	41	30	30	30
Bahrain	-	-	-	48	48	48
Bangladesh	3,549	2,115	2,117	-	-	1,020
Cambodia	1,551	853	853	853	853	1,086
China	1,817	812	2,431	3,656	3,960	5,836
Georgia	2,057	206	206	-	-	-
Kazakhstan	80	16	16	16	16	36
Myanmar	6,476	1,832	1,829	-	-	-
Papua New Guinea	-	-	-	-	-	322
Partitioned Neutral Zone	1,576	788	788	786	786	786
Philippines	206	93	98	93	93	93
Qatar	-	-	-	-	-	805
Thailand	16,522	8,059	5,603	2,578	3,203	1,227
Turkey	502	251	1,363	251	251	251
Vietnam	3,170	1,479	617	-	-	-
TOTAL ASIA-PACIFIC	55,989	25,285	25,406	12,143	15,710	18,584
TOTAL INDONESIA	10,690	6,885	7,494	3,534	3,530	3,530
OTHER INTERNATIONAL						
Argentina	3,171	1,671	2,133	3,101	2,780	2,890
Brazil	578	180	725	677	688	1,373
Canada	25,143	14,633	14,943	14,664	15,926	13,671
Colombia	203	87	87	101	101	101
Denmark	575	79	66	74	97	97
Ecuador	-	-	-	-	-	247
Faroe Islands	166	92	92	-	-	-
Germany	98	26	123	123	123	123
Netherlands	53	22	22	-	27	27
Norway	1,783	549	372	587	361	486
Trinidad and Tobago	168	84	84	84	84	84
United Kingdom	2,603	1,328	430	385	775	880
Venezuela	1,255	1,239	1,252	1,035	38	6
TOTAL OTHER INTERNATIONAL	35,796	19,990	20,329	20,831	21,000	19,985
TOTAL INTERNATIONAL	123,445	61,109	59,563	43,863	48,237	50,024
TOTAL WORLDWIDE	139,357	71,377	70,772	53,059	58,187	60,078

¹ Consolidated companies only.² Net acreage is the sum of the fractional share of gross acres in which Chevron has an interest.³ 2005 conformed to 2006 presentation.

UPSTREAM

DOWNSTREAM

CHEMICALS

OTHER BUSINESSES

IMPROVE BASE
BUSINESS RETURNS AND
SELECTIVELY GROW, WITH
A FOCUS ON INTEGRATED
VALUE CREATION.



PHOTOS: Large photo: Chevron's Pascagoula, Mississippi, refinery
Small photo (top): Chevron-operated *Northwest Swan* LNG vessel
Small photo (bottom): Caltex service station

HIGHLIGHTS

Downstream is a key element of Chevron's vertically integrated operations. The company enjoys a strong global presence in all aspects of the downstream industry – refining, marketing and transportation. Refining assets are concentrated in North America, Western Europe, South Africa and the Asia-Pacific Rim. Downstream markets refined products and lubricants in approximately 175 countries on six continents, primarily under three strong brands – Chevron, Texaco and Caltex. The company's downstream business posted record earnings in 2006, as improvement in the reliable operation of its refining network allowed the company to take full advantage of favorable market conditions.

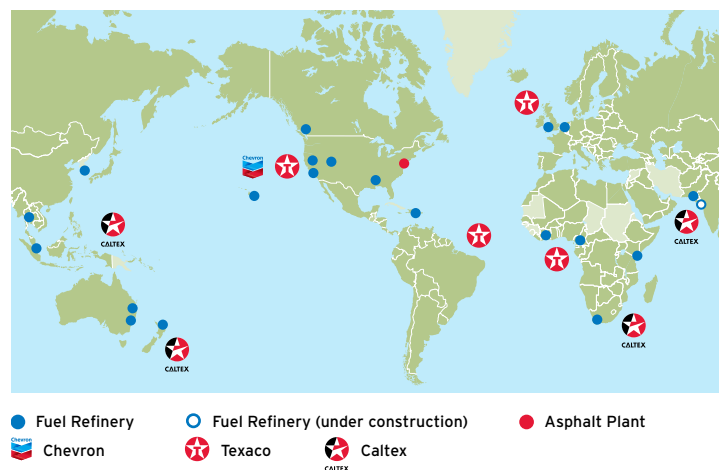
Industry Conditions

Downstream industry conditions in 2006 reflected both increasing global energy demand and supply constraints. These constraints, both real and potential (e.g., limited spare refining capacity, OPEC under-production, geopolitical tensions, planned and unplanned refinery maintenance, the threat of an active U.S. Gulf Coast hurricane season, and stricter U.S. product specifications), helped push the market to record price levels for refined products by midyear. Easing of some of these constraints caused market prices and refining margins to moderate in the second half of the year. Market conditions favored owners of complex refineries, as these facilities can more efficiently produce light products from lower quality feedstocks.

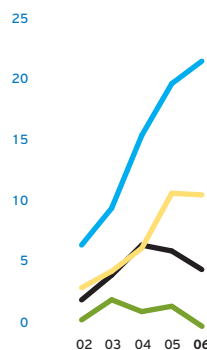
Marketing fuel margins in the United States, Europe and Asia were challenged, as the high cost of light, sweet crudes and elevated spot prices of refined light products were not always fully recoverable in the marketplace.

The energy market in 2007 is expected to remain sensitive to supply concerns, with global demand for light products strengthening while incremental crude oil production continues to be of lower quality, including heavier grades. The Energy Information Administration forecasts an average annual growth rate of 1.4 percent in transportation fuel demand through 2030 – a projection that calls for greater investment in additional refining capacity and improvements in efficient fuel production.

Downstream Overview

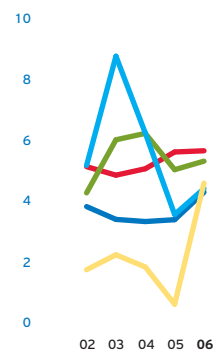


INDUSTRY REFINING MARGINS
Dollars per barrel



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

INDUSTRY/CHEVRON FUEL MARKETING MARGINS
Dollars per barrel



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

*Industry margins

Business Strategies

Downstream's business strategy is to continue to improve base business returns and selectively grow, with a focus on integrated value creation. In support of this, Downstream has identified four enabling strategies:

- › Drive top competitive performance in the base business through excellence in operations.
- › Grow selectively in manufacturing flexibility and scale.
- › Create integration value across the energy supply chain.
- › Leverage technology to drive future competitive performance.

2006 Accomplishments

- › Increased refinery utilization through improved reliability.
- › Completed or progressed upgrade projects to increase the manufacture of transportation fuels in the United States.
- › Acquired a 5 percent interest in Reliance Petroleum Limited, which is building a major refinery in India.
- › Exited fuels marketing businesses in Scandinavia, Paraguay and Ecuador.
- › Achieved a record low number of personal safety incidents as measured by metrics such as DAFWR (days away from work rate) and TRIR (total recordable incident rate).

2007 Outlook

- › Continue safe operations while improving refinery reliability and asset utilization.
- › Direct increased capital spending to strengthen light-product manufacturing and capabilities to process difficult-to-refine crude oils.
- › Intensify integration efforts across business segments to improve asset returns.
- › Leverage technology options to improve manufacturing operations and capabilities.
- › Enhance supply chain and commercial capabilities through advanced tools and processes.

