



China Fact Sheet

Highlights of Operations

Chevron has expanded operations in China with a range of businesses that include petroleum exploration and production and fuels and lubricants marketing. In addition, we contribute to the development of people and technology.

Chevron has a production-sharing contract with China National Petroleum Corporation for the joint development of the Chuandongbei natural gas area in the Sichuan Basin in central China. Chevron also works with partners to develop offshore energy resources in the South China Sea and in Bohai Bay.

In 2011, we began exploring for [natural gas from shale](#) in the Qiannan Basin.

Our Caltex® brand has become an established marketer of gasoline and lubricant products in China.

Our joint venture Chevron Phillips Chemical Company LLC (CPCChem) and its affiliates operate a plant in Zhangjiagang and also hold an interest in a facility in Jinshanwei, near Shanghai.

We support social and educational programs in the communities where we work.

Business Portfolio

Exploration and Production

Chevron has interests in four operated and four nonoperated production-sharing contracts in China. Total average daily production in 2011 from the company's interests in China was 95,000 barrels of crude oil and condensate (20,000 net) and 36 million cubic feet of natural gas (10 million net).

Major Development at Chuandongbei

Chevron operates the 487,000-acre (1,969-sq-km) Chuandongbei natural gas area in the onshore Sichuan Basin. We have a 49 percent interest in the project. At an estimated cost of \$4.7 billion, Chuandongbei is one of the [large capital projects](#) Chevron is developing in 2012. Plans call for two sour-gas processing plants with a combined capacity of 740 million cubic feet per day connected to five natural gas fields. Sour gas is natural gas containing hydrogen sulfide. It typically is processed into gas that meets customer specifications, natural gas liquids and elemental sulfur. Elemental sulfur can be used in fertilizer and other products.

In 2011, the company continued construction of the first natural gas processing plant and development of the Luojiashai and Gunziping natural gas fields. In 2012, we plan to begin site preparation at the second natural gas processing plant, well pads and gathering system locations.

Planned maximum total daily natural gas production is 558 million cubic feet. The initial phase is expected to start up in 2013.

Moving Into Deep Water in the South China Sea

Chevron operates three deepwater blocks in the South China Sea that cover approximately 4.8 million acres (19,000 sq km). The company has a 100 percent interest in Blocks 53/30 and 64/18 and a 59.2 percent interest in Block 42/05, with separate production-sharing contracts for each block. The company [acquired operated interests](#) in 2010.

During 2011, 3-D seismic data was collected for Blocks 53/30 and 64/18, and we began a three-well drilling program. The first well was unsuccessful. The second and third wells are expected to be completed by mid-2012.

Strong Partnerships Offshore

Chevron works in the Pearl River Mouth Basin area of the South China Sea with China National Offshore Oil Corp. (CNOOC) and Eni, in the CNOOC/Agip/Chevron/Texaco (CACT) Operators Group (a consortium of CNOOC, Agip and Chevron).

Under the CACT partnership, Chevron has a 32.7 percent nonoperated working interest in offshore Blocks 16/08 and 16/19 in the Pearl River Mouth Basin. Following earlier storm damage, production from those blocks was fully restored in October 2011 with the installation of a permanent floating, production, storage and offloading vessel.

In Bohai Bay, the company holds a 16.2 percent interest in Block 11/19, which is operated by CNOOC. A project to replace a floating, production, storage and offloading vessel continued in 2011 and is expected to be completed in 2013.

Also in Bohai Bay, Chevron has a 24.5 percent working interest in the QHD 32-6 oil field, which was the first CNOOC-operated development involving foreign participation. In January 2012, the company reached a final investment decision for the QHD 32-6 Stage 2 project, which includes additional facilities and wells to further develop resources in the field.

Natural Gas from Shale

In April 2011, Chevron signed a joint study agreement to explore for [natural gas from shale](#) in the Qiannan Basin. Seismic operations began in July 2011. Drilling on the initial well began in the first quarter of 2012.

Marketing and Retail

There are about 70 Caltex® service stations in China, including in the Hong Kong and Macau Special Administrative regions. We also expanded our network of retail outlets, mainly in Guangdong Province. The stations, operated by Caltex South China Investment Ltd., are equipped with retail convenience stores.

