



# 2025 1Q Earnings Conference Call Edited Transcript

Friday, May 2, 2025



**Chevron**

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*This transcript has been edited by Chevron Corporation. It is generally consistent with the original conference call transcript. For a replay of the Investor Conference Call, please listen to the webcast presentation posted on [chevron.com](http://chevron.com) under the headings “Investors,” “Events & Presentations.”*

Operator: Good morning. My name is Katie, and I will be your conference facilitator today.

Welcome to Chevron’s first quarter 2025 earnings conference call. At this time, all participants are in a listen-only mode. After the speaker’s remarks, there will be a question-and-answer session, and instructions will be given at that time. If anyone should require assistance during the conference call, please press star and then zero on your touchtone telephone. As a reminder, this conference call is being recorded. I will now turn the conference call over to the Head of Investor Relations of Chevron Corporation, Mr. Jake Spiering. Please go ahead.

Jake Spiering: Thank you, Katie.

Welcome to Chevron’s first quarter 2025 earnings conference call and webcast. I’m Jake Spiering, Head of Investor Relations. Our Chairman and CEO, Mike Wirth, and CFO, Eimear Bonner, are on the call with me today.

We will refer to the slides and prepared remarks that are available on Chevron’s website.

Before we begin, please be reminded that this presentation contains estimates, projections and other forward-looking statements. A reconciliation of non-GAAP measures can be found in the appendix to this presentation. Please review the cautionary statement and additional information presented on Slide 2 [that can be found with today’s presentation materials on Chevron’s website].

Now, I will turn it over to Mike.

Mike Wirth: Thanks, Jake.

This quarter, Chevron delivered strong performance and advanced our plans to further strengthen the company over the near- and long-term. This included multiple project start-ups and asset divestitures.

Our advantaged portfolio underpins a track record of consistently rewarding shareholders through the cycle. Cash returned to shareholders has exceeded \$5 billion for 12 consecutive quarters. In the first quarter, we returned \$6.9 billion through dividends and buybacks.

We also acquired nearly 5% of Hess’ common shares and look forward to completing the merger in the coming months.

Recent macro uncertainty underscores the importance of cost and capital discipline, both core to Chevron’s leadership. Our 2025 capex and affiliate capex budgets represent a \$2 billion reduction from last year and we’ve targeted \$2 to \$3 billion in structural cost savings to be delivered by the end of next year.

Chevron has a proven track record of managing through uncertainty and commodity cycles, and with long-standing financial priorities as our guide, we’re well-positioned to win in any environment.



We're focused on execution to unlock industry-leading cash flow growth.

At TCO, we reached nameplate capacity in just 30 days, significantly ahead of plan. We expect cash distributions from TCO to increase going forward, including a \$1 billion loan repayment in the third quarter.

In the Gulf of America, we achieved first oil at Ballymore in April. This is the latest in a series of major project start-ups within the past year, that are expected to increase production to 300 thousand barrels of oil equivalent per day in 2026.

The expansion of our Pasadena refinery has further strengthened our Gulf Coast value chain.

And we've made good progress on our asset sale program, achieving premium valuations while retaining future upside in East Texas gas assets that could deliver over \$1 billion in value at today's prices.

In February, we announced senior leadership appointments and changes to our operating model to enable more efficient execution.

We're also expanding our pipeline of future opportunities:

- Adding more than 11 million net exploration acres since the start of last year;
- Advancing our giga-watt scale power solutions venture to support the U.S. AI data center build-out; and
- Participating in a pipeline project to increase export capacity in Argentina.

Now, I'll turn it over to Eimear to go over the financials.

Eimear Bonner:

Thanks, Mike.

For the first quarter, Chevron reported earnings of \$3.5 billion, or \$2.00 per share. Adjusted earnings were \$3.8 billion, or \$2.18 per share. Included in the quarter were special items totaling \$175 million; legal and tax charges were partially offset by the fair value measurement of the Hess shares. Foreign currency effects decreased earnings by \$138 million.

Organic capex was \$3.5 billion, our lowest quarterly total in two years. Inorganic capex was approximately \$400 million, primarily related to investment in our power solutions partnership.

Chevron generated cash flow from operations of \$7.6 billion excluding working capital.

Working capital was primarily tax payments related to the sale of our Canadian assets that completed in fourth quarter 2024. We expect a working capital unwind of \$1 billion over the remainder of the year.

In the quarter we issued new long-term debt of \$5.5 billion.

