FINAL TRANSCRIPT

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CORPORATE PARTICIPANTS

Steve Crowe
Chevron - VP & CFO

Jim Aleveras
Chevron - General Manager, IR

CONFERENCE CALL PARTICIPANTS

Paul Sankey
Deutsche Bank - Analyst

Paul Cheng
Lehman Brothers - Analyst

Doug Leggate
Citigroup - Analyst

Mark Flannery
Credit Suisse - Analyst

Mark Gilman
Benchmark - Analyst

Erik Mielke
Merrill Lynch - Analyst

Neil McMahon
Sanford Bernstein - Analyst

PRESENTATION

Operator

Good morning. My name is Matt, and I will be your conference facilitator today. Welcome to Chevron's first-quarter 2008 earnings conference call. (OPERATOR INSTRUCTIONS). As a reminder, this conference call is being recorded. I will now turn the conference over to the Vice President and Chief Financial Officer of Chevron Corporation, Mr. Steve Crowe. Please go ahead, sir.

Steve Crowe - *Chevron - VP & CFO*

Thanks, Matt. Welcome to Chevron's first-quarter earnings conference call and webcast. Jim Aleveras, General Manager of Investor Relations, is on the call with me today. Our focus is on Chevron's financial and operating results for the first quarter of 2008. We will refer to the slides that are available on the Web.

Before we get started, please be reminded that this presentation contains estimates, projections and other forward-looking statements. We ask that you review the cautionary statement on slide two.

I will begin with slide three, which provides an overview of our financial performance. The Company's first-quarter earnings were $5.2 billion or $2.48 per diluted share. Our first-quarter 2008 earnings were up nearly 10% from the first-quarter 2007, reflecting higher crude oil and natural gas prices, which more than offset weaker downstream results. The first quarter of last year included a $700 million gain on the sale of our interest in a refinery in the Netherlands.

First-quarter 2008 earnings rose 6% compared to the fourth-quarter 2007, which Jim will discuss shortly. Return on capital employed for the trailing 12 months was 23%. The debt ratio was about 8% at the end of the quarter. As we announced

Wednesday, we increased our quarterly dividend by $0.07 per share or 12.1%. This marks the fourth consecutive year we have raised the second-quarter dividend by a double-digit amount. Stock buybacks were $2 billion in the quarter.

Jim will now take us through the quarterly comparisons. Jim?

Jim Aleveras - *Chevron - General Manager, IR*

Thanks, Steve. My remarks compare results of the first-quarter 2008 with the fourth-quarter 2007. As a reminder, our earnings release compares the first-quarter 2008 with the same quarter a year ago.

Turning to slide four, first-quarter net income was almost $300 million higher than the fourth quarter. Starting with the left side of the chart, higher crude oil and natural gas realizations benefited the Company's worldwide upstream results. Partly offsetting this was the impact of lower upstream volumes. The largest component here was international liftings. Liftings were lower than production in the first quarter.

Downstream results were up slightly from the fourth quarter, reflecting improved refinery operations in the United States. The variance in the residual other bar is the net of everything else.

Slide five summarizes the results of our US upstream operations, which improved by about $220 million between quarters. Higher crude oil and natural gas realizations benefited earnings by $335 million. Chevron's average US crude oil realization was up about $8.00 per barrel between consecutive quarters. This is more than the $7.25 per barrel increase in WTI spot prices since much of our Gulf of Mexico crude oil production is priced on a lag basis.

Production volumes were down 2% between quarters, largely due to operational and weather-related downtime, as well as normal field declines. This impact reduced earnings by $85 million. The $85 million DD&A impact reflects higher rates and higher accretion charges for abandonment. Exploration expense fell $90 million between periods. The primary factor was lower well write-offs in the first quarter. The other bar reflects miscellaneous, gas marketing and income tax items.

Let's turn to slide six. International upstream earnings for the first quarter were about $70 million higher than the fourth quarter's results. Higher oil and gas prices increased earnings by $370 million. Our unit realizations for liquids rose by $5.70 per barrel, significantly less than the $9.30 increase in Brent spot prices.

Comparing average prices for the first and fourth quarters, we found that worldwide benchmark crudes did not move consistently. For example, Malaysia's light sweet Tapis crude was up $3.20 per barrel between quarters and Sumatra light rose $7.70 per barrel. WTI spot prices increased $7.25 per barrel, $2.00 less than the change in Brent.

