



Saudi Arabia Fact Sheet

Highlights of Operations

Chevron is the only large international energy company with a continuous upstream presence in the Kingdom of Saudi Arabia spanning 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 private firms.

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

The company also conducts exploration and production activities in the onshore Partitioned Neutral Zone (PNZ) on behalf of Saudi Arabia. The PNZ is located between Saudi Arabia and the State of Kuwait. Petroleum and mineral resources in the PNZ are jointly shared by the governments of Saudi Arabia and Kuwait.

Chevron Phillips Chemical Company LLC (CPChem) and the Saudi Industrial Investment Group are partners in Saudi Chevron Phillips Co., a \$650 million petrochemical plant at Al Jubail. A second company, Jubail Chevron Phillips, is operating a \$1.3 billion petrochemical facility adjacent to and integrated with Saudi Chevron Phillips. The facility began operation in October 2008. A third company, Saudi Polymers Company, is currently building a \$5.2 billion plant that is designed to produce a range of basic chemicals.

Business Portfolio

Exploration and Production

Chevron has a 30-year operating agreement, which expires in 2039, with the Kingdom of Saudi Arabia to operate the kingdom's 50 percent interest in the hydrocarbon resources of the onshore area of the onshore Partitioned Neutral Zone (PNZ). Chevron pays a royalty and other taxes on that production. Set to expire in 2009, the concession was renewed in 2008.

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

During 2008, 87 wells were drilled, bringing the year-end number of active wells to 976.

Development drilling, well workovers and numerous facility-enhancement programs scheduled for 2009 through 2010 are expected to partially offset overall field decline.

In June 2009, Chevron [achieved the first steam injection](#) at its Large Scale Pilot steamflood project at the Wafra Field in the onshore PNZ. The project is designed to determine the technical and economic viability of thermal-recovery projects in the Eocene heavy-oil carbonate reservoir.

Steamflooding involves injecting steam into heavy oil reservoirs to heat the crude oil underground, reducing its viscosity and allowing its extraction through wells. This phase of the project involves 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 final test phase for the steamflood project, is expected to lead to full-field steamflooding of the First Eocene reservoir, marking the first commercial application of a conventional steamflood in a carbonate reservoir anywhere in the world.

Marketing and Retail

The Saudi Chevron Phillips petrochemical plant at Al Jubail is designed to produce 1.1 billion pounds of benzene and 525 million pounds of cyclohexane. 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.

The plant uses CPChem's proprietary Aromax® process to convert naphtha feedstock. Naphtha is used in making high-octane gasoline. In October 2008, CPChem's 50 percent-owned Jubail Chevron Phillips Company opened a new styrene production facility at Al Jubail, Saudi Arabia. The plant 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, to be operated by one of our joint ventures, is located next to the first two facilities in Al Jubail. Construction began in January 2008. The project includes one of the world's largest olefins units, plus downstream units to produce polyethylene, polypropylene and polystyrene. Completion is expected in 2011. Polyethylene is used to make shopping bags. Polypropylene is used in the manufacture of shrink wrap, containers and textiles.

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-branded lubricants and specialty products such as coolants to the consumer, commercial and industrial sectors in the kingdom. The joint venture is headquartered in Jeddah, Saudi Arabia.

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

In the Community

Chevron supports a wide range of educational and environmental programs in Saudi Arabia.

Chevron has played an important role in helping to found, organize, develop, participate in and financially contribute to the Saudi Petroleum Services Polytechnic in Dammam. Opened in October 2008, the institution provides Saudi high school graduates with a critical new resource for developing the necessary technical and vocational skills to become certified oil field support services technicians. Chevron has 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 sustain the Saudi Wildlife Fund and have helped sponsor ongoing beautification and greening programs in the city of Khafji. Chevron has supported a number of educational programs and institutions, including the Khafji Girl's College, the King Fahad University of Petroleum and Mineral Resources, the King Abdul Aziz Foundation for the Gifted, and local schools.

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

Record of Achievement

Our history in the Kingdom of Saudi Arabia began in the early 1930s when Standard Oil of California – later Chevron – began exploring in the Eastern Province of the kingdom. In 1936, The Texas Co. – later Texaco – joined in as a partner in the California Arabian Standard Oil Company (CASOC), which in 1944 became 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 probes led to the discovery of 52 oil fields, including Ghawar in 1948, still the world's largest oil field, at an estimated remaining 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 its operations in the onshore Partitioned Neutral Zone when it acquired Getty Oil Co. in 1984. In late 2004, total production reached 3 billion barrels.

In 2000, Chevron Phillips Chemical Company LLC and private Saudi investors opened Saudi Chevron Phillips Co. The venture's petrochemical plant at Al Jubail is the kingdom's first privately financed basic petrochemical enterprise. A second company, Jubail Chevron Phillips, was formed in 2003 to construct another petrochemical facility adjacent to the first plant.

In 2005, the Chevron AlBakri Lubricants Company, a joint venture, was established.

Health, Environment and Safety

Chevron is committed to improving the lives of all its employees and enriching their communities. For example, the company's hospital and field clinic for PNZ operations recorded 20,000 visits by employees, their families and other community members in 2008.

Creating a safe work environment in the PNZ is a top priority. At year-end 2008, employees of Chevron's subsidiary in the PNZ at Mina Saud and Wafra had logged more than 11 million work-hours, over the course of more than eight years, without a lost-time incident. Workers also had logged more than 10.5 million work-hours without a recordable work-related injury.

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 is implementing balanced strategies with the objective of placing the right Saudis in the right jobs and at the right time.

The company provides resources and education, training and development opportunities for national employees at all levels. Nearly 90 percent of the more than 720 PNZ employees are Saudi nationals, and many hold jobs at the highest levels of management.

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

Employee development programs focus on improving job performance and leadership skills. In 2008, employees averaged nearly 90 hours – more than two workweeks – of formal training. Advanced workshops, rotational assignments, mentoring and feedback sessions further contribute to developing future leaders.

Technology Transfer

Saudi International Services Company, a joint venture with former Aramco partners, supplies Saudi Aramco with technology and technical services. Through the venture, Chevron lends to and exchanges with Saudi Aramco technical and professional employees, arranges training in the United States for Saudi Aramco employees, and participates in technical exchange meetings at regular intervals.

Contact Us

Saudi Arabian Chevron

Government & Public Relations Dept.

Saudi Arabian Chevron

P.O. Box 6

Mina Al-Zour (Mina Saud) 66051

Kuwait

Email: sniffkd@chevron.com

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