The purchase of Hess shares is expected to reduce the number of Chevron shares issued at closing by approximately 16 million.

Compared with last quarter, adjusted earnings were \$200 million higher.

Adjusted Upstream earnings were flat to last quarter; higher realizations and timing effects were offset by lower liftings and lower affiliate earnings mainly from higher DD&A at TCO.



Adjusted Downstream earnings were higher due to improved refining margins and lower turnarounds and maintenance.

First quarter oil equivalent production was flat to last quarter.

Production from the Future Growth Project at TCO and recent project start-ups in the Gulf of America offset impacts from asset sales.

We expect growth toward a sustained one million barrels of oil equivalent per day to resume in the Permian in the second quarter with higher frac activity.

Chevron's strategy and financial priorities remain consistent and our track record is proven.

We've grown our dividend for 38 consecutive years, through multiple commodity cycles, leading our peers in growth over the last decade.

We've built a resilient Upstream portfolio that leads our peers in breakevens. We're delivering growth projects that are expected to generate an incremental \$9 billion of free cash flow in 2026, at \$60 Brent.

Our capital program is as flexible and efficient as it has ever been, with the majority of 2025 spend directed to short-cycle assets and soon to be online deepwater projects such as those in the Gulf of America and Eastern Mediterranean.

Our balance sheet remains strong, with a net debt ratio of 14%, well below our target range of 20-25%.

We've repurchased shares 18 of the last 22 years, and bought back at record levels in the past two years. We provided a guidance range for annual buybacks of \$10 to 20 billion, dependent on market conditions, more than two years ago. That guidance remains unchanged. In line with the current macro environment, we expect share repurchases to be \$2.5 to \$3 billion in the second quarter.

I'll now hand it off to Jake.

Jake Spiering:

That concludes our prepared remarks. Additional guidance can be found in the appendix to this presentation and the slides and other information posted on [Chevron.com](http://Chevron.com).

We're now ready to take your questions. We ask that you limit yourself to one question. We will do our best to get all of your questions answered.

Katie, please open the lines.

Operator:

Thank you. If you have a question at this time, please press star one on your touchtone telephone. To allow for questions from more participants, we ask that you limit yourself to one question. If your question has been answered or you wish to remove yourself from the queue, please press star two. If you are listening on a speakerphone, we ask you to please lift your handset before asking your question to provide optimum sound quality. Again, if you have a question, please press star one on your touchtone telephone.

We'll take our first question from Neil Mehta from Goldman Sachs.

Neil Mehta:  
(Goldman Sachs)

Mike, I know you were in Kazakhstan a couple of weeks ago. I'd love a full rundown of your perspective on TCO, specifically, the start-up looks like that has gone well, early discussions around the concession extension and then your perspective around production levels and risk of curtailment.



Mike Wirth: Thanks, Neil.

First of all, I am really pleased with the commissioning and start-up performance at the Future Growth Project. It was a world-class ramp. We achieved nameplate capacity in less than 30 days. This was due to extensive testing of equipment during the commissioning phase, leveraging a lot of the same people, procedures and other practices that were put in service for the Wellhead Pressure Management Project over the prior 12 months – applying learnings from some of our other major capital start-up projects over the years.

We brought in experienced operators from the existing operations that are familiar with the field, with the operating conditions. People that have participated in other start-ups. It was just very, very well executed. We'll continue in the short term to do performance testing of major equipment under actual operating conditions, process optimization, et cetera. We are very, very pleased with that start-up and the performance to date.

I did travel to Kazakhstan last month and I had an opportunity to meet with President Tokayev. We had a very good visit. We talked about our historic partnership. We talked about our investments in the country and how they've delivered value over the last three decades plus. With the project behind us, we did turn our discussion to the future, and there was mutual intent expressed to negotiate an agreement which extends the concession beyond 2033.

I took away a very positive outlook on that. We think it's in everyone's best interest to try to complete these negotiations in a timely manner. That said, these are complex discussions. They do take some time to complete, and we'll provide updates on that as appropriate as those efforts advance.

Operator: We'll take our next question from Jean Ann Salisbury with Bank of America.

Jean Ann Salisbury:  
(Bank of America) A lot has been going on in the California refining market. With the recently announced competitor closures of refineries, how are you thinking about your position there?

Mike Wirth: We've got a strong position. We've got two refineries, [El Segundo and Richmond], that have good scale and good complexity. We've got strong integrated value chains with a strong brand in the marketplace. I'm not surprised to see the announcements that have come out. We've been pretty vocal that the policy coming out of the State, and Sacramento particularly, make it nearly impossible to invest in California going forward. The result of that has been significantly higher costs for consumers than in the rest of the country.