Our realizations, therefore, reflected geographic market prices, which were not in line with Brent movements during this particular comparison period. Lower first-quarter liftings, particularly in Azerbaijan, the UK, Nigeria and Australia, reduced earnings by $195 million. As I noted earlier, we were underlifted in the fourth quarter, an issue we referenced in the interim update.

Partially offsetting this underlift is a onetime benefit from the retroactive effect of the unitization agreement in Indonesia. We also mentioned in the interim update.

Tax items reduced earnings by $230 million between quarters. These were spread among several countries and included the absence of favorable fourth-quarter items we discussed on our last conference call. Operating expense was down $130 million from the fourth quarter due to lower seasonal activity levels in several international areas.

The other bar reflects the net of many unrelated items. The largest components were adverse foreign exchange effects, offset by lower exploration expense.

Slide seven summarizes the change in worldwide oil equivalent production, including volumes produced from oilsands in Canada. Production fell by 14,000 barrels per day or about .5% between consecutive quarters.

United States production fell 15,000 barrels per day, about 2% due to operational downtime and normal field declines. Outside the United States, overall production was flat between quarters.

Kazakhstan benefited from the ramp-up of staged oil from the TCO expansion project. Offsetting this were reduced entitlements in Azerbaijan. Comparing the fourth and first quarters, the increase in international liquids realizations reduced our volumes by about 25,000 barrels per day due to cost recovery and variable royalty provisions of certain production contracts.

As we noted at our March analyst meeting in New York City, each contract is different, and there are nonlinear points when certain thresholds are reached.

Looking at our 2008 production guidance, our general rule of thumb is unchanged. A $1.00 per barrel increase in crude oil prices will reduce our production entitlement by roughly 2000 barrels per day. We caution that this is only an estimate, and results will vary especially for individual quarterly comparisons.

In the context of our production, I would like to briefly summarize our upstream project status. As we discussed at our March meeting, the Tengiz expansion is on track with the first phase of staged oil meeting all of its targets and full facility startup on schedule for the third quarter of this year.

First, oil at Blind Faith, our Gulf of Mexico project, forecasted for the late second quarter is now projected to occur in the second half of 2008 due to an issue with the mooring lines. The exact timing of startup is dependent on weather in the Gulf.

As we mentioned at the March meeting, a fourth well was added to the initial development plan for Blind Faith. The acceleration of the fourth well reflects higher than anticipated reservoir quality. This well has now been drilled, completed and is ready for production at the time of facility startup later this year.

As indicated in March, gross peak production for Blind Faith is now expected to be 70000 barrels of oil equivalent per day. Also in March, we said we expected first oil from Moho-Bilondo offshore the Republic of Congo in the second half of this year. This project has now started up ahead of schedule.

In Nigeria we expect our Agbami project to remain on track for a third-quarter startup. Overall our upstream projects are moving forward. While we will provide an update later in the year, we are optimistic that when adjusted for price effects, our 2008 production will be on track with the guidance we provided in March that was based on $70 oil prices.

Let's turn to slide eight, our US downstream operations moved from a loss position in the fourth quarter to breakeven results in the first quarter. Industry refining and marketing indicator margins on the West Coast weakened in the first quarter. Although refining margins improved somewhat on the Gulf Coast, marketing margins declined. On balance, especially given Chevron's West Coast weighting, industry margins were an adverse $55 million impact between quarters.

With the completion of our El Segundo refinery upgrade project at the end of 2007, the coker was back in operation, and we were able to run heavier crudes. That helped to improve first-quarter results by roughly $100 million. The swing in timing effects such as the impact of provisionally priced foreign crudes was $50 million better in the first quarter since crude prices did not rise as much from the beginning to the end of the first quarter as they did in the fourth quarter.

Sales of motor gasoline and jet fuel were down by 2% and 3% respectively. While diesel fuel sales strengthened between quarters, lower first-quarter volumes resulted in an adverse impact of $50 million.

Turning to slide nine, international downstream earnings fell about $10 million in the fourth quarter's results. Refining indicator margins were lower, while marketing margins were mixed across our international geographic areas.

On balance, margins reduced earnings by about $30 million between quarters. Volumetric effects were a $70 million adverse variance. This reflected planned shutdowns at refineries in Canada, South Africa, Singapore and South Korea. Additionally marketing volumes were affected by seasonal factors in Asia and Africa.