DOWNSTREAM FINANCIAL AND OPERATING HIGHLIGHTS¹

Dollars in Millions

	2006	2005
Segment Income	\$ 3,973	\$ 2,766
Fuel Refinery Crude Oil Inputs (<i>Thousands of Barrels per Day</i>) ²	1,958	1,855
Fuel Refinery Capacity at Year-End (<i>Thousands of Barrels per Day</i>) ²	2,141	2,115
U.S. Gasoline and Jet Fuel Yields (<i>Percent of U.S. Refinery Production</i>)	64%	64%
Refined-Product Sales (<i>Thousands of Barrels per Day</i>) ³	3,621	3,725
Motor Gasoline Sales (<i>Thousands of Barrels per Day</i>) ³	1,307	1,371
Number of Marketing Retail Outlets at December 31	25,831	26,482
Total Number of Controlled Seagoing Vessels at December 31 ⁴	44	39
Cargo Transported by Controlled Vessels (<i>Millions of Barrels</i>) ⁴	322	299
Refining Capital Expenditures	\$ 1,980	\$ 1,134
Marketing Capital Expenditures	\$ 530	\$ 463
Transportation Capital Expenditures	\$ 498	\$ 433
Other Downstream Capital Expenditures	\$ 167	\$ 120
Total Downstream Capital Expenditures	\$ 3,175	\$ 2,150

¹ Includes equity share of affiliates unless otherwise noted.

² Refinery input and capacity exclude volumes at asphalt plants.

³ 2005 conformed to 2006 presentation.

⁴ Consolidated companies only.

REFINING

Chevron's global refining system consists of 20 fuel refineries and an asphalt plant, which are located in 15 countries and can process more than 2 million barrels of crude oil per day. The company operates eight of the fuel refineries and the asphalt plant, and 12 are operated by affiliated companies.

This portfolio is anchored by seven core refineries in key areas that make up more than 70 percent of the company's total fuel refining capacity. Five of these core refineries – located in Singapore, Thailand, South Korea, and Richmond and El Segundo, California – provide Pacific Basin coverage. The other two refineries, in Pascagoula, Mississippi, and Pembroke, United Kingdom, supply the Atlantic Basin. Many of these refineries are capable of processing significant volumes of heavy, lower-quality crude oil and producing a variety of clean high-value light products. This type of refinery configuration enabled the company in 2006 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

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

Improving Reliability

The company intensified its focus on improving refinery reliability during 2006. Strengthened capabilities, more standardized use of best practices and proactive equipment upgrading helped increase overall crude capacity utilization rate by 4 percentage points from 2005. Process safety and equipment reliability remain top priorities for continued improvement and the systematic elimination of root causes of refinery incidents. To increase momentum and sustainability, the company is deploying reliability experts across refineries in Chevron's system and allocating significant future capital investment toward enhancing equipment and infrastructure reliability.

In 2006, the company delivered its best energy-efficiency performance ever in its refining operations. Improvements in steam energy usage and conservation, along with incorporation of energy-saving designs when upgrading equipment, were among the many drivers leading to the record performance.

Increasing Flexibility and Scale

The company progressed a number of projects designed to increase feedstock flexibility to lower costs. In 2006, construction began at the El Segundo Refinery to increase heavy, sour crude oil processing capability and at the Pembroke Refinery to increase the capability to process Caspian-blend crude oils. Completion of these projects was expected in 2007.

Chevron's 50 percent-owned GS Caltex affiliate began construction of a significant upgrading project at its refinery in Yeosu, South Korea, 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. Completion was expected near the end of 2007.

The company completed the expansion of the Fluid Catalytic Cracking Unit at the Pascagoula Refinery in late 2006, increasing the facility's gasoline manufacturing capacity by about 10 percent. In April 2006, Chevron purchased a 5 percent interest in Reliance Petroleum Limited, a company formed by Reliance Industries Limited to own and operate a new export refinery being constructed in Jamnagar, India. The refinery is expected to begin operation at the end of 2008 and have a crude capacity of 580,000 barrels per day. Chevron has future rights to increase its equity ownership to 29 percent after start-up. The new refinery will be the world's sixth largest on a single site.

During 2007, the company will evaluate other opportunities to enhance flexibility and scale at the Pascagoula and Richmond refineries.

In March 2007, the company announced the sale of its 31 percent ownership interest in the Nerefco Refinery and the associated TEAM Terminal located in the Netherlands.

MARKETING

The Marketing organization is responsible for the marketing, advertising, sale and delivery of products and services to retail, commercial and industrial customers worldwide. Marketing's 5,900 employees support approximately 25,800 branded retail outlets, including affiliate operations, located in about 75 countries. Marketing's workforce is dedicated to ensuring that customers around the world enjoy high-quality products and services in clean, safe and reliable facilities.

Business Strategies

- › Provide clean, safe and reliable operations.
- › Optimize the asset portfolio and increase efficiency.
- › Create value through three world-class brands.

Delivering Clean, Safe and Reliable Operations

In 2006, Marketing trained more than 10,000 people in behavior-based safety tools to promote a safe working environment. In addition, with more than 4,900 daily product deliveries to marketing facilities around the world, the company strives to make its Road Transport Safety program among the best in the industry by improving processes and procedures, high-grading contract fleets and standardizing safety technology in its proprietary fleets. Through community outreach programs, Marketing extends its value of safety to communities in which it operates to improve road safety by increasing awareness and providing needed resources.

In July 2006, the company sponsored a Hurricane Preparedness Summit that was attended by more than 350 marketers, customers and government officials from the United States. This summit was part of the company's commitment to partnership and leadership to provide fuel safely and reliably following natural disasters.

Marketing is further demonstrating its commitment to both the environment and the communities in which it operates through its proactive underground storage tank system assessment and replacement program. In 2006, more than 350 tanks were removed or replaced worldwide.

Optimizing the Asset Portfolio

On July 1, 2006, under terms of the agreement with the Federal Trade Commission following the 2001 ChevronTexaco merger, Chevron regained the sole right to supply Texaco retail stations in the United States. By the end of 2006, the number of Chevron-supplied Texaco locations in the United States had grown to about 2,100 sites.

In 2006, Marketing continued to improve the business through acquisitions and divestments. In Cameroon, the company acquired fuels retailing, commercial and industrial, and lubricants businesses and an 8 percent interest in an affiliate-operated fuel refinery. In Ecuador and Paraguay, the fuels networks were divested. In Europe, Marketing sold its 50 percent share in the Hydro Texaco joint venture and its network of service stations across Scandinavia. In March 2007, the company was also in discussions regarding the possible sale of its fuel and marketing operations in the Netherlands, Belgium and Luxembourg.

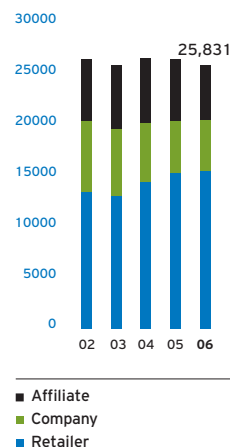
Marketing continues its strategy of growing the sales of motor fuel volumes while reducing the number of company-owned sites in favor of ownership by third parties. From the beginning of 2003 through the end of 2006, the company divested its interest in nearly 2,800 service station sites, including more than 450 in 2006. The vast majority of these sites will continue to market company-branded motor fuels through new supply agreements.

Creating Value Through 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. Independent sources in 2006 ranked Chevron as the most powerful gasoline brand in the United States for the third straight year. Texaco was a leading brand in Latin America, and Caltex was a brand leader in Asia-Pacific and Africa.

Building on the major U.S. automakers' 2005 TOP TIER designation for Chevron with Techron®-branded gasoline, Marketing accelerated its global introduction of Techron® in Texaco and Caltex gasolines in 2006. By the end of 2006, Techron® was available in more than 80 percent of the branded gasoline sold by the company. The launch of Caltex with Techron® has been instrumental in strengthening the brand in the Asia-Pacific and Africa-Pakistan regions. The first major refreshing of the Chevron retail image in more than two decades was begun in 2006, with more than 650 sites completed.