There is the risk that supply of fuels is going to be tighter and that creates future risk. On the last call, I said some of these policies, including the State inserting itself into operational matters like planning turnarounds, I think is an unwise move. I think central planning of the economy hasn't worked in other socialist states and it won't work in California is my prediction. We do not have any announcements on our refineries at this time.

Operator: We'll take our next question from Biraj Borkhataria, RBC.

Biraj Borkhataria:  
(RBC) I just wanted to go back to the financial framework and the decision to slow down the buyback today. If I look at the last 12 months, the payout ratio has been almost 100%, and that was obviously at an oil price much higher than it is today. So I'm just trying to reconcile how cash generation would look at \$60 or maybe below and how I reconcile that



with be the low end of the \$10 billion to \$20 billion range because to me, it looks like the bottom end of the range should maybe be lower than that \$10 billion.

So how are you thinking about the balance between executing the buyback on a consistent basis and then obviously leaning on the balance sheet because that balance sheet has allowed you to do countercyclical deals like Mobil and things like that? So I appreciate some color on that.

Mike Wirth:

Thanks, Biraj.

I'll take you back to our long-standing financial priorities. The first priority is to grow the dividend. We've increased that for 38 years in a row, a 5% increase earlier this year. Second is to invest in the business. We've been very disciplined with capital, lowered organic capital by \$1 billion this year and affiliate capital by another \$1 billion this year. [Third], keeping a strong balance sheet. [We have] 14% net debt, a AA credit rating, which is something very few companies in any industry carry. And [fourth], buybacks with a through-the-cycle approach. We've repurchased shares in 18 of the last 22 years, including through COVID, through the financial crisis.

More than two years ago, we announced, or we introduced guidance on the buybacks with a range of \$10 billion to \$20 billion based on a view of the external environment. The high end of that was premised on a strong outlook on the commodity. The lower end of that was based on a weaker outlook for the commodity. I think it was \$85-ish [Brent average over five years] on the top end and \$60-ish [Brent average over five years] on the bottom end. For most of the last two years, we've been in the upper portion of that range. The market has moved to the lower portion of that range, and our guidance remains within that range.

I think it's important to look at this through the cycle. The rate at which we're buying shares back now is higher than at any point in our history, other than the last three years. In '22, '23 and '24 were the highest buyback years we've had. Before that, we never even had a year that got above \$8 [billion]. We've been much stronger than that here subsequently and continue to do that forward. The [buyback] range [of \$10 to \$20 billion] is unchanged.

We've also always said that we would move back towards a 20% to 25% net debt ratio through the cycle. And this move is consistent with that.

Last thing I'll say is we've been through these cycles before. We know what to do. We know how to manage it, and we know that opportunity can present itself, as you referenced. We will remain attentive to those kinds of opportunities if and when they arise, and we'll retain the financial strength to consider them.

Eimear Bonner:

Biraj, I might just add a little bit on your point on cash generation at \$60 [Brent].

As we guided to in the last quarter, we're poised to deliver a leading free cash flow growth, \$10 billion of incremental free cash flow growth at \$70 [Brent]. That's \$9 billion, at \$60 [Brent]. The key catalysts that deliver that are the start-ups of our major projects and the achievement of major milestones. All of that is well underway. And then the completion of our cost reduction program, as well, that's off and running. The cash generation we feel is very resilient even at lower prices, and we're prepared.

Operator:

We'll take our next question from Doug Leggate with Wolfe Research.



Doug Leggate:  
(Wolfe Research)

Gosh, I was going to ask about the macro, but I didn't want to ask such an asinine question, but you seem to be in the crosshairs of probably the two most important macro stories in the market right now. And I just love your perspective on it. The first is obviously Venezuela and the potential loss of production there. And the other is what appears to be an impending market share battle going with the declaration of cooperation, single-handedly seemingly pointed at Tengiz.

In other words, the start-up of production has exacerbated Kazakhstan's over production against their quota and of course, that seems to be what's driving these accelerated decisions by OPEC+. I guess my question is, can you offer any perspective on the physical changes you're seeing in your business in Venezuela? And when you met with the President, was there any consideration whatsoever of curtailment to try and help meet their quotas? Because, frankly, if the answer is no, it's pretty bearish for the oil price.

