



Kazakhstan Fact Sheet

Highlights of Operations

Chevron is Kazakhstan's largest private oil producer, holding important stakes in the nation's two biggest oil-producing projects—the Tengiz and Karachaganak fields.

Tengiz is the world's deepest operating super-giant oil field, with the top of the reservoir at about 12,000 feet deep (3,657 m). Chevron holds a 50 percent interest in Tengizchevroil (TCO), which operates the field. The partnership also is developing the nearby Korolev Field.

TCO completed a \$7.4 billion expansion, referred to as the Sour Gas Injection and Second Generation Plant, in 2008. The integrated expansion projects increased TCO's crude oil production capacity by approximately 80 percent.

Chevron also holds a 20 percent interest in the Karachaganak Field, Kazakhstan's second-largest producing petroleum reserve.

Chevron is the largest private shareholder in the Caspian Pipeline Consortium pipeline. The pipeline provides a critical export route for crude oil from TCO and Karachaganak. In December 2010, our partners joined us in approving a major expansion of the pipeline.

Chevron also has a polyethylene pipe plant in Atyrau.

In Kazakhstan, as in any country where Chevron does business, we are a strong supporter of programs that help the community.

Business Portfolio

Exploration and Production

Chevron is involved in two of Kazakhstan's largest projects: Tengizchevroil and the Karachaganak Field. Total average daily production in 2010 was 831,000 barrels of crude oil and natural gas liquids (291,000 net) and 1.7 billion cubic feet of natural gas (487 million net). Chevron has a 50 percent interest in TCO.

Tengizchevroil Looks Ahead

Tengizchevroil's total daily production in 2010 averaged 567,000 barrels of crude oil (234,000 net), 822 million cubic feet of natural gas (338 million net) and 44,000 barrels of natural gas liquids (18,000 net).

In 2010, TCO continued to ramp up the Sour Gas Injection (SGI) and Second Generation Plant (SGP) facilities.

About one-third of the sour gas is separated from the crude oil production at the SGP processing unit, or train, and is reinjected at very high pressure into the Tengiz reservoir. Sour gas is natural gas that contains significant amounts of hydrogen sulfide. SGI is designed to increase production efficiency and recoverable volumes, as the injected gas maintains higher reservoir pressure and displaces oil toward the producing wells.

TCO continues to evaluate options for another significant expansion project based on the SGI/SGP project. The Future Growth Project will utilize sour gas injection technology and is expected to increase total daily crude oil production between 250,000 and 300,000 barrels.

During 2010, the majority of TCO's crude oil production was exported through the Caspian Pipeline Consortium (CPC) pipeline. The balance was moved by rail to Black Sea ports or to Aktau, Kazakhstan, then by tanker to Baku, Azerbaijan, for shipment by rail to Black Sea ports.

Karachaganak, Among the World's Largest Fields

The Karachaganak Field in northwest Kazakhstan is one of the world's largest oil and gas condensate reserves. Chevron has a 20 percent nonoperated working interest in the field. In 2010, total daily production from the Karachaganak Field averaged 220,000 barrels of liquids (39,000 net) and 840 million cubic feet of natural gas (149 million net).

During 2010, Chevron and our Karachaganak partners continued work on a fourth oil-stabilization unit. The project is designed to process 56,000 barrels per day of sour condensate production into stabilized and sweetened oil. The fourth train is expected to start up in the second quarter of 2011.

Moving Product to Market via the CPC Pipeline

Chevron has a 15 percent interest in the 935-mile (1,505-km) CPC crude oil export pipeline that runs from the Tengiz Field in Kazakhstan to the Black Sea port of Novorossiysk in Russia. The consortium has 11 transportation agreements in place and transported an average of 743,000 barrels of crude oil per day in 2010, including 607,000 barrels per day from Kazakhstan and 136,000 barrels per day from Russia. In addition, approximately 39,000 barrels per day of Tengiz crude was discharged at Atyrau, Kazakhstan, for loading onto rail cars.

In December 2010, CPC partners made a final investment decision to expand the pipeline capacity to 1.4 million barrels per day. The \$5.4 billion project is planned to be implemented in three phases, with capacity increasing progressively until reaching full capacity in 2016. The expansion is expected to provide additional transportation capacity to accommodate TCO and increased production.