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. Lubricants sells products in about 175 countries, employs a globally diverse workforce of 3,400 employees, and has an operating network of 56 blending facilities and four technology centers. The company provides lubrication solutions to a mix of commercial, industrial, marine and retail customers. A complete line of more than 4,200 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

- › Pursue commercial sector market growth.
- › Compete selectively in industrial and consumer sectors.
- › Optimize and aggressively manage the supply chain to improve operating and capital efficiencies.
- › Grow the company's position in premium base oils through strategic expansion of the equity base-oil plant network.
- › Execute strategic growth plans in key emerging markets.

Maintaining Strong Market Positions and Targeting Profitable Growth

In 2006, construction began on a base-oil expansion project at the Richmond, California, refinery that was expected to increase production capacity by 9 percent in second quarter 2007 and by an additional 6 percent by the second quarter 2008. The new lubricant base oil plant included in GS Caltex's Yeosu, South Korea, refinery expansion project is expected to provide premium base oil to help meet growing demand in the Asia-Pacific markets beginning in 2008.

The company maintained its leading position in finished lubricants in Latin America during 2006 and also ranks third in the key North American market. The company successfully executed its marketing strategies in the commercial sector to profitably grow sales by 4 percent in 2006. In addition, the company launched initiatives to profitably grow sales in the fast-growing China and India markets.

SUPPLY & TRADING

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

The organization is headquartered in Houston, Texas, 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 85 countries. In addition, the company is among the leading global suppliers of jet fuel and aviation gasoline to commercial airlines, general aviation and military customers. Operating at more than 1,000 airports in approximately 75 countries, Global Aviation has a worldwide market share of about 12 percent and is the leading marketer of jet fuels in the United States.

Business Strategies

- › Optimize the company's raw material selection, refined product supply and related transportation requirements.
- › Execute strategies that promote integration along the energy supply chain.
- › Extract value through trading and marketing activities, enabled by the company's equity positions in crude oil and refined products.

Developing New Opportunities for Chevron

In 2006, crude oil selection options for the company's global refining system were expanded, with the company refining 36 crude oils during the year that were new to individual refineries, including 20 new to the company's system. Supply & Trading also developed and implemented an integrated natural gas liquids (NGL) and liquid petroleum gas (LPG) supply and trading organization in 2006 to safely and reliably manage Chevron's growing supply of NGL and LPG worldwide.

TRANSPORTATION

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

Pipeline, headquartered in Houston, operates an extensive system of company- and affiliate-owned pipeline assets in the United States. The company also has direct or indirect interests in other U.S. and international pipelines.

During 2006, Shipping managed approximately 4,000 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 its internal customers with innovative, high-quality transportation, commercial and risk management, and technical consulting. The goals of Pipeline and Shipping are to:

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

Supporting Profitable Growth

Pipeline During 2006, Pipeline continued restoring facilities damaged by the 2005 hurricanes. Work at the Empire Terminal in Louisiana was substantially complete at year-end. Pipeline also completed the sale of three refined-product pipelines in Texas and New Mexico and its interest in the Windy Hill natural gas storage project in northeastern Colorado as part of ongoing efforts to maximize the value of nonstrategic assets through profitable divestments. In addition, a project started during 2006 to expand the storage capacity of the company's 5 billion-cubic-foot Keystone natural gas storage facility by about 3 billion cubic feet to meet increased demand in the Permian Basin production region near the Waha Hub.

Information on the Chad/Cameroon pipeline, the West African Gas Pipeline, the Baku-Tbilisi-Ceyhan pipeline, the Baku-Supsa pipeline and the Caspian Pipeline Consortium is presented on pages 20, 22, 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 In 2006, Shipping took delivery of two new double-hulled crude tankers with a total capacity of 2.5 million barrels and secured contracts for four Jones Act, U.S.-flagged product tankers, each capable of carrying 300,000 barrels of cargo. The four U.S. product tankers are scheduled for delivery from 2007 through 2010.

Shipping also disposed of its last single-hulled vessel in 2006. All of Shipping's owned and bareboat chartered fleet are double-hulled. Detailed design work continued in 2006 on two new LNG carriers ordered in 2005. Construction was scheduled to begin in 2007. Each vessel will have a capacity of 154,800 cubic meters, with delivery planned in 2009.



NET PIPELINE MILEAGE ^{1,2}	At December 31
(Includes Equity Share in Affiliates)	2006
CRUDE OIL LINES	
United States	2,884
International	714
TOTAL CRUDE OIL LINES	3,598
NATURAL GAS LINES	
United States	2,275
International	475
TOTAL NATURAL GAS LINES	2,750
PRODUCT LINES	
United States ³	6,932
International	421
TOTAL PRODUCT LINES	7,353
TOTAL NET PIPELINE MILEAGE	13,701

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.

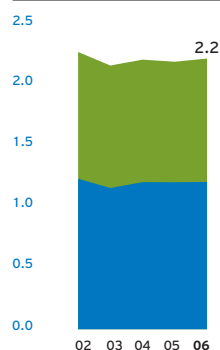
³ Includes the company's share of chemical pipelines managed by the 50 percent-owned Chevron Phillips Chemical Company.

DOWNSTREAM OPERATING DATA

REFINING CAPACITIES AND CRUDE OIL INPUTS

REFINERY CAPACITY AT DECEMBER 31*

Millions of barrels per day

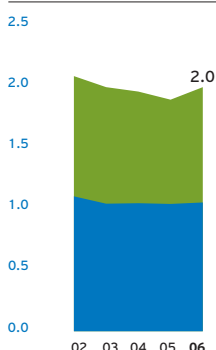


■ United States
■ International

*Includes equity share in affiliates

REFINERY CRUDE OIL INPUTS*

Millions of barrels per day



■ United States
■ International

*Includes equity share in affiliates

REFINING CAPACITIES AND CRUDE OIL INPUTS

(Includes Equity Share in Affiliates)

Year Ended December 31

Thousands of Barrels per Day	Chevron Share of Capacity				Chevron Share of Refinery Inputs	
	At December 31, 2006	2006	2005	2004	2003	2002
UNITED STATES - FUEL REFINERIES						
El Segundo, California	260	258	230	234	242	251
Kapolei, Hawaii	54	50	50	51	52	53
Pascagoula, Mississippi	330	337	263	312	301	329
Richmond, California	243	224	233	233	235	187
Salt Lake City, Utah	45	39	41	42	40	43
El Paso, Texas ¹	-	-	-	-	36	61
TOTAL UNITED STATES FUEL REFINERIES	932	908	817	872	906	924
UNITED STATES - ASPHALT PLANTS						
Perth Amboy, New Jersey	80	31	28	40	41	50
Portland, Oregon ²	-	-	-	2	4	5
TOTAL UNITED STATES ASPHALT PLANTS	80	31	28	42	45	55
TOTAL UNITED STATES	1,012	939	845	914	951	979
INTERNATIONAL - WHOLLY OWNED						
Canada - Burnaby, British Columbia	55	49	45	49	50	51
South Africa - Cape Town ³	110	71	61	62	72	74
United Kingdom - Pembroke	210	165	186	209	175	204
Guatemala ⁴	-	-	-	-	-	11
Panama ⁴	-	-	-	-	-	27
Philippines - Batangas ⁵	-	-	-	-	49	59
TOTAL INTERNATIONAL WHOLLY OWNED	375	285	292	320	346	426
INTERNATIONAL - AFFILIATES						
Australia - Brisbane (50%)	53	42	41	47	44	43
Australia - Sydney (50%)	53	57	52	52	49	50
Cameroon - Limbe (8%) ⁶	3	3	-	-	-	-
Ivory Coast - Abidjan (3.7%)	2	2	2	2	2	2
Kenya - Mombasa (16%)	14	5	5	6	6	5
Martinique - Fort-de-France (11.5%)	2	2	2	2	2	2
Netherlands - Europoort (31%) ⁷	124	104	103	98	100	89
New Zealand - Whangarei (12.7%)	13	12	12	12	12	12
Pakistan - Karachi (12%)	6	5	5	5	5	5
Singapore - Pualau Merlimau (50%) ⁸	143	129	133	102	77	68
South Korea - Yeosu (50%)	325	307	303	305	311	308
Thailand - Map Ta Phut (64%)	96	97	88	93	86	90
TOTAL INTERNATIONAL AFFILIATES	834	765	746	724	694	674
TOTAL INTERNATIONAL	1,209	1,050	1,038	1,044	1,040	1,100
TOTAL WORLDWIDE	2,221	1,989	1,883	1,958	1,991	2,079

¹ Chevron sold its interest in the El Paso Refinery in August 2003.