Mike Wirth:

I'll start with Venezuela, Doug. I think the news coverage on this has been pretty accurate. We've got a long history in the country and believe that our presence has been a good thing for Venezuela, [and] has been a good thing for the U.S. We've been operating under different forms of sanctions from OFAC going back to the first Trump administration, through the Biden administration and ongoing under the current one.

Recent changes [Chevron winding down its activities in accordance with revised authorities provided by the U.S. Government and resulting direction from the Venezuelan Government] have resulted in us being unable to bring Venezuelan oil to the U.S. so those liftings have come to a halt. The barrels are still flowing, they're just going to other markets. China is the biggest importer of Venezuelan oil. There are media reports that government officials from Venezuela have been in China this week discussing even more sales to China. Our current license reaches its end on May 27. We're in dialogue with the government on how that license will be modified and extended if, in fact, that's what they choose to do. That's certainly been the history over the many years I just referenced. We'll share more about that as we know more, but the barrels are flowing, they're just not flowing to the U.S. today.

On OPEC+ and Kazakhstan, there really were not discussions of that. We don't engage in discussions about OPEC or OPEC+ targets. My discussion with President [Tokayev] focused on: (a) the start-up of the project, which has been good, and (b) the future.

The fact of the matter is the barrels we produce at TCO are of high value to the [Kazakhstan] government. They're important to their fiscal balance, and historically, those barrels have not been curtailed. Anything beyond that, I would refer you over to people that speak on behalf of OPEC+ or the countries.

Operator:

We'll take our next question from Lloyd Byrne with Jefferies.

Lloyd Byrne:  
(Jefferies)

I was going to ask about the return of capital. And I think that's a really good answer you guys had. But let me try the Gulf of Mexico, Ballymore is online. Can you just walk through the next steps to get to the 300 thousand barrels a day? And are there any hurdles we have to look out for?

Mike Wirth:

As I said, we're very pleased with Ballymore. That project, in particular, has some of the most prolific wells that we've seen in the Gulf of America, and frankly, well beyond that. The expectation as we ramp up there is that we'll see 25 thousand barrels a day flow from each of [the] three wells. So, 75 thousand barrels a day of production from just three wells. We've got two of those wells online right now and [are] ramping them up. The third one will come online later this year. The project has been executed on time, on



budget and in just three years. They're also interestingly, some of the highest temperature wells we've ever seen, 325 degrees down to the formation, which other prolific fields in the Gulf of America have been at 275, 250, 225 [degrees]. A very interesting field, a very prolific field.

Whale, I won't speak for the operator, I'll just say that the start-up there has been smooth, and we expect that to ramp through 2025. I'd refer you to them for details. At Anchor, we've got two wells online right now that are performing very well. We expect two additional wells to come online this year, one around midyear, one towards the end of the year and remaining wells to come online in '26 and '27.

At each project, we've got strong production flowing. We've got drilling activity and completion activity underway or in the queue, [with] rigs, vessels, crews, all assigned to them. In the Gulf, weather can always be a bit of a risk, but other than that, from an execution standpoint, these [projects] are all three in a very good posture.

Operator: We'll go next to Ryan Todd with Piper Sandler.

Ryan Todd:  
(Piper Sandler) You've got a slide in the deck looking at Permian performance and the improvement you've seen there in the Delaware Basin in 2024. Can you talk about, I mean, you talked about some of this in the past, but can you talk about what drove the difference, whether in terms of well mix, development strategy, completions, et cetera? And what you see as the potential implications for the 2025 program or outlook?

Mike Wirth: Just to ground everybody, roughly 80% of our development program last year was in the Delaware [Basin], and we saw a strong improvement in performance there versus the year prior. In particular, the Second Bone Spring in New Mexico outperformed expectations. We also had good performance in the Texas portion of the Delaware, in the Wolfcamp C and the Wolfcamp A, which showed good year-on-year performance improvement.

We expect 2025 type curves to look pretty similar to what we saw last year in the Delaware. And again, most of our program is in the Delaware, 85% as we look at 2025, so even a little bit more than what we saw last year.

Last thing maybe I'll say on that, Ryan, is sometimes we get questions when I meet with investors on gas-oil ratio. We are right now seeing an oil cut that's somewhere in the range of 43% to 45%. We think that's going to continue as we move through the end of the decade. It may move around a little bit by quarter based on POP timing and geography, but we expect that to be pretty stable. Also on New Mexico, we're going to see more POPs in New Mexico this year than we did last year, and overall, those tend to be bigger wells. They're more productive wells. They produce more oil. They also produce more gas. But very pleased with performance in the Permian and feel very good about the outlook for this year.