Building on Success and Diversifying the Economy

Chevron is helping Kazakhstan meet one of its goals: to diversify its economy. Since 2003, the company has owned and operated a polyethylene pipe plant in Atyrau that is managed and operated entirely by national employees. The plant's five processing lines have a production capacity of 15,000 tons of polyethylene pipes per year. In 2011, the plant began producing metal-plastic bonded pipe that can be used for heating and hot water supply. Chevron is planning to build and operate another plant in Atyrau to produce iron valves.

Both plants bring new technology to Kazakhstan and are expected to supply the country with products that are currently imported. In addition, there is potential for export.

Marketing and Retail

Chevron markets both Texaco® and Chevron® lubricants through two separate distributor networks.

In the Community

In Kazakhstan, Chevron partners with local and national governments, communities, nongovernmental organizations, and other groups to deliver programs in three areas:

Basic human needs

Education and career training

Support for local small and medium-size businesses

Committed to the Community

Chevron's community engagement priorities are shared by our joint ventures. For example, from 1993 to 2010, Tengizchevroil gave more than \$645 million to fund social projects for the community and employees in the Atyrau province.

Our community investment efforts are managed by two signature programs: Egilik, which is Kazakh for "benefit," and the TCO Community Investment Program.

When the Tengizchevroil joint venture began in 1993, the company created a five-year, \$50 million program called the Atyrau Bonus Fund. TCO began working closely with the Atyrau region Akimat leadership to select social infrastructure projects for funding. In 1999, TCO replaced the fund with Egilik. It began in 2000 with a \$4 million budget and has grown steadily. By the end of 2010, TCO had invested \$165 million in the Egilik and Atyrau Bonus programs. Funds have supported schools, hospitals and clinics, as well as the construction of water and electricity projects.

Currently, most of Egilik's \$20 million budget is dedicated to replacing the water system in Kulsary, the nearest community to the Tengiz field and home to many TCO employees and contractors. This three-year project addresses one of the TCO Community Investment Program's key focus areas: health.

TCO has a small and medium-sized business development program that provides financial assistance to local entrepreneurs in areas such as agriculture, waste management, medical, and oil and gas equipment and services. Since 1997, TCO has given more than \$7.8 million to these small-business development programs.

Tengizchevroil has recently updated its Community Investment Program to more closely align with the needs and goals of the community and business. TCO works to add value to the business and community in an ethically and socially responsible way. The company also seeks to build human, societal and organizational capacity in order to maintain a thriving local economy and society in a self-sustaining way.

Karachaganak Investing in the Future

Our Karachaganak partners also are committed to helping the community. Since 2009, they increased its annual investment in social infrastructure projects in the West Kazakhstan region from \$10 million to \$20 million.

To date, the affiliate's social investments have topped \$155 million. Over the 40-year life of the final production-sharing agreement, this figure will exceed \$500 million.

Promoting Respect for the Environment

For the fourth year in a row, Chevron has run the National Contest of Children's Environmental Business Projects, aimed at teaching school children to address local environmental problems. Chevron has provided grants for the best projects. Since its inception in 2007, the number of participants has grown from 52 to 205 in 2010.

In 2008, Chevron launched an energy efficiency program and an annual contest for energy efficiency projects. The programs encourage students and young scientists to create modern energy conservation technologies and to raise community awareness. The number of participants has more than doubled since inception, to 42 in 2010.

Building Greater Opportunities in Education

Chevron's University Partnership Program works with colleges and universities around the world to provide scholarships and grants to promising students. In Kazakhstan, Chevron works with Kazakh National Technical University (KazNTU) to develop accreditation for new curricula and provide grants and scholarships. We have provided scholarships for 150 high-achieving graduate and undergraduate students at KazNTU. In 2009, Chevron supported a joint geological field trip to Kazakhstan for students and faculty of KazNTU and the Colorado School of Mines. In 2010, Chevron sponsored a team of KazNTU professors and students to study geology in Colorado.

In partnership with KazEnergy Petroleum and the Energy Association, Chevron provides scholarships and grants to students in vocational secondary schools, colleges and universities. Since 2007, more than 300 students have received financial support through this program.