Higher charter rates resulted in a $70 million increase in international shipping earnings. The $19 million benefit in the other bar is the net of many items, including adverse tax effects and favorable OpEx variance.

Slide 10 shows that earnings from chemical operations were $43 million in the first quarter compared with $69 million in the fourth quarter. Results for Olefins improved on higher margins and volumes, especially for polyethylene. Aromatics were essentially unchanged as volumes and margins were mixed.

Included in the other bar here is an approximately $40 million environmental provision we mentioned in the interim update, as well as the absence of favorable tax items we discussed on last quarter's conference call.

Slide 11 covers all other. First-quarter results were net charges of $255 million compared to net charges of $237 million in the fourth quarter. Corporate tax adjustments had a $100 million adverse impact between quarters. Corporate charges shown were a favorable variance of $85 million. This largely reflects lower advertising and employee-related expense.

As we mentioned in the interim update, our current guidance for all other activities is a charge of $250 million to $300 million. Because of irregularly occurring accruals and other charges that affect corporate and other activities, we continue to expect volatility in this area and the possibility that actual results will lie outside the guidance range.

That completes our brief analysis of the quarter. Back over to you, Steve.

Steve Crowe - *Chevron - VP & CFO*

Thanks, Jim. And now a brief recap of our strategic progress in recent months. Please turn to slide 12.

Jim touched on the Moho-Bilondo deepwater projects in the Republic of the Congo. We confirm startup ahead of schedule of this 31% owned partner operated project. It is expected to reach maximum total crude oil production of 90,000 barrels per day in 2010.

With our partners we made the final investment decision to construct Platong Gas II natural gas project in Thailand. The $3.1 billion project will add 420 million cubic feet a day of processing capacity. Chevron is the operator and holds a 70% interest. Startup is anticipated in 2011.

We began front-end engineering and design work to develop an LNG project at our 100% owned Wheatstone discovery in Australia. We estimate that Wheatstone holds 4.5 trillion cubic feet of natural gas resource.

In Nigeria, along with our partners, we made the final investment decision to develop the deepwater Usan field. Chevron Nigeria Limited holds a 30% interest in this partner-operated project. Usan is expected to have first production in late 2011 with a peak production of 180,000 barrels of oil per day.

Finally, as I mentioned earlier in the week, our Board approved a 12% increase in the quarterly dividend. We have raised our quarterly dividend by a double-digit amount in each of the last four years, and our shareholders have benefited from 21 consecutive years of higher annual dividend payouts.

That concludes our prepared remarks. We will now take your questions, one question and one follow-up per caller please. Matt, please open the lines for questions.

QUESTIONS AND ANSWERS

Operator

(OPERATOR INSTRUCTIONS). Paul Sankey, Deutsche Bank.

Paul Sankey - *Deutsche Bank - Analyst*

A couple of things. Firstly, a high-level question if I could, and then secondly, a more detailed one.

In terms of the cash management, if you could just talk about firstly your expectations for CapEx this year given what we have seen so far in Q1. I guess you're still on target for your original guidance. And secondly, the sensitivity to buybacks. Should we just keep with the ratable $2 billion?

Steve Crowe - *Chevron - VP & CFO*

At this point we confirmed that our capital expenditures for 2008 are still at the budgeted amount, which is just shy of $23 billion. As far as our cash management, I think under the current conditions you can expect a buyback pace comparable to what you have seen in the first quarter. We have had a $2 billion per quarter buyback pace in the third and fourth quarters of last year and now again in the first quarter of 2008. So I think that is a reasonable expectation at this point in time. We certainly have worked into our cash management the higher dividend that was announced a couple of days ago.

Paul Sankey - *Deutsche Bank - Analyst*

Great. And if I could on the detail question, it is noticeable that it did not come up on the slide, but in Indonesia you are down quite hard in oil and up in gas. Is there something going on on the oil side that we should know about, and if you could just make any other observations about the dynamics of Indonesian growth, that would be great?

And a cheeky follow-up is Bangladesh. Is that peaking now in terms of its volumes, or is there more growth becomes to come?

Steve Crowe - *Chevron - VP & CFO*

With respect to Indonesia, one of the things that we had noted in the interim update is in the first quarter gas as it affects OEG production was benefited by a unitization and the retroactive benefit of that unitization.

As far as liquids production in Indonesia, I am not aware of anything that is systemic that would result in the change in terms of our longer-term profile.