Operator: We'll go next to Paul Cheng with Scotiabank.

Paul Cheng:  
(Scotiabank) It seems like there's some good news from Cyprus. You guys signed with the government to allow the gas project to proceed. Can you give us some idea, maybe update us in terms of the timeline, what's the next step, the size of the project in terms of the gas would mean? And any color that you can provide?

Mike Wirth: You bet, Paul.

I'll start by saying we're excited about our entire portfolio in the Eastern Mediterranean, and that is a tribute to the people at Noble. This is largely a legacy Noble Energy



position. We've got some good exploration acreage in the offshore Egypt area that we brought to the table as well and the expectation for some exploration wells there in the coming couple of years.

It was a nice milestone to see that we've got an agreed field development plan for Aphrodite, some updates to the PSA there. The initial development plan, Paul, is going to be a floating production unit in the Cypriot waters, production of about 800 million cubic feet of gas per day. The gas would flow to Egypt, a market that's growing and has a need for more gas. The demand there is very strong.

We entered pre-FEED activities in the first quarter. We're working to ensure that we can get competitive returns out of this project. There's some commercial work that needs to be done as well. And all that needs to be done before we move to a potential FID. We are again pleased that we've got an agreement on that. That gives you a little bit of the scale of the project in the first phase here, and we'll talk about it more as we move through the pre-FEED and into FEED.

Operator: We'll go next to Stephen Richardson with Evercore ISI.

Stephen Richardson:  
(Evercore ISI) Curious on your recent thoughts on CPChem. Obviously, in the middle of some pretty significant investments in that business through what looks to be a trough, at least in the olefins side of the business. But maybe your current thoughts on the business and then also how are you thinking about potentially maybe owning more of it over time and how that fits into your current thoughts?

Mike Wirth: Thanks, Steve.

Well, first of all, I'll say we like the longer-term fundamentals of the Chemicals business. We've been in a tough part of the cycle here recently as we've seen some capacity additions into the market. It's going to take time for the market to absorb those. We think we're still a few years away from returning to mid-cycle.

CPChem has been a great business for us, and we've got 25 years of history roughly now. They've been a good operator. They've been a good project executor. It's a portfolio that's significantly advantaged due to their feedstock position, which is primarily ethane, in the U.S. Gulf Coast and the Middle East. They've been a very good low-cost operator. And we've got a couple of growth projects underway, one in Qatar, one in Texas, on track to come online end of '26, early '27-ish. It's been a very successful partnership for us over more than two decades.

Getting a larger share of a business that you like is always something that you would take a look at. We have advised the partner in CPChem that we'd be interested in acquiring the other half at a reasonable value for both parties, and we'll see how that plays out.

Operator: We'll take our next question from Josh Silverstein with UBS.

Josh Silverstein:  
(UBS) Chevron has a pretty unique asset in the Permian given your mix of operated, non-op and royalty volumes. Can you provide us some details as to what you're seeing across the non-op and royalty side now and any reduction activity there and how that may play into the kind of the plateau level for Chevron?

Mike Wirth: At this point, we don't really see any actions that have been taken to pull back by our partners. We haven't always identified exactly who our partners are, but three-fourths of our production come from large- [and] mega-cap companies, people that you cover and know. Most of that production comes in the core parts of the basin, areas that have low breakevens and are very proven.



And NOJV, we've got a line of sight to essentially all of the AFEs and most of the POPs have already spud. The [majority of] planned POPs for this year in our NOJV, the wells have already been spud. I think there's a pretty high degree of confidence that we're going to see that go.

On royalty, maybe not quite as high a number, but close on POPs that are also in execution. We do have interest in, I want to say, 1 in every [5 wells] in the Permian. A lot of that exposure gives us the ability to see exactly what's going on with other operators. At this point, what we see are people pretty well staying the course.

Operator: We'll go next to Lucas Herrmann with BNP Paribas.

Lucas Herrmann:  
(BNP Paribas) Just a question on cash flow for Eimear.

It looks as though the equity contribution or dividend contribution that you're anticipating this year is now \$2 billion relative to, I think you had guided towards \$1 billion of excess, et cetera, at the full-year stage. Am I correct that you've changed your expectation? And if so, is that a consequence of higher expected dividends? Or I don't think it's a change in lower net income, so any comment appreciated.

