



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 – Tengiz and Karachaganak.

Tengiz is the world's deepest operating super-giant oil field, with its top 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 recently completed a \$7.4 billion expansion that completed two projects referred to as the Sour Gas Injection and Second Generation Plant. The integrated expansion projects increase TCO's crude oil production capacity by approximately 80 percent.

Chevron also holds a stake in Karachaganak, 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.

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 (TCO) and Karachaganak. Total average daily production in 2008 was 629,000 barrels of crude oil and natural gas liquids and 1.3 billion cubic feet of natural gas (267,000 barrels of net oil-equivalent).

Tengizchevroil

Tengizchevroil's total daily production in 2008 averaged 377,000 barrels of crude oil (156,000 net), 494 million cubic feet of natural gas (195 million net) and 28,000 barrels of natural gas liquids (12,000 net).

In 2008, TCO completed the Sour Gas Injection (SGI) and Second Generation Plant (SGP) projects. The projects increased total TCO daily production capacity to 540,000 barrels of oil and 760 million cubic feet of natural gas.

About one-third of the sour gas is separated from the crude-oil production at the SGP processing train and is reinjected at very high pressure into the Tengiz reservoir. 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. In 2008, the company recognized additional proved reserves associated with the SGI expansion.

In early 2009, TCO was evaluating options for another significant expansion project based on SGI/SGP technologies.

During 2008, the majority of TCO's production was exported through the Caspian Pipeline Consortium (CPC) pipeline. Incremental production not transported via the CPC pipeline was moved by rail to Black Sea ports or by rail to Aktau, Kazakhstan, then by tanker to Baku, Azerbaijan, for shipment through the Baku-Tbilisi-Ceyhan pipeline to Ceyhan or by rail to Black Sea ports.

Karachaganak

Karachaganak is a natural gas and condensate field located in northwest Kazakhstan. Operated by Karachaganak Petroleum Operating, it is one of the world's largest oil and gas condensate reserves. Chevron has a 20 percent share in the field. In 2008, total daily production from Karachaganak averaged 224,000 barrels of liquids (41,000 net) and 843 million cubic feet of natural gas (153 million net).

During 2008, Chevron and our Karachaganak partners continued work on a fourth oil stabilization train designed to process sour condensate production into 56,000 barrels per day (11,000 net barrels) of stabilized and sweetened oil. The higher-quality oil would then be exported to world markets. The fourth train is expected to start up in 2011.

Marketing and Retail

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

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 675,000 barrels of crude oil per day in 2008, including 557,000 barrels per day from Kazakhstan and 118,000 barrels per day from Russia. In addition, approximately 15,000 barrels per day of Tengiz crude was discharged at Atyrau for loading onto rail cars.

Improving production efficiency could provide additional transportation capacity to accommodate increased TCO volumes. In late 2008, consortium partners agreed on the principles to expand the pipeline design capacity to 1.4 million barrels per day by 2013. As of early 2009, the required governmental approvals for the expansion had not been received, and the timing of a final investment decision was uncertain.

Chevron also has a polyethylene pipe plant in Atyrau. Using state-of-the-art equipment and technology, the plant can produce 15,000 tons per year of high-density polyethylene pipe.

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

Our community engagement priorities are shared by our joint ventures. For example, from 1993 to 2008 Tengizchevroil (TCO) gave more than \$450 million for social improvement investments for the community and employees.

In 1993, TCO started the five-year, \$50 million Atyrau Bonus Fund that sponsored social infrastructure projects such as health clinics, a local bakery, a boiler plant and new homes for victims of flooding. TCO launched the Egilik (Kazakh for "benefit") program in 1999. By the end of 2009, Egilik will have provided more than \$95 million to meet community health, education and social infrastructure needs. Aid was provided for hospitals, university buildings, schools, gasification and power lines, upgrading of water supply systems, resurfacing of roads, and beautification of buildings within the Atyrau and Zhylyoi districts, where the Tengiz Field is located.