² Chevron sold the Portland asphalt plant in February 2005.

³ Chevron holds 100 percent of the common stock issued by Chevron South Africa (Pty) Limited, which owns the Cape Town Refinery. A consortium of South African partners owns preferred shares ultimately convertible to a 25 percent equity interest in Chevron South Africa (Pty) Limited. None of those preferred shares had been converted as of March 2007.

⁴ 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.

⁵ Refining operations ceased at the Batangas Refinery in November 2003. The Batangas facility was converted to a product import terminal operation in early 2004.

⁶ Chevron acquired an 8 percent ownership interest in the SONARA refinery located in Limbe, Cameroon, in July 2006.

⁷ Chevron announced the sale of its interest in this refinery (Nereco) in March 2007.

⁸ Equity ownership increased in July 2004 from 33 percent to 50 percent.

REFINING CAPACITY AT YEAR-END 2006

REFINING CAPACITY AT YEAR-END 2006 (Includes Equity Share 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	46	64	-
Kapolei, Hawaii	54	21	-	-	-
Pascagoula, Mississippi	330	78	58	98	-
Richmond, California	243	80	148	-	16
Salt Lake City, Utah	45	13	-	7	-
TOTAL UNITED STATES FUEL REFINERIES	932	263	252	169	16
UNITED STATES - ASPHALT PLANT					
Perth Amboy, New Jersey	80	-	-	-	-
TOTAL UNITED STATES ASPHALT PLANT	80	-	-	-	-
TOTAL UNITED STATES	1,012	263	252	169	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	-	-	-
Cameroon - Limbe (8%) ⁹	3	-	-	-	-
Ivory Coast - Abidjan (3.7%)	2	-	1	-	-
Kenya - Mombasa (16%)	14	-	-	-	-
Martinique - Fort-de-France (11.5%)	2	-	-	-	-
Netherlands - Europoort (31%) ¹⁰	124	28	-	10	-
New Zealand - Whangarei (12.7%)	13	3	3	-	-
Pakistan - Karachi (12%)	6	-	-	-	-
Singapore - Pualau Merlimau (50%)	143	18	15	15	-
South Korea - Yeosu (50%)	325	41	-	-	2
Thailand - Map Ta Phut (64%)	96	17	-	-	-
TOTAL INTERNATIONAL AFFILIATES	834	143	19	25	2
TOTAL INTERNATIONAL	1,209	273	19	62	2
TOTAL WORLDWIDE	2,221	536	271	231	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 Chevron South Africa (Pty) Limited, which owns the Cape Town Refinery. A consortium of South African partners owns preferred shares ultimately convertible to a 25 percent equity interest in Chevron South Africa (Pty) Limited. None of those preferred shares had been converted as of March 2007.

⁸ Source: 2006 Oil & Gas Journal Refining Survey.

⁹ Chevron acquired an 8 percent ownership interest in the SONARA refinery located in Limbe, Cameroon, in July 2006.

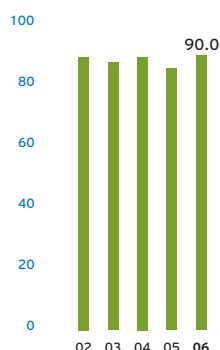
¹⁰ Chevron announced the sale of its interest in this refinery (Nerefco) in March 2007.

DOWNSTREAM OPERATING DATA

REFINERY UTILIZATION, SOURCES OF CRUDE OIL AND PRODUCTION

WORLDWIDE REFINERY UTILIZATION*

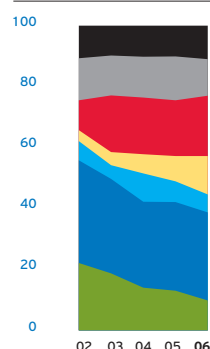
Percent of capacity



*Includes equity share in affiliates

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

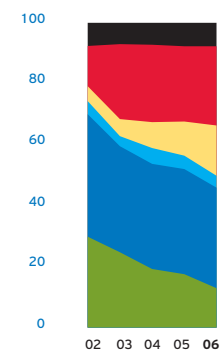
Percentage



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

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

Percentage



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

REFINERY CRUDE DISTILLATION UTILIZATION

(Includes Equity Share in Affiliates)

Percentage of Average Capacity	Year Ended December 31				
	2006	2005	2004	2003	2002
United States - Fuel Refineries	98.6	89.9	95.9	95.1	97.9
Africa-Pakistan	63.6	54.9	56.0	63.4	64.4
Asia-Pacific	94.3	91.9	92.4	89.7	88.5
Europe	80.4	86.5	91.9	82.3	87.7
Other	89.2	84.7	94.4	96.3	86.3
Worldwide ¹	90.0	85.7	89.5	87.7	89.4

UTILIZATION OF CRACKING AND COKING FACILITIES²

(Wholly Owned)

Percentage of Average Capacity

United States	85.8	76.1	87.9	84.5	85.3
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SOURCES OF CRUDE OIL INPUT FOR WORLDWIDE REFINERIES

(Wholly Owned)

Percentage of Total Input

Middle East	28.9	29.1	28.2	31.0	33.7
Mexico	19.8	18.3	18.6	18.6	9.8
North Sea	12.0	14.4	13.4	13.1	13.8
South America	12.6	8.3	6.3	4.3	3.6
United States - Excluding Alaska North Slope	5.3	5.8	6.2	9.5	12.8
United States - Alaska North Slope	4.5	7.2	7.8	9.2	9.3
Africa	5.9	6.8	9.3	4.5	6.3
Other	11.0	10.1	10.2	9.8	10.7
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	569	529	564	586	631
Jet Fuel	236	221	241	250	246
Gas Oil	265	238	251	251	304
Fuel Oil	90	104	100	101	89
Other	149	130	162	180	202
TOTAL	1,309	1,222	1,318	1,368	1,472

SOURCES OF CRUDE OIL INPUT FOR U.S. REFINERIES

(Wholly Owned)

Percentage of Total Input

Middle East	33.0	34.5	34.5	34.8	40.2
Mexico	26.0	24.7	25.4	24.6	13.2
South America	16.5	11.2	8.5	5.6	4.9
United States - Excluding Alaska North Slope	7.0	7.8	8.5	12.5	17.3
United States - Alaska North Slope	5.9	9.7	10.7	12.2	12.5
Africa	3.9	4.4	5.2	3.3	4.3
Other	7.7	7.7	7.2	7.0	7.6
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	416	375	402	445	463
Jet Fuel	200	189	203	208	200
Gas Oil	170	136	148	144	181
Fuel Oil	51	60	54	59	41
Other	132	115	148	147	162
TOTAL	969	875	955	1,003	1,047

¹ Includes asphalt plants.

