



# Nigeria Fact Sheet

## Highlights of Operations

Chevron operates mostly in the onshore and near-offshore areas of the Niger Delta region of Nigeria.

The company also has extensive interests in deepwater offshore Nigeria. Among them is the Agbami Field, one of Nigeria's largest deepwater discoveries, which recently went into production. Major construction contracts have been awarded at the Usan Project, and construction is ramping up at the Escravos Gas Plant.

In addition, Chevron has exploration operations in the Nigeria–São Tomé e Príncipe Joint Development Zone.

We have hundreds of employees in Nigeria, and the majority of them are Nigerian.

## Business Portfolio

### Exploration and Production

In 2008, total daily production in Nigeria averaged 376,000 barrels of crude oil, 181 million cubic feet of natural gas and 16,000 barrels of liquefied petroleum gas (LPG). Chevron's net oil-equivalent production was 154,000 barrels per day.

Through our principal subsidiary in Nigeria, Chevron Nigeria Ltd. (CNL), we operate and hold a 40 percent interest in 13 concessions covering 2.2 million acres (8,900 sq km). These concessions are operated under a joint-venture arrangement with the Nigerian National Petroleum Corporation (NNPC), which owns a 60 percent interest.

### Onshore and Near Offshore

Chevron has a 40 percent operated interest in the South Offshore Water Injection Project, which is an enhanced crude-oil recovery project. The objectives of this project are to boost production through water injection and increased efficiency in the Okan and Delta fields. Total crude-oil production in 2008 averaged 15,000 barrels per day (5,000 net).

In 2003, Chevron's swamp production was closed down following community unrest and vandalism of the facilities. By the end of 2008, full production had been restored to all seven swamp fields at an average daily rate of 77,000 barrels of crude oil (25,000 net). Additional facility repair and replacement projects are planned in order to increase capacity in the fields. In early 2008, work began on the replacement of the aging 26-inch (66-cm) trunk line that brings the swamp's crude oil production from Abiteye to Escravos. The trunk line is being replaced with a 16-inch (40-cm) pipeline. Project completion is expected in 2010.

### Deep Water

At the end of 2008, Chevron had interests – ranging from 18 to 100 percent – in 12 deepwater blocks in offshore Nigeria. The company operates four of these blocks.

The Agbami Field lies 70 miles (113 km) off the coast of the central Niger Delta region, spanning 45,000 acres (182 sq km). Discovered in 1998, the Agbami Field is at a water depth of approximately 4,800 feet (1,463 m). Chevron holds a 68.2 percent interest in and operates this project.

Agbami is a subsea development with wells tied back to a floating production, storage and offloading vessel. Agbami achieved first oil in May 2008, and by early 2009, total crude oil production averaged 170,000 barrels per day (116,000 net). Development drilling and completion operations are planned, with maximum total liquids production of 250,000 barrels per day anticipated by year-end 2009.

The total cost for Stage 1 of this project is estimated at \$7 billion. Subsequent stages to drill up to 16 additional wells are being planned. The final investment decision for Stage 2 of this project, involving 10 of these new wells, is scheduled for the second half of 2009.

Chevron also has a 30 percent nonoperated interest in the Usan Project located in 2,461 feet (750 m) of water, 62 miles (100 km) off the coast in the eastern Niger Delta region. All major construction contracts were awarded in early 2008. Development exploratory drilling was scheduled to start in the first half of 2009. Production startup is projected for late 2012. Maximum total production of 180,000 barrels of crude oil per day is expected to be achieved within one year of startup.

The Aparo Field and the Bonga SW Field share a common geologic structure and are planned to be developed jointly. The geologic structure lies 70 miles (113 km) offshore in 4,300 feet (1,311 m) of water off the coast of the western Niger Delta region. Chevron will have an approximate 20 percent nonoperated working interest in the proposed area. The project was delayed in 2008 so that stakeholders could agree on the project's scope. Partners signed a preliminary agreement in January 2009. The final investment decision depends on another agreement.

Chevron operates and holds a 95 percent interest in the Nsiko discovery, which lies in approximately 5,800 feet (1,768 m) of water, 90 miles (145 km) off the coast of the western Niger Delta region. Subsurface evaluations and field development planning were completed in 2008, and a local content agreement was signed. Development activities are planned to continue and front-end engineering and design is expected after commercial terms are finalized.

In the Nigeria–São Tomé e Príncipe Joint Development Zone (JDZ), Chevron holds 45.9 percent interest in and operates JDZ Block 1. In 2008, technical studies concluded that the discovery was uneconomic. Identification and analysis of other prospects within the JDZ continued in early 2009.

