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# Indonesia Fact Sheet

## Highlights of Operations

Chevron is a major partner in Indonesia's economy and an active member of the community. Chevron, through several wholly owned subsidiaries, including PT. Chevron Pacific Indonesia (CPI), produces nearly half of Indonesia's crude oil. CPI actively pursues the search for oil and gas from central Sumatra to offshore East Kalimantan.

Through its subsidiary PT. Chevron Oil Products Indonesia, Chevron markets and sells lubricants throughout Indonesia.

In the 1990s, the company expanded its operations to include electric power generation, relying on geothermal and other forms of renewable power production. Chevron is now the world's largest producer of geothermal energy, generating more than 630 megawatts of clean, reliable and affordable energy in Indonesia alone.

Chevron Geothermal manages two geothermal projects in Indonesia – Darajat and Salak, both on the island of Java. The Darajat project supplies geothermal steam, which generates 259 megawatts of electricity. June 2007 marked the start of commercial production at our new 110-megawatt Darajat III geothermal power plant. All power from the Darajat site is sold directly to the national grid. Darajat III is the largest project in the world registered under the United Nations Clean Development Mechanism.

The Salak project is among the largest in the world, with a total geothermal generation capacity of 377 megawatts. A drilling program that began in 2006 is scheduled to continue in a phased development through 2010 in order to meet the steam needs of the power plant and optimize the field.

The combined output from our Darajat and Salak geothermal operations now produces sufficient renewable energy to supply approximately 4 million homes in Indonesia.

Chevron also has 95 percent interest and operates the North Duri Cogeneration Plant in Sumatra, supplying up to 300 megawatts of electrical power to CPI as well as steam in support of CPI's Duri steamflood project.

## Business Portfolio

## **Exploration and Production**

Chevron operates in partnership with Indonesia's Executive Agency for Upstream Oil and Gas Business Activities (BPMIGAS) as formalized through production-sharing contracts (PSCs).

Chevron's total daily production in Indonesia averaged 503,000 barrels of liquids per day in 2007, making us the country's largest oil producer. Total production of natural gas was 606 million cubic feet. The company's net oil-equivalent production in 2007 was 241,000 barrels per day.

CPI has interests in and operates in three PSC areas in Sumatra. The company also holds nonoperated working interests in South Natuna Sea Block B and additional interests in six offshore Indonesian PSC areas covering approximately 4 million acres (16,000 sq km).

CPI continually works to optimize production, increase recovery and improve reliability from its existing reservoirs. During 2007, the majority of CPI's production came from fields under primary or secondary recovery within the Rokan PSC. The largest producing field is Duri, which has been under steamflood since 1985 and is one of the world's largest steamflood developments.

One of Chevron's major development projects is the North Duri Area 12 project, which is planned to come onstream in late 2008.

In the rest of the Rokan Block in the Sumatra light-oil area, CPI operates more than 85 active production fields. To sustain production in these fields, CPI continues to expand waterflood recovery programs, including waterflood optimization in the giant Minas Field.

Exploratory drilling programs in the Rokan and Siak blocks continue to focus on lower-depth objectives. In December 2007, two exploration wells were drilled in the Sihangat and Pilar fields, both located in the Rokan PSC.

Offshore, Chevron operates 12 producing crude oil and natural gas fields in the Kutei Basin area. Crude oil and natural gas production from the northern fields are processed at the company-operated Santan terminal and liquids extraction plant. Natural gas is transported by pipeline to the Bontang LNG plant.

Exploration continues in the East Java Sea Basin. In Block B in the South Natuna Sea, a five-phase development project supports two long-term gas sales contracts to Malaysia and Singapore. Drilling for the first three development phases continued in 2007, with first oil from the Kerisi Field produced in December 2007. First liquefied petroleum gas from the Belanak Field was achieved in April 2007.