² 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				
	2006	2005	2004	2003	2002
UNITED STATES					
Gasoline	712	709	701	669	680
Jet Fuel	280	291	302	314	352
Gas Oils and Kerosene	252	231	218	196	259
Residual Fuel Oil	128	122	148	123	177
Other Petroleum Products	122	120	137	134	132
TOTAL UNITED STATES	1,494	1,473	1,506	1,436	1,600
INTERNATIONAL^{1,2}					
Gasoline	595	662	715	642	619
Jet Fuel	266	258	250	228	207
Gas Oils and Kerosene	776	781	804	780	783
Residual Fuel Oil	324	404	458	487	416
Other Petroleum Products	166	147	141	137	123
TOTAL INTERNATIONAL	2,127	2,252	2,368	2,274	2,148
WORLDWIDE^{2,3}					
Gasoline	1,307	1,371	1,416	1,311	1,299
Jet Fuel	546	549	552	542	559
Gas Oils and Kerosene	1,028	1,012	1,022	976	1,042
Residual Fuel Oil	452	526	606	610	593
Other Petroleum Products	288	267	278	271	255
TOTAL WORLDWIDE	3,621	3,725	3,874	3,710	3,748
¹ Includes share of equity affiliates' sales:	492	498	502	497	481
² 2002 through 2005 conformed to 2006 presentation.					
³ Includes buy/sell contracts:	50	217	180	194	197

LIGHT-PRODUCT SALES^{1,2}

	Year Ended December 31				
	2006	2005	2004	2003	2002
SALES REVENUES (Millions of Dollars)					
United States	\$ 38,474	\$ 32,716	\$ 24,451	\$ 18,481	\$ 17,118
International	41,829	37,243	29,481	24,612	18,917
TOTAL SALES REVENUES	\$ 80,303	\$ 69,959	\$ 53,932	\$ 43,093	\$ 36,035
SALES VOLUMES (Thousands of Barrels per Day)					
United States	1,244	1,231	1,221	1,179	1,291
International ³	1,329	1,373	1,433	1,329	1,303
TOTAL SALES VOLUMES	2,573	2,604	2,654	2,508	2,594

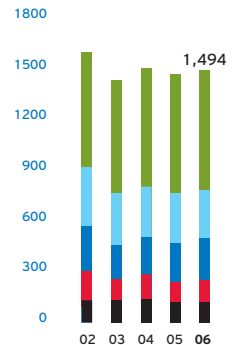
¹ Consolidated companies only and includes amounts for buy/sell contracts.² Light-product sales include motor gasoline, jet fuel, gas oils and kerosene.³ 2002 through 2005 conformed to 2006 presentation.MARKETING RETAIL OUTLETS^{1,2}

	At December 31									
	2006		2005		2004		2003		2002	
	Company	Other	Company	Other	Company	Other	Company	Other	Company	Other
United States	578	9,050	611	8,672	677	8,296	956	6,846	1,239	6,750
Canada	162	2	162	2	162	3	165	-	166	-
Europe	396	1,760	423	1,733	729	1,485	849	1,701	940	1,721
Latin America	1,134	2,575	1,218	2,760	1,296	2,863	1,338	3,096	1,346	3,353
Asia-Pacific	1,229	950	1,201	905	1,386	744	1,524	655	1,766	550
Africa-Pakistan	1,480	1,177	1,435	1,232	1,531	1,048	1,745	740	1,535	1,002
TOTAL	4,979	15,514	5,050	15,304	5,781	14,439	6,577	13,038	6,992	13,376

¹ Excludes outlets of equity affiliates totaling 5,338, 6,128, 6,313, 6,236 and 6,125 for 2006, 2005, 2004, 2003 and 2002, respectively.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

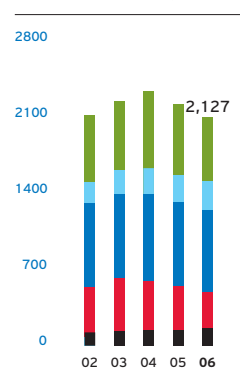


■ Gasoline
■ Jet Fuel
■ Gas Oils & Kerosene
■ Residual Fuel Oil
■ Other

*Includes equity share in affiliates

INTERNATIONAL GASOLINE & OTHER REFINED-PRODUCT SALES*

Thousands of barrels per day



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

*Includes equity share in affiliates

INVENTORIES AND VESSELS

PETROLEUM INVENTORIES*		At December 31				
Millions of Barrels	2006	2005	2004	2003	2002	
Raw Stocks	81	80	61	63	61	
Unfinished Stocks	29	25	22	19	18	
Finished Products	48	45	48	53	59	
TOTAL	158	150	131	135	138	

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

VESSELS		At December 31									
		2006		2005		2004		2003		2002	
		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	-	3	1	
65,000-120,000	-	5	-	4	-	4	-	4	-	3	
120,000-160,000	-	5	-	6	-	6	-	8	-	8	
160,000-320,000	-	6	-	6	-	6	-	6	-	7	
Above 320,000	-	3	-	2	-	-	-	-	-	1	
TOTAL COMPANY-OWNED AND BAREBOAT-CHARTERED	3	19	3	18	3	16	3	18	3	20	
TIME-CHARTERED²											
25,000-65,000	-	14	-	11	-	10	-	7	-	3	
65,000-120,000	-	8	-	7	-	9	-	6	-	4	
160,000-320,000	-	-	-	-	-	-	-	1	-	1	
TOTAL TIME-CHARTERED	-	22	-	18	-	19	-	14	-	8	
TOTAL CRUDE OIL AND REFINED-PRODUCT TANKERS	3	41	3	36	3	35	3	32	3	28	

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

² Includes time charters by consolidated companies for more than one year.

CARGO TRANSPORTED - CRUDE OIL AND REFINED PRODUCTS*		Year Ended December 31									
		2006		2005		2004		2003		2002	
		U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.
Millions of Barrels	25	297	28	271	33	275	35	236	31	251	
Billions of Ton-Miles	3	344	2	285	3	299	3	254	5	213	

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

UPSTREAM

DOWNSTREAM

CHEMICALS

OTHER BUSINESSES



PHOTOS: Large photo: Chevron Phillips Chemical Company LLC's manufacturing facility in Al Jubail, Saudi Arabia
Small photo (top): High-pressure spherical storage at Chevron Oronite's Oak Point manufacturing facility at Belle Chasse, Louisiana
Small photo (bottom): Chevron Oronite's Palau Sakra, Singapore, manufacturing facility

CHEVRON PHILLIPS CHEMICAL COMPANY LLC (CPCHEM)

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

Business Environment in 2006

Business conditions improved in 2006, and CPChem achieved record earnings. Olefin margins peaked early in the year due to lingering effects from the 2005 hurricanes, and then again late in the year, mainly due to lower feedstock costs. Styrene margins reached lows midyear, corresponding to strong benzene markets at or near the same time. Compared with 2005, CPChem production and sales were higher across nearly all products, driven mainly by strong demand with no hurricanes affecting CPChem facilities in 2006. Equity earnings from CPChem's Middle East joint ventures were nearly 50 percent higher than 2005, due to strong demand and operating results. CPChem's Saudi Chevron Phillips joint venture is planned to undergo a scheduled turnaround in 2007 to facilitate connection with CPChem's adjacent, 50 percent-owned world-scale styrene facility. These joint ventures continue to make significant contributions to CPChem's overall financial results.