## **Natural Gas**

Construction continued during 2008 on the Chevron-operated and 40 percent-owned Escravos Gas Plant (EGP) Phase 3A expansion in Escravos. Start of beneficial operations is expected in 2010. The project includes infrastructure for offshore natural-gas gathering and compression and a second natural-gas processing facility. The project is designed to increase daily processing capacity from 285 million to 680 million cubic feet of natural gas and increase daily LPG and condensate capacity from 15,000 to 58,000 barrels. Total capital costs for the project are estimated at \$2.8 billion, which includes future drilling to keep the plant at capacity.

The Escravos Gas Project Phase 3B is also 40 percent-owned by Chevron. With startup expected in 2013, the project is a continuation of the company's Western Delta Gas Development Program, the aim of which is to eliminate routine flaring of natural gas that is associated with the production of crude oil. The project includes installation of a 120 million-cubic-foot-per-day natural-gas-gathering and compression platform near the existing Meren 1 complex, installation of approximately 75 miles (121 km) of subsea pipelines, and modifications to nine existing production platforms. Total capital costs for the project are estimated at \$2 billion.

Chevron and the NNPC are developing a 34,000-barrel-per-day gas-to-liquids facility at Escravos that is designed to process 320 million cubic feet per day of natural gas from the EGP Phase 3A project. Engineering procurement was essentially complete at the end of 2008 and facility construction was under way. The biggest milestone achieved in 2008 was the shipping and installation of two gas-to-liquids reactors. The remaining process modules were scheduled to be shipped and positioned on site in 2009. CNL has a 75 percent interest in and will operate the \$6 billion plant, which is planned to start up in 2012.

Chevron has a 19.5 percent interest in the Olokola Liquefied Natural Gas Free Zone Enterprise (OKLNG) that will operate the Olokola LNG project. OKLNG plans to build a multitrain natural-gas liquefaction facility and marine terminal located northwest of Escravos. The project began front-end engineering and design in 2006 and is expected to be implemented in phases, starting with two trains having 12.6 million metric tons of total capacity.

Chevron operates and holds a 40 percent interest in six oil fields collectively referred to as the Onshore Area. In 2003, civil unrest in the area resulted in vandalism of existing compression infrastructure. The Onshore Asset Gas Management project is

designed to restore these facilities and to supply 125 million cubic feet of natural gas to the Nigerian domestic gas market. As of early 2009, early construction work had begun, with the main construction contract expected to be awarded in 2010.

Chevron is the largest shareholder in West African Gas Pipeline Company Limited, with a 36.7 percent interest. The company constructed, owns and operates the 421-mile (678-km) West African Gas Pipeline that is designed to supply Nigerian natural gas to customers in Ghana, Benin and Togo for power generation and industrial applications. First gas was shipped in December 2008. Compression facilities to increase capacity to 170 million cubic feet of natural gas per day are targeted for completion in 2010.

## **Marketing and Retail**

In 2008, Chevron announced an agreement to sell our marketing and other downstream businesses in Nigeria.

## **In the Community**

Chevron takes seriously its role as a member of the community in Nigeria and is active in many projects promoting health, economic and educational programs.

Chevron Nigeria Ltd. (CNL) provides communities near its operations with power and drinking water – in many cases, directly from company facilities. In several communities, we have purchased and installed electricity generators as well as provided for fuel and servicing.

## **Responding to Needs of the Niger Delta**

Chevron also has contributed more than \$140 million to the Niger Delta Development Commission, a government agency with the responsibility of developing the Niger Delta.

In 2005, CNL adopted a new approach to our community engagement in the Niger Delta designed to create participatory development processes to better address the needs of the communities in our areas of operation. This model, called the Global Memorandum of Understanding (GMOU), gives the communities greater roles in the management of their development through newly created regional development councils. CNL signed GMOUs with eight community groups in the Niger Delta.

The objective is to bring peace, stability and reduced conflict to areas where Chevron operates. Together, the GMOUs reach more than 400 communities, villages and chiefdoms and involve some 600,000 community members. CNL supports the process by providing funding for governance, administration, project and partner costs.

Local Nigerian-based nongovernmental organizations (NGOs) are essential to the process. NGOs are providing technical assistance and are helping to resolve conflicts that arise from time to time in the communities.

