



# Saudi Arabia Fact Sheet

## Highlights of Operations

Chevron is the only large international energy company to have a continuous upstream presence in the Kingdom of Saudi Arabia for more than seven decades. We are engaged in a wide range of petroleum-related interests in the kingdom, and we work closely with Saudi Aramco, the state-owned national oil company, as well as with private firms.

We put special emphasis on projects that provide quality employment opportunities, professional training and exposure to new technology.

The company conducts exploration and production in the onshore Partitioned Zone (PZ) on behalf of Saudi Arabia. The PZ lies between Saudi Arabia and the State of Kuwait. Petroleum and mineral resources in the PZ are jointly shared by the governments of Saudi Arabia and Kuwait.

Chevron Phillips Chemical Company LLC (CPChem) and its affiliates have interests in Saudi Chevron Phillips Company, Jubail Chevron Phillips Company, Saudi Polymers Company and Petrochemical Conversion Company. All four companies have facilities in Al-Jubail.

## Business Portfolio

### Exploration and Production

Chevron has a concession agreement, which expires in 2039, with Saudi Arabia to operate the kingdom's 50 percent interest in the hydrocarbon resources of the onshore area of the Partitioned Zone (PZ) between Saudi Arabia and Kuwait.

Total PZ oil production reached 3 billion barrels in late 2004, with production from four fields.

During 2011, 76 wells were drilled in the PZ. Development drilling, well maintenance and numerous facility-enhancement programs scheduled for 2012 and 2013 are expected to partially offset declines in overall field production.

In 2009, [first steam injection began](#) at the Large-Scale Pilot Steamflood Project for the First Eocene reservoir at the Wafra Field in the onshore PZ. Steamflooding involves injecting steam into heavy oil reservoirs to heat the crude oil underground, reducing its viscosity and allowing its extraction through wells. This project was preceded by steam stimulation of some wells, followed several years later by a small-scale test. The entire development project is designed to determine the technical and economic viability of thermal-recovery projects in the Wafra Field.

The Large-Scale Pilot phase of the project required drilling 16 injection wells, 25 producing wells and 16 observation wells and installing water-treatment and steam-generation and distribution facilities.

The \$340 million pilot, which is the third test phase for the steamflood project, is expected to lead to full-field steamflooding of the First Eocene reservoir. This would mark the first commercial application of conventional steamflooding in a carbonate reservoir anywhere in the world.

A carbonate reservoir is an oil or gas trap formed in reefs, dolomite and certain types of limestone. Typically, carbonate reservoirs are highly fractured and not conducive to steamflooding on a large scale. However, the carbonate Eocene reservoirs at Wafra have unusually favorable properties and offer a promising opportunity for steamflooding.

The company is evaluating data gathered from the First Eocene pilot project. In 2011, the pilot project continued injecting steam into one level of the reservoir, and production had increased 600 percent over the production rate before steamflooding. The wells were closed off at their original depth in the reservoir, then reopened at a higher level to resume production in 2012.

In 2011, progress was made applying the steamflood technology into the Second Eocene carbonate reservoir. A decision to begin front-end engineering and design is expected in the second half of 2012.

Development planning also continued on the full-field steamflood application in the Wafra Field. The Wafra Steamflood Stage 1 Project is expected to begin front-end engineering and design in the second half of 2012. Stage 1 is expected to reach maximum total daily production of 80,000 to 100,000 barrels of crude oil, with startup projected for 2017.

Front-end engineering and design began on the Central Gas Utilization Project in 2011. The project is intended to make the use of natural gas more efficient and eliminate continuous natural gas flaring at the Wafra Field. A final investment decision is expected in 2013.

## **Chemicals**

The Saudi Chevron Phillips Company petrochemical plant in Al-Jubail is designed to produce 790,000 metric tons of benzene and 360 metric tons of cyclohexane annually. Benzene is an industrial solvent and precursor in the production of medicines, plastics, synthetic rubber and dyes. Cyclohexane is used in the production of nylon, solvents, paint and varnish remover. Arabian Chevron Phillips Petrochemical Company Limited (ACP), a wholly owned subsidiary of Chevron Phillips Chemical Company LLC (CPChem) and the Saudi Industrial Investment Group are partners in Saudi Chevron Phillips Company.

The plant uses CPChem's Aromax™ catalyst to convert naphtha feedstock. Naphtha is used in making high-octane gasoline.

CPChem's 50 percent-owned Jubail Chevron Phillips Company has a styrene production facility in Al-Jubail. The plant, which began operations in 2008, is one of the world's largest. Styrene is a precursor to polystyrene, which is used to make plastic dinnerware, CD cases, insulation and foam drink cups, among other products.

A third petrochemical project, Saudi Polymers Company, shares facilities on the same site in Al-Jubail. The joint venture, of which ACP owns 35 percent, began construction in 2008; commercial operations are expected to begin in 2012. The project includes one of the world's largest olefins units. Olefins are used to produce polyethylene, polypropylene and polystyrene, which the facility will manufacture. Polyethylene is used in food packaging, bag liners, high-pressure pipe, fuel tanks and shopping bags, among other things. Polypropylene is used in the manufacture of automotive parts, carpeting and food packaging.

CPChem and Saudi Industrial Investment Group share a 50-50 ownership in a fourth project, Petrochemical Conversion Company. The project includes construction of a nylon 6,6 polymer manufacturing facility and a number of polymer conversion projects. Architects often call for nylon 6,6 for use in commercial settings that get a lot of wear and tear, like offices and airports. Plant operations are expected to begin in 2013.