Eimear Bonner: Lucas, I think maybe the two things to point are the impact of the TCO DD&A. Given that we started up the project in January and ramped up ahead of our original schedule, the earnings guidance going forward reflects the DD&A update. In addition to that, we've got some CPChem outlook for margins has been updated as well. Those will be the two main factors. Everything else is consistent.

Jake Spiering: And Lucas, the affiliate dividend guidance for the full year is unchanged as it was. It's just a difference between the two [affiliate dividends and income from equity affiliates].

Operator: We'll take our next question from Roger Read with Wells Fargo.

Roger Read:  
(Wells Fargo) Maybe with the macro in a lot of people's minds at risk of lower oil prices. Just wondering, Mike, with all the changes here or project completions, Gulf of Mexico, fairly essentially through its process, Kazakhstan up and running, the Permian kind of flat lining, when we think about the resiliency of Chevron, of, in say, a \$50 oil world, what do you think has been sort of the change in the whether you want to call it a base decline rate or the sustaining capex? Like how should we think about kind of cash flows and cash capex commitments in a possibly softer oil price world?

Mike Wirth: I mean there's two things that I might point to, Roger. Number one is we've got a portfolio now that has a much larger percentage of it in large and very flat production profile assets (i.e., low decline assets). So big LNG projects in Australia and Western Africa, the expansion of TCO, and frankly, the way we've been able [to], in a very capital efficient way, move towards kind of plateau-ish production with highly efficient investments in some of the unconventional. If I go back a decade ago, we were fighting decline, and that required a lot of capital investments just to hold [production] even, let alone to show some growth. We've been showing [production] growth here in recent years with a much lower capital budget.

The second thing that's really important is the flexibility that we have in our capital budget. We've already come down \$1 billion from last year from \$16 billion to \$15 billion [organic capex budget]. Our capex as a percentage of cash [flow] from [operations] is the lowest in the industry.



Almost two-thirds of our capital is either short-cycle shale or project spend that's completing over the next year or so. We've got a lot of flexibility if we need to exercise that. We've shown, I would call discipline coming into this year by tightening our belt a notch and bringing capital down a little bit. But if we needed to bring capital down further, we certainly could do so. We showed in 2020, we started the year at a \$20 billion capital budget. I think we finished the year at \$12 [billion]. We've got the ability to flex that capital if we need to. We've not made that decision at this point. But certainly, I would say those are the two big things that are different if you look back to days gone by.

Operator: We'll go next to Phillip Jungwirth with BMO.

Phillip Jungwirth:  
(BMO) Congrats on the start-up of Ballymore, Anchor well before that. As we think about what's next in the Gulf of America, can you just talk about your optimism around future prospects, Paleogene or Brownfield tiebacks? And generally, how do you see the cost structure or breakeven now for Deepwater versus Shale?

Mike Wirth: Thanks for the congratulations. What I would say is in the relative near term, you're going to see us focus on infill and stage developments. We've got a long history here of projects that once we've got a new hub in place, they have multiple stages of development. We've seen that at Jack/St. Malo, at Tahiti, at Mad Dog and Perdido. We're working on future stages of some of these recent start-ups, at Anchor Phase 2, at Ballymore 2, and Whale 2. I would fully expect that you'll see us extend the life of those projects with some highly efficient and very returns accretive further development. If you look at our exploration portfolio, 80% of it is within tie-back range of existing hubs.

Ballymore is a great example of a strategy to really focus on identifying opportunities to develop accumulations that might not support a new greenfield development but are highly economic to tie on as a brownfield project. We'll continue to focus our exploration portfolio on that. We've been a participant in a discovery that's already been announced earlier this year and are very optimistic about our exploration program. And then the other 20% [of our exploration portfolio], you would maybe describe as more frontier.

Breakevens have come down a lot. There was a time, maybe kind of linking Roger's question about what's changed, a decade ago, we needed oil prices that were well north of what we see today to get very modest return. Development costs were going up. They were in the \$20s [per barrel] headed to the \$30s [per barrel] and higher. We're now down in the teens and pushing into the low teens on development costs [per barrel] through a whole different approach to facility design and construction standardization.

We've seen the breakevens there become very competitive. They had to because we had such good opportunities in other parts of our business. We've got one of the best portfolios in the industry and [WoodMackenzie] data shows that we've got the lowest Upstream breakeven in the industry. I think a big part of that is what we've been able to see in Deepwater development.

Operator: We'll take our next question from Betty Jiang with Barclays.