TCO also has provided financial assistance to local entrepreneurs in agriculture, catering, medical and community services, and more. Since 1997, TCO has given more than \$7.2 million to these small-business development programs.

TCO's educational sponsorships have provided schools in Atyrau and the Zhylyoi region with computer classes, supported an applied economics seminar at Atyrau University, and funded school presentations on oil and gas and summer camp presentations on protecting the environment.

Our affiliate Karachaganak Petroleum Operating also is committed to helping the community. Karachaganak invests \$10 million annually in social infrastructure projects in the West Kazakhstan oblast. To date, the affiliate's social investments have topped \$137 million. During the 40-year life of the final production-sharing agreement, this figure will exceed \$500 million.

For four years, Chevron has run a program that has helped provide professional skills to more than 350 children in orphanages and boarding schools. The project is supported by Kazakhstan's Ministry of Education and Science and may expand to secondary schools.

The Chevron Technical Scholarship Program at the Kazakh National Technical University is a part of our global University Partnership Program, which is working with 18 universities in 10 countries.

In 2008, Chevron started the Energy Saving Contest for schoolchildren, students and scientists. Chevron also supported development of a new college course that examines sustainable development and energy efficiency. The class is offered at Kazakh National Technical University in partnership with the Global Environmental Facility. Our efforts were recognized in 2008 by the Ministry of Education and Science of the Republic of Kazakhstan, which awarded Chevron the Gold Medal of a Patron of Education.

In 2006, Chevron, the Eurasia Foundation, and the Ministry of Culture and Information started a business development program for artisans. The program helps artisans improve their skills and expand their access to new markets. An artisans' network also was created. In October 2008, Chevron earned national recognition for the program as recipient of the Altyn Zhurek (Golden Heart) Award.

Record of Achievement

Chevron became the first major Western oil firm to work in Kazakhstan, with the formation of Tengizchevroil (TCO) in 1993.

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

In 2001, Chevron – in conjunction with 10 companies and government partners – opened the Caspian Pipeline Consortium pipeline. 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, Chevron was honored by the government of Kazakhstan with two awards, for Long-Term and Stable Investment Cooperation and for Contribution to Kazakhstan's Investment Image.

Health, Environment and Safety

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

TCO celebrated an important safety milestone in 2008 – achieving more than one year with no employee day-away-from-work injuries. TCO now has reached more than 17 million man-hours without an employee day-away-from-work injury.

As of year-end 2008, our affiliate Karachaganak Petroleum Operating had accumulated 23.2 million man-hours without a lost-time incident.

From the very first days of operation, the staff of the Atyrau Polyethylene Pipe Plant have worked without a day-away-from-work injury. Plant employees continue to achieve excellent results, thanks to continuous safety training and weekly safety audits. By July 2008, the plant had achieved 600,000 man-hours, or more than five years, of incident-free work.

Chevron has invested heavily in protecting the environment. In the past nine years, TCO has spent approximately \$1.9 billion protecting the environment. During that time, TCO has reduced flare volumes by 82 percent and air emissions per ton of oil produced by 56 percent.

In 2008, the Caspian Pipeline Consortium marine terminal at Novorossiysk celebrated a major milestone – loading the 1,500th tanker since beginning operations in 2001.

Economy

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

From 2006 to 2008, TCO spent \$3.6 billion on Kazakh goods and services. To date, more than 3,400 purchase orders have been issued to more than 320 Kazakhstan vendors, and more than 100 contracts have been awarded to locally owned companies.

The implementation of the local vendor development program has enabled Karachaganak Petroleum Operating to work with a large number of national companies. Since 1998, Karachaganak has signed contracts with 800 Kazakh companies for a total value of \$2.5 billion.

Since 1993, the proportion of employees and contractors at TCO who are Kazakhstan citizens has grown from 50 to 82.4 percent. A steadily growing number of Kazakhstanis are assuming management positions. Kazakhstanis today make up 78 percent of managerial, supervisory and specialist positions.

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

Over 2007 and 2008, Karachaganak spent more than \$21 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 applies 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.

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