2008 milestones include the following:

- Implementation of the three-year development plans continued.
- Evaluation of the GMOU model was carried out.
- Plans for the renegotiation of the GMOUs were initiated.
- Recognition of the GMOUs increased.
- Accounts of financial transactions were produced by most councils.
- Projects aimed at improving the quality of life were carried out by most councils.

With many projects in the Niger Delta vying for support, an ongoing challenge of the GMOU process is balancing the communities' desire for quick results with the goals of promoting sustainable initiatives that have transparent and accountable processes. A second challenge is nurturing the partnerships needed to resolve multiple development issues that exist in this complex and difficult socioeconomic environment.

### **Promoting Technology As a Tool for Progress**

To boost local availability of technical expertise, Chevron teamed with local partners to establish Nigeria's first Advanced Technology Center for Subsurface Studies. The center, which opened in 2002, is equipped to conduct high-end technical studies. The center's first contract was for the full field simulation study of an undeveloped reservoir in the Meren Field.

Chevron funded the Biotechnology Center of the Federal University of Technology in Yola, in northern Nigeria. The two-story, nine-laboratory facility is designed to help Nigeria use the most modern scientific advances to increase food production and reduce disease. The center is equipped to handle research and training in molecular biology, drug analysis and advanced agricultural technologies. Chevron paid for its construction and provided an endowment of \$200,000 for operating expenses.

### **Fighting HIV/AIDS in Nigeria**

Chevron makes generous donations to some NGOs involved in fighting the spread of HIV/AIDS in Nigeria. We supported the World Federation for World Peace when it conducted a Free Teens program, under which it organized anti-AIDS seminars for secondary schools in Nigeria. We currently support Positive Action for Treatment Access, a group owned and run by people living with HIV/AIDS, whose goal is to provide skills acquisition and revolving loans for its members. We also built a tuberculosis center in Lagos.

CNL has supported the Nigerian Business Coalition Against HIV/AIDS. The organization was initiated to ensure the pooling of resources and efforts by the private and public sectors to overcome the potentially destructive epidemic.

In 2006, CNL partnered with two NGOs – Action Health Incorporated and Positive Action for Treatment Access – in a campus HIV/AIDS awareness program for students. Six universities took part in the first phase of the program.

CNL has donated essential drugs to the following hospitals: Braithwaite Memorial Hospital, Port Harcourt, in Rivers state; General Hospital, Owerri, in Imo state; General Hospital, Okolobiri, in Bayelsa state; and Central Hospital, Warri, in Delta state. CNL also provided funds for the development of four clinics in the Creeks of the Niger Delta.

### **Supporting Public Health, Education and Culture**

The Riverboat Clinic was launched in 2001. This mobile health service serves the health needs of communities along the Escravos and Benin rivers in the western Niger Delta. Onboard services include a full complement of medical staff, medicines and other health supplies. Treatment is delivered at no cost to local communities. The floating clinic helped more than 23,000 patients in 2008. The clinic also provided free immunizations to more than 1,000 women and children.

The Roll Back Malaria initiative was launched by Chevron in the states of Rivers and Kaduna in 2006. In 2007, two more states were added to the campaign, which focuses on pregnant women and children under the age of 5.

More than 6,700 Nigerian students are on CNL-sponsored secondary school, university and technical school scholarships. Recipients include students taking part in a special scholarship program for the blind.

CNL provides financial and volunteer support for groups that work to improve the community. Beneficiaries include the Compassion Home for Handicapped Children in Port Harcourt and the Nigerian Training Center for the Blind and St. Anne's Orphanage in Warri. Chevron also funds some of the activities of Nigerian Conservation Foundation, and we sustain the Lekki Conservation Centre.

CNL has also supported various sports activities over the years. Several athletes who took part in the NNPC/Chevron Tennis clinics and tournaments have gone on to represent Nigeria in junior-level competitions.

## Record of Achievement

Chevron began doing business in Nigeria in 1913 when Texaco products were first marketed in the country.

Chevron has continued to market quality products through service stations, terminals and kiosks and ventured into the aviation and bunkering segments as well. We also have been a leading producer of quality lubricants, greases, petroleum jelly and plastic containers in the country.

Following the Nigerian Indigenization Decree of 1978, which was designed to raise the level of Nigerian participation in business, Chevron divested 40 percent of its share holdings to the Nigerian public while retaining 60 percent equity in Chevron Oil Nigeria PLC.

In 1996, we built our 103,000-barrel state-of-the-art storage terminal and loading gantry in Apapa.

Our energy exploration and production work began more than 40 years ago.