As regards Bangladesh, that operation has been running very well, and there has been increased demand on the Bangladesh operation. So I do not see any change in the intermediate term here. Thanks very much for your questions.

Operator

Paul Cheng, Lehman Brothers.

Paul Cheng - *Lehman Brothers - Analyst*

Steve, in the past you had talked about the underlying decline curve. I think in your assumption that you're using 4.5% for the whole Corporation. In the first quarter, is the number showing any substantial difference from that?

Steve Crowe - *Chevron - VP & CFO*

Paul, I don't have a number for the first quarter for that short a period as to what the decline rate is for our base operations. But as George Kirkland mentioned at the analyst meeting in March, we did have a lot of success in 2007 with a decline rate much below the guidance that we are still confirming in that 4.5 to 5% range. As George mentioned, 1 point does not make a trend, and while we were very pleased and optimistic as to the success in 2007, at this stage we would still advise the analyst community to use the guidance of 4.5% to 5%.

Paul, did you have a follow-up question?

Paul Cheng - *Lehman Brothers - Analyst*

I think Jim talked about the underlifting in the quarter. How much has the underlifting in the quarter actually cost you in terms of earnings? And at the end of the first quarter, are we from an inventory standpoint already balanced, or are we still underlifted?

Jim Aleveras - *Chevron - General Manager, IR*

Paul, we were underlifted by about 5% in the first quarter. So that is about 50,000 barrels -- a little over 50,000 barrels a day.

Paul Cheng - *Lehman Brothers - Analyst*

Jim, do you have how much it cost you?

Jim Aleveras - *Chevron - General Manager, IR*

The impact of a 50,000 barrel a day reduction is shown in our international upstream volumes because it is lifting not production that -- (multiple speakers)

Paul Cheng - *Lehman Brothers - Analyst*

Okay, so 195 million.

Jim Aleveras - *Chevron - General Manager, IR*

If you look at our international upstream income, that 195 or roughly $200 million impact is largely because liftings in the first quarter were lower than in the fourth quarter. In the fourth quarter, we were about balanced. We were about 1% underlifted.

Paul Cheng - *Lehman Brothers - Analyst*

So, as of the end of the first quarter, we are underlifted. So in theory we should see an overlifting in the second quarter.

Jim Aleveras - *Chevron - General Manager, IR*

Not necessarily in the second quarter but over time. These things are related to the timing of cargoes, but we don't always see them come back each quarter. But over time that is a good assumption.

I would like to emphasize that the volume, the 195 million on slide six for international upstream income reflects not just the liquids underlift, but also affects the favorable impact of the gas unitization agreement that we mentioned. (multiple speakers) -- ahead of those two.

Steve Crowe - *Chevron - VP & CFO*

Paul, the only other thing that I would mention to you, when you look at the quantification of the OEG barrels underlift, is that not all barrels carry with them the same degree of profitability. So there can be circumstances where you have comparable underlifts in two periods, but the P&L effect will be very different because it depends on where those underlifts occur.

Paul Cheng - *Lehman Brothers - Analyst*

Certainly. Thank you.

Operator

Doug Leggate, Citigroup.

Doug Leggate - *Citigroup - Analyst*

The first question is a follow-up to Paul. The 60,000 barrels per day that Jim mentioned as the underlift from the international upstream, can you quantify the gas unitization benefit? What will be the volumetric effect of that is my first one?

Steve Crowe - *Chevron - VP & CFO*

As I recall, the effect of the unitization was about 25,000 barrels a day in terms of OEG production. Again, that will get ratably smaller as you take it out through all four quarters of this year.

Doug Leggate - *Citigroup - Analyst*

The second one is actually a downstream question. Jim mentioned the $100 million impact on earnings as a result of the coker being back up, and now you're running heavy oil. Can you give us some idea -- that is an earnings impact. Give us some idea of what the margin benefit was or perhaps to put it another way, what kind of volumes and what kind of grade or crude are you now running there, and how has that changed relative to, let's say, before the project is completed?

Steve Crowe - *Chevron - VP & CFO*

The volumes in crude we are running are not substantially different. What is different is that we are no longer running lighter, sweeter crudes. We are running less expensive, heavier crude. I don't have the exact split-out of what our crude slate was, and we would not disclose that for the first quarter relative to the fourth quarter. But you can see the financial impact in the bar there.