Since 2006, Chevron has helped more than 450 orphans and boarding school students in Almaty, Astana and Atyrau choose their future profession and acquire new life skills using a special self-determination course. The Ministry of Education and Science Professionals plans to introduce the course into the 12-year curriculum at other schools in the future.

In 2009–2010, in cooperation with the U.S. Agency for International Development and our business partners, Chevron implemented the Know About Business (KAB) program. KAB provides vocational school students with knowledge and skills in entrepreneurship, thus supplying the country's economy with a more professional and versatile labor force. More than 600 teachers received KAB training and presented the program to more than 500 vocational schools throughout Kazakhstan.

In 2010, Chevron began an annual job training program for unemployed women in Almaty and Astana. Of the 455 women who took part in the first year, about 80 percent found work, and another 5 percent started their own businesses. Micro loans were given to about 10 of the entrepreneurs.

Promoting Cultural Understanding

To promote greater understanding of Kazakh culture, Chevron sponsored "Kazakhstan Explored: The Expeditions of Chokan Valikhanov" in 2010. The online exhibit was organized by the Smithsonian. The project introduced an international audience to Kazakhstan's culture and science by telling the story of Chokan Valikhanov, sometimes called "the first Kazakh scholar."

The American Chamber of Commerce gave the project the Support for Kazakh Culture Award for raising international awareness of Kazakhstan's cultural heritage.

Record of Achievement

With the formation of Tengizchevroil in 1993, Chevron became the first major Western oil firm to work in Kazakhstan.

In 1997, Texaco, which later merged with Chevron, acquired a 20 percent stake in the Karachaganak Field, Kazakhstan's second-largest producing petroleum reserve.

Chevron—in conjunction with 10 companies and government partners—opened the Caspian Pipeline Consortium pipeline in 2001. Another pipeline linking the Karachaganak Field to the Caspian system at Atyrau began operations in 2003.

In 2003, Chevron opened a \$24 million polyethylene pipe plant in Atyrau, the first such facility in Kazakhstan.

In 2008, Tengizchevroil completed the Sour Gas Injection and Second Generation Plant expansion, nearly doubling daily production of oil and natural gas.

Chevron launched production of metal-plastic bonded pipes in 2011.

Health, Environment and Safety

Protecting people and the environment is one of Chevron's core values.

TCO celebrated an important safety milestone in January 2010, achieving more than 24 million work-hours without an employee day-away-from-work injury.

From the earliest days of operation, the staff of the Atyrau Polyethylene Pipe Plant has worked without a day-away-from-work injury. Plant employees continue to achieve excellent results, thanks to continuous safety training and weekly safety audits. The plant has achieved 900,000 work-hours, or more than seven years, of incident-free operation.

Chevron has invested heavily in protecting the environment. Since 2000, TCO has spent more than \$2.2 billion on measures that have reduced natural gas flaring by 98 percent.

Economy

Chevron contributes to Kazakhstan's economy through employee salaries, purchases of goods and services from local suppliers, tariffs and fees paid to state-owned companies, and taxes and royalties paid to the government.

From 2005 to 2010, TCO spent \$9.6 billion on Kazakhstani goods and services—\$1.35 billion in 2010 alone.

The implementation of the local vendor development program has enabled our partners at Karachaganak to work with a large number of national companies. Since 1997, they have procured goods and services worth more than \$4 billion from Kazakhstani companies.

Since 1993, the proportion of employees at TCO who are Kazakhstan citizens has grown from 50 percent to 85 percent. A steadily growing number of nationals are assuming management positions. Kazakhstanis now make up 76 percent of managerial and supervisory positions.

All managers and staff at Chevron's Polyethylene Pipe Plant are Kazakhstani. Our plant has created about 130 local jobs, including 65 employee positions.

Since 2008 and through 2010, Chevron and our partners at Karachaganak spent almost \$39 million on local staff development.

Chevron applies the most up-to-date equipment, technology, methods and expertise to its oil and gas business in Kazakhstan. The company deploys all of its technologies with the goal of increasing reserves and production, accelerating development, and reducing costs. Chevron's national workers are exposed to the latest developments in oil field operations.

In 2008, Tengizchevroil was given the Silver Paryz Award for a community engagement project in Kulsary. TCO helped build a vocational school to give students the training needed to supply the nation's oil industry with its future leaders.

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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

This page from Chevron.com 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.

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