Also in Block B, the North Belut development project is in the fourth phase of development. The North Belut Field is the largest hydrocarbon-bearing structure in the West Natuna Basin, with sufficient natural gas reserves to meet approximately 50 percent of the total gas volume required under the Malaysian gas sales contract. First production is expected in 2009.

## **Marketing and Retail**

PT. Chevron Oil Products Indonesia (COPI) markets and sells lubricants to the consumer, commercial and industrial sectors throughout Indonesia. COPI is headquartered in Jakarta, West Java, with branch offices in Medan, Sumatra; Jakarta; Surabaya, East Java; and Balikpapan, Kalimantan.

Other products, such as asphalt and liquefied petroleum gas, are imported into the country for sale to local distributors. Chevron Products Co. supplies hydroprocessing technology, catalysts and technical service to Pertamina's refining sector.

The government in Indonesia is gradually deregulating the country's downstream market, and COPI has recently obtained a license to expand its downstream business.

## **In the Community**

In Indonesia, the expression *gotong royong* means offering assistance, sharing burdens and working with others. Chevron has a long history of embracing *gotong royong*. Over the years, the company and its employees have contributed in many ways to education and vocational training, health and human services, and small business and micro-enterprise development.

## **Education and Vocational Training**

The first milestone in the history of CPI's community engagement program took place on October 8, 1957, when CPI donated a building to house the first state senior high school in Pekanbaru, Riau. It is still one of Pekanbaru's most prestigious schools, whose alumni are among Indonesia's national public and government figures.

CPI provides educational assistance in the form of scholarships, tuition fees for more than 70 master's and doctoral degrees, and apprenticeship programs for more than 200 university graduates. CPI has also helped developed coursework at the university level.

CPI has long been active in supporting the education of Sakai people, an indigenous tribe in Riau. CPI supplies books, provides incentives for teachers and offers educational grants to thousands of Sakai children.

CPI built and continues to sponsor the Riau Caltex Polytechnics (PCR), the province's first elite polytechnic university. Course curriculum was designed to match the province's business needs and contribute to its economic growth. As many as 476 students have graduated from the PCR; more than 80 percent have obtained jobs with within three months of graduation.

In the Darajat area of Java, Chevron helped train nonskilled workers so they could participate in the construction of the new geothermal power plant. As part of the training programs, workers recycled and transformed scrap material into furniture and distributed the finished pieces to the needy within the local communities.

In response to the 5.9 magnitude earthquake of May 2006 that hit Yogyakarta and central Java, Chevron assisted in the reconstruction of Kalongan Elementary School in Sleman, Yogyakarta. The reconstruction of this state-run elementary school was made possible through a unique model of sustainable reconstruction and recovery through partnership and is part of Chevron's Yogyakarta Earthquake Recovery program.

### **Small Business and Micro-Enterprise Development**

Chevron supports programs that offer training in agriculture, fisheries and home industries and that provide assistance to local businesses. In Local Business Development (LBD), the newest program, resources are used to develop surrounding small companies and cooperatives in Sumatra. More than 500 small local businesses and cooperatives have participated in the LBD workshops. LBD transactions have risen from \$1.3 million in 2001 to approximately \$6 million in 2007.

In Kalimantan, Chevron Indonesia Company (CICo) and Permodalan Nasional Madani joined forces and created the Community Enterprise Development Program (CEDP). CEDP aims to improve and strengthen the capacity of local micro finance and business enterprises through two key activities by establishing a micro finance institution as well as providing business management training. The target groups of CEDP are community-based business groups, individuals and small shop owners.

### **Chevron Aceh Recovery Initiative**

Following the December 2004 tsunami, which devastated the coastlines of so many Indian Ocean countries and struck Indonesia particularly hard, Chevron responded to meet the needs of the tsunami victims in Aceh and Nias by providing assistance through the Chevron Aceh Recovery Initiative (CARI).