Steve Crowe - *Chevron - VP & CFO*

And Doug, I would point out that the magnitude of that impact again is influenced by the fact while the coker was down in the fourth quarter, we were by necessity buying lighter, sweeter and more expensive crudes and feedstocks.

Doug Leggate - *Citigroup - Analyst*

And not all of the $100 million was margin benefits. Some was lower cost?

Jim Aleveras - *Chevron - General Manager, IR*

It is primarily lower cost.

Doug Leggate - *Citigroup - Analyst*

Sorry, I mean operating costs as opposed to the cost of crude (multiple speakers) you were not buying the other products in the fourth quarter?

Jim Aleveras - *Chevron - General Manager, IR*

Well, it is primarily the cost of feedstock, which is more expensive crude. There were some intermediates purchased, but it was primarily in the fourth quarter we purchased lighter, sweeter crudes.

Steve Crowe - *Chevron - VP & CFO*

Did you have another follow-up? Okay. May we have the next question, please?

Operator

Mark Flannery, Credit Suisse.

Mark Flannery - *Credit Suisse - Analyst*

I have got two questions. The first one is, can you give us an idea of what is going on same-store sales-wise just on the West Coast in terms of volumes? I know you mentioned a couple of numbers there during the call, about a 2% drop in gasoline and distillates doing well. But could you just run through them again and include a number for diesel? And then I have a follow-up.

Steve Crowe - *Chevron - VP & CFO*

Well, I do not have Chevron's same-store sales comparing first quarter of '08, say, to first quarter of '07 in front of me. But I can tell you that if you look at motor gasoline demand industry wide in the United States using DOE implied demand data, through April demand is down about 7/10 of 1%.

But the interesting component from a portfolio perspective is in PADD five we're down nearly 7%, whereas in PADDS one through four, we're up about .5% during that four-month period.

So we are seeing a greater demand impact here out on the West Coast where Chevron's portfolio was proportionately larger than some of our competitors.

Now on the distillate side in covering all the distillates, US demand for the first four months is down a little less than 3% compared to the comparable period a year ago.

Mark Flannery - *Credit Suisse - Analyst*

Just specifically on your own operations, are you exporting distillates right now either from the West Coast or the Gulf?

Steve Crowe - *Chevron - VP & CFO*

Not that I am aware of at this juncture.

Mark Flannery - *Credit Suisse - Analyst*

Okay. Maybe I could just jam this one in as the follow-up --

Steve Crowe - *Chevron - VP & CFO*

And, in fact, we will try to get back to you with the specifics on that if we have any different information.

Mark Flannery - *Credit Suisse - Analyst*

Okay. I will call Jim later. But I guess the follow-up, which is not really a follow-up, is, do you have any update on Gorgon maybe to give us right now?

Steve Crowe - *Chevron - VP & CFO*

Nothing different than what George and Dave would have described to you at the March analyst meeting. We are pressing ahead with revised compliance for the environmental permit to reflect three rather than two trains on Barrow Island. But we're committed to the project. We're looking for ways to make it economic and take out costs. But the three partners are aligned with respect to the strategies. So it is essentially a confirmation of the information that was provided back in mid-March.

Operator

Mark Gilman, Benchmark.

Mark Gilman - *Benchmark - Analyst*

Guys, I'm having trouble understanding the overseas downstream earnings. It almost looks to me, and perhaps you guys can clarify it, as if there were some kind of stepdown that occurred about midyear in '07 impacted both the fourth quarter and the first quarter. If you were to try to reconcile first quarter against year ago first quarter, just looking at the margin comparisons, you would not anywhere near close.

And I guess I'm further puzzled by the comment Jim made regarding the shipping component of such earnings, which up significantly in the first quarter versus the fourth, where it would appear to me tanker rates were down sharply Q4 versus Q1. Any help and then I have got a follow-up.

Jim Aleveras - *Chevron - General Manager, IR*

Well, let's take the first part of your question with regard to margins, that the margins that we are quoting are very specific to Chevron's marketing areas internationally. So, as you are familiar with, we're marketing in certain areas, and we use the indicator margins to try to match where we are located, and the margins have been a little weaker but have been mixed overall.

You will recall that last year in this quarter we had the benefit of the sale of our interest in our refinery in the Netherlands --

Mark Gilman - *Benchmark - Analyst*

I took that out, Jim. That is not a factor.