In 1963, American Overseas Petroleum Ltd. – which later became Texaco Overseas (Nigeria) Petroleum Co. – discovered oil at the Koluama Field, offshore Nigeria. In that same year, Chevron Nigeria Limited (CNL) started drilling near the Escravos River and found the Okan Field.

Discovered in 1998, the Agbami Field is one of the largest deepwater discoveries in Nigeria's history.

## Health, Environment and Safety

Nigeria is one of three African countries participating in the Arrive Alive program pioneered by Chevron, which is making significant strides toward eliminating traffic deaths and injuries in the communities where we work. The Arrive Alive Road Safety Initiative has achieved its first major success by recommending revised motorcycle laws to address the serious problems posed by motorcycle taxis in Lagos state. The program has provided helmets for motorcycle riders.

The 46-year-old Okan Platform, among others, was upgraded with a focus on improved pollution prevention measures and safety systems. At the Okan Platform, workers have completed 1.4 million work-hours without a single lost-time injury.

In 1981, CNL became a founding member of the Technical Committee of the Clean Nigeria Association, a second-tier oil spill response organization established in 1981. Chevron continues to hold a leadership position in the association.

Chevron has restored 15 abandoned land drill sites and 35 burrow pits and has decommissioned nine abandoned land wells, with work continuing on other sites. Community and indigenous contractors are engaged for the restoration work, reflecting CNL's ongoing commitment to using local resources and encouraging others to do the same.

Chevron is working actively across its operations to eliminate routine flaring and venting in line with company requirements and local regulations. Since 1997, with the commissioning of the Escravos Gas Plant 1 and since 2001 with Plant 2, Chevron has advanced various flare-out projects to minimize environmental impact while increasing economic benefits. Plant 3 is due for startup in 2009. All new developments are being designed with a zero-flare philosophy.

## Helping Students

CNL supports the Lekki Conservation Center. Each year, thousands of schoolchildren and teachers visit the site, which also hosts researchers and other visitors. The center was established in 1992 by Chevron and our partners.

In 2005, Chevron established a postgraduate research scholarship for doctoral students in the fields of environment and conservation. In addition, we host the annual S.L. Edu Memorial Lecture to promote environmental management awareness.

## Awards

CNL was recognized in 1999 with the Nigerian Environmental Protection Agency's Environmental Excellence Award and in 2002 with the Nigerian Conservation Foundation's Award for Environmental Excellence. In 2006, the Delta state government honored CNL with the Best Oil Company in Oil Spill Management Practices award.

Also in 2006, CNL received a Corporate Good Environment Health Practice Award from the Environmental Health Officers Registration Council of Nigeria. The award was given for the company's "commitment to responsible environmental stewardship" in Nigeria.

In 2001, CNL was honored with the Star Merit Award on Environment from the Nigerian Environmental Society, Lagos State Chapter. And in 2002, CNL received the meritorious honor of the Nigerian Conservation Foundation for its consistent and long-standing support of the organization and environmental conservation in Nigeria.

In 2003, CNL won the U.S. State Department's Award for Corporate Excellence. The company was praised for its work in Nigeria for, among other things, airlifting more than 2,000 community members to safety in 2003 during inter-ethnic conflict in the Niger Delta area, setting up the Riverboat Clinic and our active involvement in the ongoing HIV/AIDS prevention efforts.

In 2008, CNL also received several awards. They include:

- Celebrating a Shining Example of Corporate Social Responsibility, from the Petroleum Training Journal
- First-ever Award for Excellence in Nigeria Content, at Nigeria Oil and Gas 2008
- Award from the Warri chapter of the Nigerian Union of Journalists

## Economy

Besides the jobs and capital investments created by Chevron's large day-to-day operations, major economic benefits for the community are expected from the West African Gas Pipeline and related projects.

Since 1994, Chevron and our partners have invested about \$142 million in sustainable development projects. The Western Niger Delta Development Program, announced in 1999, is a five-year, \$1 million-per-year program in partnership with the late Rev. Leon H. Sullivan's International Foundation for Education and Self Help to address social, economic and developmental problems in the Niger Delta.

Since 1997, as part of its strategy on educational development, Chevron has been training youths in vocational skills, under its Technical Skills Acquisition Program. In 2007, this program sponsored 50 students from communities close to Chevron facilities in the Niger Delta. The students attended specially designed, full-time vocational training courses.

CNL started a partnership with the Lagos Business School to develop the capacity of local contractors to better fulfill the needs of the oil industry. Several training sessions have been held in the states of Lagos and Warri. CNL has also invested in instructing Nigerian college students in the use of computer-aided design.

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