Betty Jiang:  
(Barclays) I want to ask about the progress on the Power ventures. I mean it's clear that the AI power demand is not slowing down, and you guys have the timing advantage. How are the customer conversations going? You've spent \$400 million of inorganic capex in a JV in 1Q. Just want to see how that spending trends over time, especially considering some of the inflationary pressure that we're hearing in the space?



Mike Wirth: We've been actively engaging with prospective customers and are still seeing very strong demand in those conversations. We're trying to narrow, frankly, because there are so many people that are interested in trying to partner up when you can move quickly as we can with these turbines. We're also narrowing down the potential sites. We screened a lot of potential locations in different geographies around the country. We have narrowed those significantly and are moving towards engineering and EPC options on the sites that we find to work the best for us and for customers, which is an important part of that.

We're working toward an FID before the end of the year. As you note, speed to market is an important differentiator here. We will remain disciplined. There are cost pressures on some of the components of building out a power complex like this. We've secured pricing on the turbines themselves. There's other elements of the build-out that are also required. Between market demand, potential tariffs and other effects, we have to keep an eye on that. We're going to stay very disciplined because this needs to generate returns that will compete in our portfolio.

And if we can achieve those kinds of returns, these projects will move forward. If we can't, we will need to look at our alternatives, but right now, I would say everything is moving fast, as you said. There's a tremendous amount of interest, tremendous amount of activity. I'm very pleased that we're in a first-mover position on this or call it an early mover position.

Operator: We'll go next to Devin McDermott with Morgan Stanley.

Devin McDermott:  
(Morgan Stanley) Mike, in your response to Roger's question before, you talked a bit about flexibility of the capital program and Eimear, you had similar comments in your prepared remarks. Given the cash flow growth you've already highlighted the low Upstream breakeven, strength of the balance sheet, there's probably no need to make adjustments on capital even in somewhat softer oil prices, probably more just about optimizing returns.

But I wanted to ask about how you think about some of the parameters or market conditions that might make you make some adjustments to some of your short-cycle investments in places like the Permian?

Mike Wirth: I think you've read the situation right, Devin. We're prepared. You get into an environment like this, and you pull out the playbook. We've looked at different market scenarios in both the depth and duration of a potential commodity cycle. We've looked at our business and how we're postured today from a production standpoint, a cash generation standpoint, a debt standpoint and all the different levers that we have to pull and have identified the things we could do based on signposts and a view on the market.

It's very early to, I think, have a high degree of confidence in terms of how this all plays out. The trade and tariff situation has been dynamic, and we need to see how that manifests itself over time. And of course, the OPEC change is one that is relatively recent as well, and we have to see how that plays out. We're very well prepared, and we've been through these kinds of things before.

I've been in one of the senior positions in '08 when we had the financial crisis, in '14 when we saw prices drop, in '20 when we had COVID-19 and again now. I don't think we've ever been in a better position to navigate it and have had more levers available at our disposal and more strength to come through a cycle than we have today.

Eimear Bonner: Devin, I would just add that our balance sheet is in a really strong position at 14% net debt [ratio]. Our credit rating is AA. As part of being prepared, it's ensuring that our balance sheet is strong and so that's good. I'd also mention that the cost reduction program and the capital reduction that is underway, actions that we took last year put us in a strong position



discipline always matter in our business. We are focused on delivering on the plans that are behind those reductions. They're picking up pace, and we're doing well there. So, it's preparation. We have leading indicators that we're monitoring, signposts and we don't need to do anything additional today, but we'll be ready with those signposts to act if needed.

Operator: We'll take our next question from John Royall with JP Morgan.

John Royall:  
(JPMorgan) I was hoping for a little more color on expansion at Pasadena and how that's running and the benefits you're seeing overall to your Gulf Coast system? I know it was partly about synergies with Pascagoula. So maybe just a little more color on that and how the project is contributing several months into the start-up.

Mike Wirth: Thanks, John.

The project is complete and online. We had feed into the crude unit, the first week of December and we've been ramping up to full capacity here this quarter. We had stable operations in the first quarter at about 110 thousand barrels a day of crude feed, and we're really learning how to optimize that plant now at these higher feed rates. It will allow us to run more of our own equity from the Permian.

As we look at export markets that can be attractive to capture full value chain margins here in the U.S., it will take it up by about 50%. Before we could run about 85 thousand barrels a day. This will take us up by 40 [thousand barrels a day] – to 125 thousand barrels a day.

We've got the ability to supply more products to our customers in the Gulf Coast. We've got a big market position in Texas, which historically has been served through product exchanges or purchases. We can integrate fully into that now with our own production.