Business Strategies

- › Protect employees, contractors and the community by maintaining a strong safety culture dedicated to the goal of zero incidents and zero injuries. This culture will enable the continued delivery of top-tier results in safety and environmental performance.
- › Deliver superior financial results through operational excellence and innovation and by leveraging core technologies and continuing to drive costs lower.
- › Grow profitably through flawless execution of world-scale petrochemical projects, supported by secure, low-cost feedstocks. Products are focused on large, growing markets around the world, particularly Asia.

2006 Accomplishments

- › Maintained top-tier safety performance by participating in the Occupational Safety and Health Administration (OSHA) Voluntary Protection Program (VPP). By the end of 2006, 19 CPChem facilities were included in OSHA's VPP, with 18 star sites and one merit site. In addition, seven of these facilities earned the coveted VPP Star among Stars *Star of Excellence* award – a designation given to sites with recordable incident rates 90 percent or more below industry average.
- › Received the Texas Chemical Council's (TCC) *Excellence in Caring for Texas* award for an unprecedented fourth year at CPChem's Port Arthur plant. This award recognizes TCC member companies for their continuous improvement in community awareness, emergency response, security and pollution prevention.
- › Reduced costs by shutting down a pipe manufacturing facility in Queretaro, Mexico, economically transferring equipment and production to other CPChem pipe facilities.
- › Continued construction on the Q-Chem II project. Approved in 2005, Q-Chem II includes 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, Qatar. 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 the plants in early 2009. CPChem owns 49 percent of Q-Chem II.
- › Completed nearly 14 million construction man-hours on CPChem's 50 percent-owned world-scale styrene facility in Al Jubail, Saudi Arabia. Operational start-up was scheduled for late 2007.

MANUFACTURING AND RESEARCH AND DEVELOPMENT LOCATIONS

CPChem, headquartered in The Woodlands, Texas, manufactured products at 30 locations in eight countries in 2006:

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

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

CHEVRON ORONITE COMPANY

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

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.

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

Business Strategies

- › Continue to build an incident- and injury-free culture throughout the organization to achieve world-class performance.
- › Improve reliability by implementing best practices and standardizing production processes to reduce risks and improve efficiency.
- › Deliver superior financial results by improving sales margins, implementing business process improvements and managing operating costs.
- › Continue to build and operate a robust global and regional supply chain to proactively manage and coordinate production, inventory and customer demand issues.
- › Expand business in growth areas, such as the Asia-Pacific region.
- › Improve the speed and accuracy of decision making and enhance operating efficiency by implementing a single global ERP (enterprise resource planning) system.

2006 Accomplishments

- › Achieved significant improvement in safety and environmental performance throughout the manufacturing system and successfully completed maintenance turnarounds at all three major manufacturing plants.
- › Exited a force majeure declared in response to the 2005 supply shortages and U.S. Gulf Coast hurricanes.
- › Implemented an enhanced Global Business Governance process, improving performance as a reliable and flexible supplier.
- › Commercialized new CJ-4 additive technology for the North America low emissions, heavy duty diesel engine oil market.
- › Started construction on a new carboxylate detergent unit in Gonfreville, France. This facility will produce new detergent components for marine trunk piston engine oils and for low-sulfur automotive engine oil applications.
- › Commercialized a new detergent intermediate component using a method with inherently less process risk.

MANUFACTURING AND RESEARCH AND DEVELOPMENT LOCATIONS

Chevron Oronite, headquartered in San Ramon, California, manufactured and/or blended products at seven locations in seven countries in 2006:

United States	Products/Services	International	Products/Services
Richmond, California	Technology Center	Maua, Brazil	Lube Additives M&D
Belle Chasse, Louisiana	Fuel and Lube Additives, Manufacturing and Distribution (M&D)	Gonfreville, France	M&D and Technology Center
		Omaezaki, Japan (82.8%)	Lube Additives Blending, Distribution and Technology Center
San Antonio, Texas	Testing 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

UPSTREAM

DOWNSTREAM

CHEMICALS

OTHER BUSINESSES



PHOTOS: Large photo: At a U.S. Postal facility in Oakland, California, solar panels engineered and installed by Chevron Energy Solutions span a rooftop nearly the size of two football fields
Small photo (top): Darajat geothermal field, Indonesia
Small photo (bottom): Miners in the elevator at Molycorp's Questa, New Mexico molybdenum mine

TECHNOLOGY

Chevron's technology strategies focus on delivering superior performance in the core businesses and establishing leading positions in emerging and transformational technologies.

Organizations

The Energy Technology Company supports Chevron's upstream and downstream businesses with technologies that span the hydrocarbon value chain from exploration to refining and marketing.

The Information Technology Company (ITC) provides standardized digital infrastructure for Chevron's global operations. ITC integrates computing, telecommunications, data management, security and network technology.

The Technology Ventures Company identifies, grows and commercializes emerging technologies with the potential to transform energy production and use.

The company's technology portfolio includes both proprietary research and external collaborations that ensure broad and global access to technology and talent.

Business Strategies

- › Align technology resources with business needs by supporting achievement of world-class performance.
- › Position Chevron to successfully compete in future energy markets.
- › Develop and retain key technical talent.
- › Develop world-class technology deployment.

2006 Accomplishments

Exploration and Production

- › Completed Gulf of Mexico field trial of new seismic acquisition sensor technology for improved reservoir management.
- › Deployed proprietary reservoir-scale seismic imaging for improved resolution on subsalt deepwater major capital projects.
- › Deployed proprietary shale stability algorithm and advanced wellbore stability model, significantly reducing drilling costs.
- › Tested titanium tubulars for use in harsh environment wells (Tengiz and Gorgon) as an alternative to high-alloy steels.
- › Completed initial testing and evaluation of the next-generation reservoir simulator, to be commercially deployed in 2008.
- › Tested a gas lift optimization controller (that increased production) successfully on a mature U.S. Gulf of Mexico platform.
- › Granted a Bureau of Land Management 160-acre (0.6 sq-km) experimental oil shale research, development and deployment lease in the Piceance Basin.
- › Initiated a research project with Los Alamos National Lab to develop environmentally responsible and commercially viable "in situ" oil shale recovery processes.

Natural Gas

- › Established key partnerships for development and deployment of a technology portfolio designed for step change in capital and operating cost for GTL facilities.
- › Initiated designs to pilot next-generation process for producing lower cost synthesis gas from natural gas.
- › Deployed many technology solutions at Chevron's LNG Technical Center of Excellence that are geared toward reducing capital and operating costs of the liquefaction and regasification facility designs.
- › Integrated cryogenic subsea pipeline technology into project designs for LNG loading and unloading jetties at liquefaction/regasification terminals.
- › Operated the joint industry and Department of Energy program to recover core samples from deepwater U.S. Gulf of Mexico gas hydrate deposits for research on resource potential and drilling hazard reduction.
- › Pioneered use of CO₂-resistant cement in Barrow Island for future Gorgon CO₂ sequestration.

Refining

- › Initiated an external technology sourcing program to rapidly scan, assess and develop new technology from outside innovators and deploy across Global Refining.
- › Combined Chevron's hydrocracking technology with Sasol's Fischer-Tropsch technology. This technology will be used to produce commercial volumes of ultra clean GTL diesel, starting in 2007 at the Oryx GTL plant, located near Doha, Qatar.
- › Deployed the Abnormal Situation Management system to improve refinery safety.

Information Technology and Infrastructure

- › Completed Unocal IT infrastructure integration.
- › Deployed technically-based risk management process intended to further reduce the risk of major events potentially impacting people and the environment. Established an HES Risk Management Center of Excellence to oversee the applications.
- › Formed the Global Information Risk Management Unit to provide Chevron with global defense against growing cyber security threats. Areas of focus include security, data privacy, intellectual property and records retention.