Jim Aleveras - *Chevron - General Manager, IR*

And later in the year, we had the benefit of the sale of our refining and marketing assets in the Benelux countries. But if you remove those, yes, margins have been a little bit weaker, and volumes have been a little weaker in the second half of the year than they were in the first half.

But, as to your comment about shipping, we're just looking at the freight rates that are charged for the particular routes and the particular vessels that we use. And, of course, shipping charges are an expense to the rest of the downstream. We broke it out here partly because we wanted to show from a transparency standpoint what the components were.

Mark Gilman - *Benchmark - Analyst*

Okay. Let me try my follow-up if I could please. The comment in the US upstream regarding the DD&A, I did some rough math probably not very good at this point in the week, but nonetheless I'm coming up with about a 2 to 2.50 on equivalent barrel increase in the DD&A rate in order to justify that variance.

Given the absence of any negative year-end '07 US reserves data, I don't quite understand what it is with virtually no change in producing projects, if you will, could generate a DD&A increase of that magnitude, and I'm interested in whether it is sustainable going forward?

Steve Crowe - *Chevron - VP & CFO*

That is a good question. One of the things that we did in the latter part of 2007 was a full review of the abandonment provision for all of our operations, the so-called ARO liability. And we accrued at year-end 2007 an additional abandonment provision that through the workings of the ARO get accreted as part of the DD&A charge as production occurs through those fields that are so affected.

So there would be some discontinuity as you look at fourth quarter on into the first quarter of this year as a result of that. And I suspect that is the missing piece that you cannot find.

Mark Gilman - *Benchmark - Analyst*

Is that sustainable, Steve?

Steve Crowe - *Chevron - VP & CFO*

Well, it is sustainable to the extent that we have increased the abandonment provision for those fields and that higher charge will be taken through DD&A over the life of the fields. And that abandonment provision would have been -- would be higher than in 2008 than it would have been in earlier periods.

Operator

Erik Mielke, Merrill Lynch.

Erik Mielke - *Merrill Lynch - Analyst*

I have a couple of questions on the upstream production. Firstly, on Asian gas, which was stronger for Bangladesh, Indonesia and Thailand, than what we had modeled, I know you have already touched on this, but I just want to make sure we understand what we should expect for the remainder of 2008, whether the first-quarter production level is a good guide for those three specific countries on natural gas?

Steve Crowe - *Chevron - VP & CFO*

I don't have any information to suggest they are not, other the item that I alluded to with respect to the unitization of our gas field in Indonesia. That obviously would have a -- because of the retroactivity would have a greater effect in the first quarter than the other three quarters of the year. Jim, do you have anything else to add to that?

Jim Aleveras - *Chevron - General Manager, IR*

No, I don't.

Steve Crowe - *Chevron - VP & CFO*

Erik, do you have a follow-up.

Erik Mielke - *Merrill Lynch - Analyst*

I do. I have two follow-ups if I may, but let me try one first. Certainly Kazakhstan you mentioned that Tengiz will be -- the next step change in Tengiz is in the third quarter. Should we expect a further increase in the second quarter? Is there an element of ramp-up taking place there, and is there any maintenance at Karachaganak that we need to be aware of?

Jim Aleveras - *Chevron - General Manager, IR*

Well, let's take Kazakhstan. We're seeing about 90,000 barrel per day improvement in production as a result of the first phase, the sour gas injection. That was ramping up in the first quarter and is now fully ramped up. So you see 34, which is half of 70 MBD increase reflecting our 50% share, that increase ought to be a little higher in the second quarter. But you will not see a substantial change until we get into the third quarter and we have full production facilities.

Now, Erik, you asked about another location?

Steve Crowe - *Chevron - VP & CFO*

Karachaganak.

Jim Aleveras - *Chevron - General Manager, IR*

Oh, Karachaganak.

Erik Mielke - *Merrill Lynch - Analyst*

Whether there is maintenance in Karachaganak?

Jim Aleveras - *Chevron - General Manager, IR*

I do not have anything on that of substance that I'm looking at here. If there was, it was not something that was terribly dramatic.

Steve Crowe - *Chevron - VP & CFO*

Erik, did you have one more question?

Erik Mielke - *Merrill Lynch - Analyst*

If I can try a cheeky one, just on Nigeria with the outages that other operators have there, have you had any impact on your second-quarter volumes that we need to be aware of?