Our Caltex lubricants business has sales, marketing, manufacturing and distribution operations throughout the country, including in Beijing, Shanghai, Guangzhou, Chengdu, Tianjin and Hong Kong. We also sell and distribute our products in central China through a joint venture in Shanghai.

In 2010, we increased lubricants sales nationwide by more than 25 percent over the previous year by expanding our distributor network and forging new relationships with Chinese and international original equipment manufacturers. Caltex Havoline® and Delo® engine oils and coolants are among the best-selling lubricants and specialty products in their class and are widely used as factory fill and after-market products by automotive and original equipment manufacturers.

Chevron Global Aviation is one of the major jet fuel suppliers at Hong Kong International Airport. We also sell jet fuel to airlines that use Macau International Airport.

Chevron Phillips Chemical Company LLC (CPChem) is 50 percent owned by Chevron. Through its affiliates, CPChem operates a polystyrene plant in Zhangjiagang that is capable of producing 100,000 metric tons per year of polystyrene, used for plastic consumer products.

CPChem also has a 40 percent interest in Shanghai Golden Phillips Petrochemical Company Ltd., a high-density polyethylene (HDPE) plant in Jinshanwei near Shanghai. HDPE is used in food and beverage containers, plastic pipe, merchandise bags, and milk jugs, among other things.

In addition, CPChem sells styrene monomer, 1-hexene, specialty chemicals, Ryton and K-Resin. Styrene monomer is a raw material used to make packaging, automotive parts, electronics, carpeting and other products. The organic compound 1-hexene is used to make HDPE and other chemicals. Ryton is a synthetic fiber used in well drilling cables. K-Resin is a plastic made into packaging, toys, medical components and other products.

Chevron Oronite maintains an office in Beijing to handle the sale of lubricants and fuel additives to national and international oil companies as well as to local lubricants blenders. The company provides products for marine, automotive, industrial and specialty uses.

In the Community

Earning the respect of the communities where we work is vital to Chevron's goal of being admired for our people, performance and partnership. We support educational, environmental, health and other social programs in China and provide grants to nonprofit organizations that meet local needs.

Education

Working through the Spring Bud program, managed by the China Children and Teenagers Fund, Chevron supports a program that enables young women from low-income areas to continue their education. Spring Bud has helped several hundred students in Sichuan, Hebei, Xinjiang and Shanxi.

Chevron's Caltex business supports programs that benefit needy children and families. In Hong Kong, Caltex provides a wide range of activities through Caltex Project Chance. These efforts broaden the learning opportunities for children living in poverty.

Caltex Project Chance also helps improve the social and emotional development of needy families. The program promotes better parent-child relationships and improved health and physical well-being for children. The program also links families with community support groups.

Since 2010, Chevron has sponsored participation by the Boys & Girls Clubs Association of Hong Kong in the Innovation Carnival at Science and Technology Parks. The annual weeklong event gives children the opportunity to learn about technology in their daily lives.

With funds donated by Chevron and our employees, the Nanba Number 2 Primary School was reopened in 2011. The school was destroyed in the 2008 Sichuan earthquake. In addition, two doctors and two nurses from Nanba and Xuanhan received specialized emergency medicine training in Beijing.

Environment

In China, Chevron is a key sponsor of the Jane Goodall Institute and supports the Roots & Shoots program, which organizes environmental and animal protection activities, including classes outside of school. In 2010, Chevron sponsored Dr. Jane Goodall's tour of China. Goodall gave public lectures and traveled with a photo exhibition of her 50 years of research on chimpanzees in the Gombe National Park in Tanzania.

Serious water shortages affect people living in China's arid western region. Chevron partnered with the China Women's Development Foundation in a project that creates water cellars and provides drinking water for farmers. In the past few years, Chevron donations have benefited more than 500 families in western China.

In the town of Zishui, in Chongqing Municipality, Chevron assisted the local government with a waste management education program.

In 2011, Chevron Hong Kong sponsored a charity function organized by local nongovernmental organization Bridge2China. Money was raised to build footbridges in remote villages in China. The bridges allowed people to travel safely and efficiently, enhancing economic activities.