One of the CARI's long-term programs is focused on providing vocational skills and economic development opportunities for those who live in Aceh. Three hundred thirty-nine students have completed their studies at the PCR. A three-month program provided training in road and home construction,

electrical installation, and computer applications. It is important to note that 80 percent of these graduates are now employed in Aceh, and several have started their own businesses, employing others.

To reinforce its commitment to developing the quality of human resources through educational efforts, Chevron launched a project to develop a polytechnic institution in Aceh, in partnership with the government of Aceh, the Aceh-Nias Reconstruction and Rehabilitation Agency (BRR), and USAID. The objective is to further improve the human resources capabilities of the Acehnese particularly, as well as all Indonesians, in key technical fields. The goal is to contribute to long-term economic development in Aceh.

The 97,000-square-foot (9,000-sq-m) polytechnic will consist of classrooms, laboratories, a library, offices, a mini auditorium, a main hall and administrative rooms. Construction began in 2007, with a grand opening expected in 2008.

Besides recovery of the basic infrastructure, an important key success factor for a sustainable recovery of the tsunami-devastated areas is the creation of job opportunities for the surviving population. Through the Business Startup Establishment (BUET) project, Chevron and our partner Swiss Contact aim to start 130 micro-enterprises and 40 small businesses, creating employment for 800 people.

The BUET project is an integrated microcredit program that helps provide training, business planning support, capital and business growth support for entrepreneurial Acehnese affected by the tsunami.

### **Record of Achievement**

Chevron's enduring relationship with Indonesia reaches back to the 1920s. The company's first significant step in Asian exploration and production came in Indonesia in 1924, when Chevron predecessor Standard Oil Co. of California (Socal) dispatched a geological expedition to the island of Sumatra. In 1936, the as-yet unproductive holdings became part of N.V. Nederlandsche Pacific Petroleum (later, CPI), a joint venture between The Texas Co. (later, Texaco) and Socal.

Five years later, the company drilled into the formation that would become the Duri Field, which today is the site of the world's largest enhanced recovery steamflood. In 1944, a well near the village of Minas – over which company explorers had placed a rig at the outbreak of World War II – became the largest oil field ever discovered in Southeast Asia. Production began after Indonesia won its struggle for independence in 1952.

### **National Recognition**

Chevron's companies regularly are honored for the way they operate in Indonesia. In 2007, we received several national awards, including:

- BPMIGAS Gold Award for Excellence in National Career Development
- Recognition Award from the Indonesia Heritage Foundation for contributions in education initiatives in Aceh
- Finalist for Metro TV's United Nations Millennium Development Goals Award in Improving Maternal Health

### **Health, Environment and Safety**

Protecting people and the environment and conducting our operations reliably and efficiently is an integral part of The Chevron Way. Chevron and its employees place the highest priority on the health and safety of our workforce and protection of our assets and the environment.

In the area of environmental protection, the company supports revegetation, nature parks, conservation areas and many other environmental programs around the country.

In Balikpapan, East Kalimantan, Chevron initiated the Domestic Waste Management program in 2005. This initiative successfully promotes healthy life principal as well as creates additional income for 450 household beneficiaries. This program has been adopted by the municipality of Balikpapan.

In Sumatra, CPI's mobile health services support 30 remote villages and provide health services and small-scale health and medical training for villagers. Annually, CPI provides vaccination and general health services.

### **Economy**

Chevron's day-to-day operations and capital investments make a sizable economic impact in Indonesia. Salaries and wages paid to Chevron workers exert an important "multiplier effect" on the region's economy. More than 7,000 employees and 32,000 business partner employees work for Chevron. More than 97 percent of employees and managers are Indonesian nationals.

More than 1,000 Chevron Indonesian national employees have completed U.S.-based assignments to further develop their professional and technical skills. Like the development of human resources, transfer of technology is an integral part of Chevron operations. A small group of expatriate employees help mentor Indonesian employees, exposing them to new technologies from around the world.

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