Steve Crowe - *Chevron - VP & CFO*

No, in talking to our operational folks in Nigeria, the impacts that some of the others have faced in the first quarter and here in the early second quarter we have not experienced to the same degree. We have had very, very nominal shut-ins for very short durations in our operations.

I would also point out, too, as Jim and I have mentioned, we have got Agbami coming on here in the third quarter. And Agbami, unlike some of the other operations that are onshore, is a deepwater project, and it is 70 miles offshore. So it is quite a ways away from where some of the unrest has occurred. So we expect that the Agbami project will come as advertised in the third quarter.

Thanks very much, Erik, for your question.

Operator

Neil McMahon, Sanford Bernstein.

Neil McMahon - *Sanford Bernstein - Analyst*

Just a quick question on the exploration wells that are sort of the high profile ones that are getting drilled. Any update on Jack and St. Malo appraisal wells?

And also, could you give us some sort of guidance as to when the drilling of the Orphan Basin well is going to take place?

Steve Crowe - *Chevron - VP & CFO*

With respect to the Orphan Basin, I recall that the next well would be drilled in 2009. And as far as the follow-up wells for Jack and St. Malo, they are under -- one is underway now as I recall and another a little bit later in the year. And then decisions will be made following those evaluations as to whether or not Jack and St. Malo will be kept as separate projects or conceivably combined.

Neil McMahon - *Sanford Bernstein - Analyst*

Okay. Maybe as a loose follow-up in the upstream, just in terms of the whole Caspian Basin and the CPC pipeline, how much are you guys involved in looking at a Bosphorus bypass pipeline in Turkey as a way of making sure that the increased Tengiz volumes, especially as we go forward over time, can find a decent route to market?

Jim Aleveras - *Chevron - General Manager, IR*

All I can say is that we are looking at all of our options because obviously optionality is very important to us in terms of expansion of our existing pipeline. But right now we have rail capacity to handle all of the exports in addition to the pipeline capacity that would result from an expansion of the Tengiz project. But in terms of what specifics we are looking at over and above rail, we would rather not discuss that.

Steve Crowe - *Chevron - VP & CFO*

I would say that the discussions with the partners to expand the capacity of CPC as it has been is ongoing, and there are various conditions that each party has tabled that we're looking at, but we will still continue with the negotiations for the expansion of CPC.

As Jim said, we otherwise have mechanisms to move Tengiz crude, and just as we had done before the CPC pipeline was completed, we are using rail and other means to move the crude. Thanks very much for your question.

Operator

Geri Gunn, BlackRock.

Steve Crowe - *Chevron - VP & CFO*

Okay. Let's try the next question, please.

Operator

Mark Gilman, Benchmark.

Mark Gilman - *Benchmark - Analyst*

Are there any rate of return or cumulative production thresholds on Block 14 that would be encountered -- Block 14 in Angola -- that would be encountered this year at current price levels?

Steve Crowe - *Chevron - VP & CFO*

Not that I'm aware of. Hang on one sec here. I will see if I can see anything. In terms of price levels looking at objective -- no, there is nothing substantive that is associated with the African operations.

Mark Gilman - *Benchmark - Analyst*

Okay, if I could just sneak a follow-up. Steve, I was not clear what you meant by that roughly 25,000 a day characterization of the impact of the Indonesian unitization on the gas side. I thought that there was a onetime retroactive element which is benefiting the first quarter and at a considerably smaller positive impact going forward. What was the 25 equivalents a day supposed to represent?

Steve Crowe - *Chevron - VP & CFO*

That was the retroactivity piece that I was alluding to that would be nonrecurring obviously in other quarters. So your understanding is correct.

Mark Gilman - *Benchmark - Analyst*

Okay. Fine. Thank you.

Jim Aleveras - *Chevron - General Manager, IR*

Do we have other callers?

Operator

At this time I'm showing no further questions.

Jim Aleveras - *Chevron - General Manager, IR*

Well, thank you.

Steve Crowe - *Chevron - VP & CFO*

I'm presuming that we have been able to cover your questions in the time allotted and I think in large measure because our interim update provided a lot of information that has proved to be consistent with the earnings release that you saw today.

So, in closing, I want to express my appreciation to everyone's participation on the call, and I especially want to thank each of the analysts on behalf of the participants for their questions during this morning's session. So, Matt, I will turn it back to you.

Operator

Ladies and gentlemen, this concludes today's 2008 earnings conference call. You may now disconnect. Good day.