There are very significant synergies we can realize with Pascagoula on intermediate streams that can be moved from one facility to the other for upgrading the higher-value products. It also helps during turnarounds to be able to store inventories, to move intermediates back and forth or finished products back and forth. And we've got U.S. flagged tonnage that allows us to move those streams between the two facilities. [The LTO expansion was] a good project to improve flexibility and margin capture here on the Gulf Coast.

Operator: We'll go next to Jason Gabelman with TD Cowen.

Jason Gabelman:  
(TD Cowen) I wanted to go back to the buyback guidance, if I could. You've cut to the low-end of the range, but it is still a pretty wide range. And I think we see your peers either guiding to a percentage of cash flow or a fixed amount that gives more visibility to where the buyback will be quarter-to-quarter and year-to-year.

I was wondering if you could provide any additional color on how to think of the pace of buybacks through the balance of the year. If it's going to oscillate between the low-end to the high-end of the range or where it will oscillate in between? And then the other point on that is if you could just talk about where the buybacks are going to be following the Hess acquisition, you had a prior guidance of \$5 billion per quarter. I'm wondering if you have any update on that figure?

Mike Wirth: First of all, there's not a formula that we're going to announce, a percentage of this or that. That really, in some ways, defeats the purpose of what we've tried to do, which is to be steady through cycles and not expose investors to the uncertainty that volatile markets can introduce into this. You've seen our range has been consistent. We introduced [the buyback guidance range] as I said, more than two years ago. As we've issued quarterly



guidance and executed, [we've] also been fairly consistent within the guidance and with the then current market conditions. As we have seen market conditions change, we've modified our guidance. I would expect to remain consistent if we're in a market like the one that we're in right now.

We don't intend to yo-yo this around if that was the question. I think our track record, if you lay it out and look at it versus others, it speaks for itself. That we have been able to stay steadfast and consistent. As I mentioned earlier, [we've repurchased shares] 18 out of [the last] 22 years, including during some significant downturns. The absolute rates of the range that we've issued now, \$10 to \$20 [billion] are above anything we ever did prior to COVID-19.

Even in the late 2000s before the financial crisis, when we were seeing \$140, \$150 oil markets, we were repurchasing [shares] at maximum \$8 billion [within] one year. We've now had three years, the trailing three years, the [buyback] number is [around \$40] billion in aggregate. The \$10 to \$20 [billion guidance range] going forward is a very strong and robust range that you can expect us to stay within.

Eimear Bonner: And then specific to the guide rate that we issued for the quarter, \$2.5 to \$3 billion. If we were to roll that forward [through the rest of the year], it would keep us well within the \$10 billion to \$20 billion annual range that Mike talked about. It's still a very strong program. Putting it into the context of what we've done in the last couple of years – prices have been \$15 to \$20 [Brent] higher when we've delivered a \$15 billion program, and we'll deliver something between \$11 and \$13 [billion] if we project out [this year]. It's still a very strong program. We're still buying a significant amount of our shares. And that's on top of a dividend that's growing faster than our peers and the S&P 500.

Operator: We'll take our final question from Bob Brackett with Bernstein Research.

Bob Brackett:  
(Bernstein Research) Question around the tariff situation and how it might impact either capex or projects. What are some of the things you can do to adjust to tariffs in terms of controlling costs?

Mike Wirth: Bob, we're watching this very closely and preparing, and actually in the process of taking some actions to mitigate the impacts. Our direct exposure is relatively limited. Energy has been largely exempted from tariffs and if you're looking at our cost structure of goods that we buy, of our third-party spend, roughly 80% of it is on services, not on goods. Of the 20% that is spent on goods, a lot of that tends to be sourced locally or regionally.

And [within the] U.S., for example, where our largest portion of our capital spend is, we've got strong domestic sourcing on most of the goods that we use in our unconventional programs in the DJ and the Permian for instance.

Our current estimate is we may see 1% impact on the cost of a Shale well. It's a dynamic environment, and we'll watch how these things evolve. But we've got strong engagement with our suppliers. We've got sourcing from multiple locations and we've been anticipating this and preparing for it. The impact is not zero, but I think the impact is manageable. You've seen announcements in other industries where they're more directly exposed than we are.

Jake Spiering: Thank you, Bob. I would like to thank everyone for your time today. We appreciate your interest in Chevron and your participation on today's call. Please stay safe and healthy.

Katie, back to you.

Operator: Thank you. This concludes Chevron's first quarter 2025 earnings conference call. You may now disconnect.