## **Marketing and Retail**

Under contract with Saudi Aramco, Chevron purchases Saudi crude oil for its own refining system and ranks among the kingdom's larger purchasers of crude.

The Chevron AlBakri Lubricants Company markets Caltex® lubricants and specialty products, such as coolant, to the consumer, commercial and industrial sectors in the kingdom. The joint venture is headquartered in Jeddah.

Saudi Aircraft Services, a Chevron joint venture, has plane-fueling operations at Jeddah and sells aviation fuels in Saudi Arabia.

## **Technology Transfer**

In 2011, Chevron and Saudi Aramco signed a five-year collaboration agreement. Under the agreement, Saudi Aramco will have access to technical, operational and managerial consulting, professional development and petroleum engineering development projects. Chevron and Saudi Aramco also will explore joint research and development projects of mutual interest.

## In the Community

Chevron supports educational and environmental programs in Saudi Arabia.

Chevron has played an important and ongoing role in helping to found, organize, direct and fund the Saudi Petroleum Services Polytechnic in Dammam. Opened in October 2008, the institution provides Saudi high school graduates with a critical resource for developing the necessary technical and vocational skills to become certified oil field support services technicians. Chevron worked closely with the country's Ministry of Petroleum and Mineral Resources and the government's Technical and Vocational Training Corporation to develop the institute, the first of its kind in the kingdom.

We help sponsor ongoing beautification and greening programs in the city of Khafji.

Chevron-supported educational programs and institutions include Khafji Girls College, King Fahad University of Petroleum and Mineral Resources, the King Abdul Aziz & His Companions Foundation for Creativeness and the Gifted, and local schools.

Chevron has contributed to the King Fahad National Center for Children's Cancer and Research, various other charitable endeavors throughout the kingdom, and Saudi-supported organizations in the United States.

## Record of Achievement

Chevron's history in the Kingdom of Saudi Arabia began in the early 1930s, when Standard Oil of California—later Chevron—began exploring in the kingdom's Eastern Province. In 1936, The Texas Co.—later Texaco—joined as a partner in the California Arabian Standard Oil Company (CASOC), which in 1944 became the Arabian American Oil Company, or Aramco.

In 1938, CASOC made Saudi Arabia's first commercial oil discovery at Dammam Dome No. 7. Before it was 50 days old, the well had produced 100,000 barrels. Continued exploration in the kingdom led to the discovery of 52 oil fields, including Ghawar in 1948, still the world's largest oil field, with an estimated 66 billion barrels of reserves.

Additional partners joined Aramco in 1948. In 1973, Aramco started selling ownership to the government of Saudi Arabia. By 1989, the process of transferring ownership of Aramco to the Saudi government was complete, marking the beginning of Saudi Aramco.

Texaco, which merged with Chevron in 2001, began operating in the onshore Partitioned Zone (PZ) between Saudi Arabia and Kuwait when it acquired Getty Oil Co. in 1984. Getty had begun operating in 1949 under a concession agreement with the kingdom. In late 2004, total production reached 3 billion barrels.

In 2000, Chevron Phillips Chemical Company LLC (CPChem) and its affiliates and private Saudi investors opened Saudi Chevron Phillips Company. The venture's petrochemical plant in Al-Jubail is the kingdom's first privately financed basic petrochemical enterprise. A second company, Jubail Chevron Phillips Company, operates another petrochemical facility adjacent to and integrated with the first plant.

In 2008, construction began on a facility in Al-Jubail for Saudi Polymers Company, a joint venture that includes Arabian Chevron Phillips Petrochemical Company Limited. Since then, the operation has created approximately 950 jobs, a high percentage of which are held by Saudi nationals.

The Chevron AlBakri Lubricants Company, a joint venture headquartered in Jeddah, was established in 2005.

## Health, Environment and Safety

The Kingdom of Saudi Arabia's Royal Commission for Jubail and Yanbu honored Saudi Chevron Phillips Company and Jubail Chevron Phillips Company for environmental performance excellence for five consecutive years, from 2005 to 2009.

Chevron is committed to improving the lives of all its employees and enriching their communities. For example, Saudi Arabian Chevron's hospital and field clinic for PZ operations recorded nearly 21,000 visits by employees, their families and other community members in 2011.

Creating a safe work environment in the PZ is a top priority. At the end of 2011, employees of Chevron's subsidiary at Mina Saud and Wafra had logged more than 16.4 million work-hours—more than 11 years—without a lost-time incident.

## Economy

Texaco was the first major oil company to enter a downstream relationship with the kingdom, and today Chevron continues to be an important purchaser of Saudi crude. Chevron has an agreement to operate the kingdom's 50 percent interest in the hydrocarbon resources of the onshore area of the PZ. Chevron pays a royalty and other taxes on that production.

Chevron is implementing balanced job competency and organizational development strategies with the objective of placing the right Saudis in the right jobs at the right time.

The company provides resources and education, training and development opportunities for Saudi employees at all levels. Nearly 85 percent of Saudi Arabian Chevron's 873 employees are Saudi nationals, and many hold positions at the highest levels of management.

Cutting-edge applications of the industry's latest processes flow across Chevron's worldwide operations, linking, for example, national employees in the PZ with specialists in Houston.

Employee development programs focus on improving job performance and leadership skills. In 2011, employees averaged 102 hours—more than two workweeks—of formal training. Advanced workshops, rotational assignments, mentoring and feedback sessions further develop future leaders.

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For SAC employment inquiries visit [Saudi Arabian Chevron](#)

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

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