- › Chevron, in partnership with the U.S. Department of Homeland Security, successfully completed a cyber security project focused on protecting process control systems. Plans were to evolve the project from the laboratory environment to a pilot in one of Chevron's operating companies in 2007.
- › Won the HPCwire *Most Innovative Use of High Performance Computing in Oil and Gas* award. High performance computing advancements are a key enabler to Chevron's proprietary advanced seismic imaging capability.
- › Led an industry group in developing Web service industry standards for production optimization information.

Technology Ventures

- › Established a biofuels business unit to advance technology and pursue commercial opportunities for production and distribution of ethanol and biodiesel in the United States.
- › Implemented biofuels strategy by forming research alliances with the National Renewable Energy Laboratory, University of California at Davis, University of Colorado and the Georgia Institute of Technology.
- › Completed acquisition of a 22 percent interest in one of the first large-scale biodiesel facilities in North America, with the capacity to scale up to 100 million gallons per year.
- › Designed and installed two E85 fuel demonstration stations in collaboration with the state of California, Pacific Ethanol and General Motors (GM) to evaluate the performance, efficiency and environmental effects of E85. E85 fuel is a blend of 85 percent ethanol and 15 percent gasoline.
- › Provided advanced NiMH (nickel metal hydride) battery systems through the Cobasys 50-50 joint venture for GM's 2007 Saturn VUE and was selected to provide a NiMH battery system for GM's 2007 Saturn Aura Green Line Hybrid Sedan.
- › Continued execution of the U.S. Department of Energy's (DOE) Technology Validation Program.
- › Inaugurated Chevron's second hydrogen fueling station in Oakland, California, in partnership with the DOE, Alameda-Contra Costa Transit, Hyundai-Kia Motors and UTC Power. The station powers a fleet of hybrid fuel cell buses.
- › Began constructing a hydrogen station in Selfridge, Michigan, as part of a cooperative agreement with the U.S. Army Tank and Automotive Research, Development and Engineering Center to advance hydrogen fueling technology.
- › Recognized by the DOE's Annual Merit Review as *Best in Class* for work in the area of hydrogen infrastructure technology validation, specifically for the company's commitment to finding economical ways to produce hydrogen as a transportation fuel option.
- › Transferred external technologies from Chevron's venture capital group into 10 Chevron business units and profitably exited four investments while achieving positive annual earnings.

POWER GENERATION

The company's Global Power Generation (GPG) business oversees Chevron's interest in 15 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. Eleven of the 15 facilities are managed by GPG. The organization's vision is to be the "center of excellence" for Chevron's power generation assets, including those embedded in its production and refining facilities. The joint-venture companies operate efficient combined-cycle and gas-fired cogeneration facilities that utilize waste heat recovery to produce additional electricity and to support industrial thermal hosts. A number of the company facilities provide steam for heavy oil recovery operations. In 2006, GPG achieved operational reliability of 99.6 percent.

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

Business Strategies

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

CHEVRON ENERGY SOLUTIONS (CES)

CES is a wholly owned subsidiary that provides public institutions and businesses with projects designed to increase energy efficiency and reliability, reduce energy costs and utilize renewable and alternative power technologies. CES has energy-saving projects installed in more than a thousand buildings nationwide. Major projects completed by CES in 2006 include energy efficiency and renewable power installations for U.S. Postal Service facilities, the first megawatt-class hydrogen fuel cell cogeneration plant in California, and cogeneration and biomass facilities for a municipal water pollution control plant.

MINING

Chevron's U.S.-based mining companies produce and market coal, molybdenum, rare-earth minerals and calcined petroleum coke. Sales occur in both U.S. and international markets.

The Pittsburg & Midway Coal Mining Co. (P&M) is a wholly owned coal mining and marketing subsidiary. The company operates two surface coal mines – McKinley in New Mexico and Kemmerer in Wyoming – and one underground mine, North River in Alabama. P&M manages Chicago Carbon Company, a wholly owned subsidiary that operates a 250,000-ton-per-year petroleum coke calciner in Lemont, Illinois.

Molycorp Inc., a wholly owned Chevron subsidiary, operates a molybdenum mine in Questa, New Mexico, and owns a rare-earth (lanthanides) mine in Mountain Pass, California. It owns a 33 percent interest in Sumikin Molycorp, which manufactures neodymium compounds at its facilities in Japan. During 2006, Molycorp performed environmental remediation activities at Questa and Mountain Pass and at its closed rare earth processing facilities in Pennsylvania. In mid-2006, Molycorp sold its 35 percent interest in Companhia Brasileira de Metalurgia e Mineracao (CBMM) in Brazil.



■ U.S. Coal Fields ● Mines - Coal ● Calcine Facility
● Mines - Other Minerals

U.S. Mineral Business Environment

Coal markets are dominated by electricity generators, which consume about 90 percent of the coal used in the United States. 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 2006, continuing strong demand and a stable supply has sustained 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

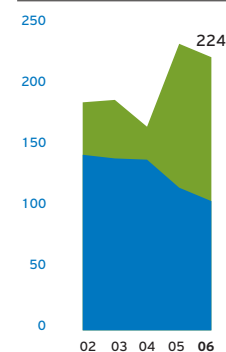
The company's goal is to manage profitable growth while maximizing cash flow by employing the following strategies:

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

2006 Accomplishments

- › Improved safety performance from 2005.
- › Sold the company's 35 percent interest in CBMM.
- › Continued to safely develop the next molybdenum ore body at the Questa Mine.
- › Commenced development of the next coal mining area at the North River Mine.

COAL RESERVES
Millions of tons



■ Undeveloped Reserves
■ Developed Reserves

MINING OPERATIONS¹

				Estimated Annual Capacity	Annual Sales				
Mine Name/Affiliate	State/ Country	Principal Operation		at 12/31/06	2006	2005	2004	2003	2002
P&M COAL:			SULFUR CONTENT						
Kemmerer	Wyoming	Truck-and-Shovel (T&S)	Low	5.5	4.6	4.5	4.5	4.1	4.2
McKinley ²	New Mexico	Dragline/T&S	Low	3.8	5.2	5.5	5.8	4.7	6.0
North River	Alabama	Longwall	Medium	3.8	2.8	3.6	3.6	3.8	3.2
Inter-American Coal (30%) ³	Venezuela	T&S	Low	-	-	0.5	0.7	0.8	0.8
York Canyon ⁴	New Mexico	T&S	Low	-	-	-	-	-	0.7
TOTAL SALES				13.1	12.6	14.1	14.6	13.4	14.9
OTHER: ⁵			TYPE OF MINERAL						
Mountain Pass ^{2,4}	California	T&S	Lanthanide	-	5.3	2.4	-	-	-
Questa	New Mexico	Underground	Molybdenum	6.0	4.0	1.2	-	-	-
CBMM (35%) ³	Brazil	T&S	Niobium	-	6.1	7.7	-	-	-

¹ Sales and capacity represent the company's share. Quantities at the coal facilities and niobium facility are shown in millions of tons. Volumes of the lanthanide and molybdenum facilities are expressed in millions of pounds. In addition to the coal mines listed, sales of 40,000 tons were recorded at the Farco, Texas, dragline facility in 2002. The facility is closed, and reclamation activities are in progress.

² McKinley had two of four draglines idled at year-end 2006. Mining operations at Mountain Pass were idled in 2006 due to market conditions and excess inventories.

³ Chevron's interest in Inter-America Coal was sold in late 2005; Chevron's interest in CBMM was sold in mid-2006.