Health

Since 1997, Chevron has supported Operation Smile, which provides free surgeries to correct facial deformities for children living in disadvantaged regions throughout China. In November 2010, Chevron's participation helped 63 children from Kai County, in the Chuandongbei project area, receive treatment.

Chevron supports an HIV public awareness program run by the Red Cross Society of China. The program aims to reduce discrimination toward people living with HIV, prevent the spread of the disease and provide care for the infected. In April 2010, a

one-year program was launched in Chengdu, Sichuan, to educate more than 10,000 college students, migrant workers and residents about HIV/AIDS.

Chevron donated a heart monitor/EKG/defibrillator to the Xiaba Health Clinic, which supports more than 190 relocated families in Pinyuan Village, near the site of the Chuandongbei Gas Project gas processing plant.

Record of Achievement

Chevron first entered China in 1904, when it began selling kerosene for lamps and home heating. In the 1920s, we opened service stations and sales outlets in major Chinese cities. During the late 1930s, we began marketing petroleum products under the Caltex® brand.

In 1979, Chevron was one of the first Western companies to reenter China. Chevron became a partner in one of China's first offshore oil production projects, in the Pearl River Mouth Basin of the South China Sea. Discovered in 1985, the Huizhou oil fields began production in 1990.

In 2007, the company signed a 30-year production-sharing contract with China National Petroleum Corporation for the joint development of the Chuandongbei natural gas field in central China.

Chevron participates as a one-sixth owner of the Australian North West Shelf Venture liquefied natural gas (LNG) project, which won the right to provide natural gas to China's first LNG supply contract. In 2006, the Chevron-operated Northern Swan LNG carrier made the first North West Shelf deliveries to China's first LNG facility, in Guangdong Province.

Through our joint venture Chevron Phillips Chemical Company LLC (CPChem) and its affiliates, we began operating a polystyrene plant in Zhangjiagang City, Jiangsu Province, in 2000. Polystyrene is used to make plastic dinnerware, CD cases, insulation and foam drink cups, among other things.

Development Programs

Chevron provides the local Chinese workforce with many learning and development opportunities. Courses cover subjects ranging from management and leadership training to communication skills and petroleum industry primers.

Chevron launched a career development program in 2008 in China. Thirteen positions were made available to university master's degree graduates by July 2011. As of early 2012, another seven positions were expected to be offered to Chinese graduates with backgrounds in petroleum studies.

Chevron also extends development programs to our joint-venture partners. For example, new employees entering the CNOOC/Agip/Chevron/Texaco (CACT) Operators Group (a consortium of China National Offshore Oil Corp. [CNOOC], Agip and Chevron) are given hands-on training in order to work effectively and safely. We frequently use employee exchanges to share technology and skills with our Chinese partners. In 2009, 18 field operators from PetroChina received three months of training on how to work safely with advanced equipment that will be used in sour-gas production. The training was provided at Chevron's Employee Resource Training Center in Lafayette, Louisiana.

In 1985, Chevron began licensing our proprietary Vacuum Residue Desulfurization technology to Sinopec Qilu Petrochemicals in Shandong Province. The technology is used to reduce sulfur content in fuel. This was followed by a hydroprocessing technology being licensed to Sinopec Qilu. Chevron's hydroprocessing technology helps refiners improve the quality and increase the quantity of their base oil production.

Awards and Recognition

In August 2010, Chevron and our partners in Bohai Bay received two awards from the Chinese government. The National Auditing Agency recognized the joint venture for compliance with auditing, business ethics and anticorruption efforts. The second award was from the Chinese Environmental Protection Agency for replacing a crude-burning generator with a gas turbine generator. Gas that was previously flared generated power and saved more than 100 barrels of oil per day.

Several publications and their readers presented Caltex with honors in 2011.

- *Reader's Digest* recognized Caltex stations for the best service for the 11th straight year.
- Hong Kong's *Next Magazine* gave Caltex the Top Service Award for the fifth year in a row.
- *Automobile Magazine* honored Caltex with its Best Oil Company Award.

The company was also recognized in 2011 by the Hong Kong Council of Social Service, a group comprising 370 nongovernmental organizations. For the fifth year running, Chevron received the Caring Company Award for our sponsorship of Project Chance, a program organized by the Boys & Girls Clubs Association of Hong Kong.

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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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