⁴ Final reclamation activities are complete with permit maintenance in place at York Canyon. Reclamation activities are in progress at Mountain Pass.

⁵ Includes volumes from August 1, 2005, associated with the acquisition of Unocal Corporation.

GLOSSARY OF ENERGY AND FINANCIAL TERMS

Energy Terms

Acresage 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*.

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

Condensate 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 and/or natural gas.

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

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

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

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

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

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

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

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

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

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

Petrochemicals 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 government's agreed-upon share of production under a *production-sharing contract*. *Net production* is gross production minus both royalties paid to landowners and a government's agreed-upon share of production under a *production-sharing contract*. *Oil-equivalent production* is the sum of the barrels of liquids and the oil-equivalent barrels of natural gas produced. See *barrels of oil-equivalent* and *oil-equivalent gas*.

Production-Sharing Contract (PSC) A contractual agreement between a company and a 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.

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

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

The rules of the U.S. Securities and Exchange Commission (SEC) permit oil and gas companies to disclose in their 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, 2006.

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

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

Financial Terms

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

Cash Flow From Operating Activities Cash generated from the company's businesses, an indicator of a company's ability to pay dividends and fund capital 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.

Goodwill The excess of the purchase price of an acquired entity over the total fair market value assigned to individual 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.

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

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

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

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 2006 Annual Report of Chevron Corporation contains forward-looking statements relating to Chevron's operations that are based on management's current expectations, estimates and projections about the petroleum, chemicals and other energy-related industries. Words such as "anticipates," "expects," "intends," "plans," "targets," "projects," "believes," "seeks," "schedules," "estimates," "budgets" and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond the company's control and are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. The reader should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. Unless legally required, Chevron undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Among the important factors that could cause actual results to differ materially from those in the forward-looking statements are crude oil and natural gas prices; refining margins and marketing margins; chemicals 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 start-up of planned projects; the potential disruption or interruption of the company's net production or manufacturing facilities or delivery/transportation networks due to war, accidents, political events, civil unrest 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 statutes, regulations and litigation; the potential liability resulting from pending or future litigation; the company's acquisition or disposition of assets; government-mandated sales, divestitures, recapitalizations, changes in fiscal terms or restrictions on scope of company operations; 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 2006 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.

REFERENCE

MAJOR ORGANIZATIONS

MAJOR ORGANIZATIONS		
Organizations	Principal Business	Principal Areas of Activity
OPERATING		
Cabinda Gulf Oil Company Limited	Exploration and Production	Angola
Chevron Argentina S.R.L.	Exploration and Production	Argentina
Chevron Canada Limited	Integrated Energy Activities	Canada
Chevron Geothermal Indonesia, Ltd.	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, Marketing and Sale/Trading of Crude Oil and Refined Products	Worldwide
Chevron Shipping Company LLC	Marine Management	Worldwide
Chevron Thailand Exploration and Production, Ltd.	Exploration and Production	Thailand
Chevron Transport Corporation Ltd.	Marine Transportation	Worldwide
Chevron United Kingdom Limited	Exploration and Production	North Sea
Chevron U.S.A. Inc.	Integrated Energy Activities	Worldwide
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 Chevron Inc.	Exploration and Production	Partitioned Neutral Zone
Texaco Inc.	Integrated Energy Activities	Worldwide
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. (19%)	Electrical Power	United States
GS Caltex Corporation (50%)	Refining and Marketing	International
Hamaca Holding LLC (30%)	Exploration and Production	Venezuela
Star Petroleum Refining Co., Ltd. (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 Energy Technology Company	Engineering, Oil Field Technical Services and Technology Company	Worldwide
Chevron Environmental Management Company	Environmental Remediation	United States
Chevron Information Technology Company	Communications and Data Processing	Worldwide
Chevron Services Company	Administrative Services	Worldwide
Chevron Technology Ventures LLC	Emerging Technologies	United States
FINANCE		
Chevron Canada Capital Company	Commercial Paper Issuer	
Chevron Canada Funding Corporation	Debt Financing	
Chevron Funding Corporation	Commercial Paper Issuer	
Texaco Capital Inc.	Debt Financing	

Chevron Corporation has ownership interests in more than 1,000 subsidiaries, branches, divisions, partnerships and affiliates 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.

CHEVRON HISTORY

- 1879** Incorporated in San Francisco, California, as the Pacific Coast Oil Company.
- 1900** Acquired by the West Coast operations of John D. Rockefeller's original Standard Oil Company.
- 1911** Emerged as an autonomous entity - Standard Oil Company (California) - following U.S. Supreme Court decision to divide the Standard Oil conglomerate into 34 independent companies.
- 1926** Acquired Pacific Oil Company to become Standard Oil Company of California (Socal).
- 1936** Formed the Caltex Group of Companies, jointly owned by Socal and The Texas Company (later became Texaco), to manage exploration and production interests of the two companies in the Middle East and Indonesia and provide an outlet for crude oil through The Texas Company's European markets.
- 1947** Acquired Signal Oil Company, obtaining the Signal brand name and adding 2,000 retail stations in the western United States.
- 1961** Acquired Standard Oil Company (Kentucky), a major petroleum products marketer in five southeastern states, to provide outlets for crude oil from southern Louisiana and the U.S. Gulf of Mexico, where the company was a major producer.
- 1984** Acquired Gulf Corporation - nearly doubling the size of crude oil and natural gas activities - and gained significant presence in industrial chemicals, natural gas liquids and coal. Changed name to Chevron Corporation to identify with the name under which most products were marketed.
- 1988** Purchased Tenneco Inc.'s U.S. Gulf of Mexico crude oil and natural gas properties, becoming one of the largest U.S. natural gas producers.
- 1993** Formed Tengizchevroil, a joint venture with the Republic of Kazakhstan, to develop and produce the giant Tengiz Field, becoming the first major Western oil company to enter newly independent Kazakhstan.
- 1999** Acquired Rutherford-Moran Oil Corporation and Petrolera Argentina San Jorge S.A. These acquisitions provided inroads to Asian natural gas markets and built on the company's Latin America business foundation.
- 2001** Merged with Texaco Inc. and changed name to ChevronTexaco Corporation. Became the second-largest U.S.-based energy company.
- 2002** Relocated corporate headquarters from San Francisco, California, to San Ramon, California.
- 2005** Acquired Unocal Corporation, an independent crude oil and natural gas exploration and production company. Unocal's upstream assets bolstered Chevron's already-strong position in the Asia-Pacific, U.S. Gulf of Mexico and Caspian regions. Changed name to Chevron Corporation to convey a clearer, stronger and more unified presence in the global marketplace.

ADDITIONAL INFORMATION

STOCK EXCHANGE LISTING

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

PUBLICATIONS AND OTHER NEWS SOURCES

Additional information relating to Chevron is contained in its *2006 Annual Report* to stockholders and its *Annual Report on Form 10-K* for the fiscal year ended December 31, 2006, filed with the U.S. 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

The *2006 Corporate Responsibility Report* is available in late April on the company's Web site, www.chevron.com, or a copy may be requested by writing to:
Chevron Corporation
Policy, Government and Public Affairs
6001 Bollinger Canyon Road, A2181
San Ramon, CA 94583-2324

Chevron's Web site, www.chevron.com, 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 *2006 Annual Report*.

LEGAL NOTICE

As used in this report, the term "Chevron" and such terms as "the company," "our" and "we" 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:
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925 842 5690
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This publication was issued in March 2007 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 or solicitation of any offer to buy any securities. This report supplements the *Chevron Corporation 2006 Annual Report* to stockholders and should be read in conjunction with it. The financial information contained in this *2006 Supplement to the Annual Report* is expressly qualified by reference to the *2006 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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