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January 8, 2010

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SUPERFUND DIV.
TECHNICAL & ENFORCEMENT
BRANCH (6SF-TI)

VIA FEDERAL EXPRESS

Ms. Barbara Aldridge
Enforcement Officer
Superfund Enforcement Assessment Section (6SF-TE)
U.S. EPA, Region 6
1445 Ross Avenue
Dallas, TX 75202-2733

Re: Chevron Mining Inc. Response to EPA Region 6 CERCLA Section 104(e) Information Request Regarding the Questa Mine Site, Questa, New Mexico

Dear Ms. Aldridge:

Attached please find Chevron Mining Inc.'s (CMI) response (Response) to a CERCLA 104(e) Information Request, received November 9, 2009 (Request), regarding the Questa Mine Site, Questa, New Mexico. Included in response to Question 4 is information marked Business Confidential and placed in a sealed envelope as per Instruction Number 5. Confidentiality is requested on a permanent basis. Disclosure of this information would likely have a substantial harmful effect on CMI's competitive position by providing competitors with previously unavailable insight into the company's potential strength and factors relating to the establishment of price in the molybdenum marketplace.

It should be noted that the Request defines the Site in the Instructions, Paragraph 9 as: "the Molycorp, Inc. Site (as defined in the Administrative Order on Consent for RI/FS)." However, Question 3 requests deed records of the Site "as defined in the Final Chevron Mining, Inc. Feasibility Study Report." This definition refers to a map which is included in the Response as Attachment 3.1. These definitions are slightly different. In accordance with a conversation with John Emerson, Office of Regional Counsel, the Response is predicated on the definition contained in Question 3, ie. the Feasibility Study (FS) map.

Additionally, in response to Question 3, CMI is submitting copies of deeds previously provided in response to Question 4 of a 2001 CERCLA 104(e) request as well as a copy of a survey which was attached to the final FS for the Site as Appendix K-2 and documents recently obtained. Additional deeds relating to ownership of portions of the Site not owned by CMI or the U.S. government, if any, as can best be determined from the site map in the FS, are also being provided. In a December 8, 2009, conversation, I apprised Mr. Emerson of the fact that deeds and a survey demonstrating CMI's ownership of portions of the Site had been previously provided. In discussing what the Agency's needs were, several alternatives were vetted but it

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was unclear what documents would best provide the appropriate documentation. Consequently, as discussed with Mr. Emerson, the deeds denoting CMI's ownership are not certified copies. On Tuesday January 5, 2010, I received an email from Mr. Emerson indicating that EPA had determined that deeds were necessary to accurately determine CMI's property line. As noted above copies are being provided. However, in speaking with Mr. Emerson on January 7, 2010, it was agreed that there was insufficient time for CMI to obtain certified copies by the Response due date. Additionally, Mr. Emerson indicated that CDM was undertaking to obtain certified copies of all appropriate deeds. Please let me know if the materials CMI is providing in this Response and those CDM is obtaining are insufficient for EPA's needs. If EPA wishes CMI to also provide certified copies, additional time will be needed to collect them from Taos County records.

CMI continues to search for additional responsive documents and, as indicated in the attached Response, if any are discovered in the future, they will be produced.

Please do not hesitate to contact me with questions.

Sincerely,

Carol Lear

cc. w/o attachments: John Emerson, Regional Counsel, EPA Region 6
Mark Purcell, Project Manager, EPA Region 6
Joe Fox, Project Manager, NMED
Bill Brancard, Director, MMD
Bill Sharrer, Vice President, CMI
Roger Ferland, Quarles & Brady
Mike Coats, Project Manager, EMC
Anne Wagner, Manager Environmental and Public Policy, CMI

RESPONSE TO EPA CERCLA SECTION 104(e) INFORMATION REQUEST
REGARDING THE QUESTA MINE SITE, QUESTA, NEW MEXICO
SUBMITTED BY CHEVRON MINING INC.
January 8, 2010

QUESTIONS AND RESPONSES

1. *Identify the person(s) who are providing the answers to the questions below on behalf of Chevron Mining, Inc.*

Response:

Carol Lear, Senior Counsel, Chevron Products Company, 1400 Smith, Rm. 7088, Houston, Texas, 77002. 713.372.9230, clear@chevron.com.

The following persons provided assistance with the answers provided below. They may be contacted through counsel.

William L. Sharrer, Vice President, Business Advancement, Chevron Mining Inc. (CMI).

Erin Koch, Environmental Project Manager, Chevron Environmental Management Company.

Jim Tarazoff, Land Manager, Chevron Mining, Inc.

Bernice Rael, Manager Consolidated Accounting and Reporting, Chevron Corporation.

Irma Rodriguez, Subsidiary Governance Analyst, Chevron Corporation.

Frank Soler, Senior Liaison, Subsidiary Governance, Chevron Corporation.

Anne Wagner, Manager Environmental and Public Policy, CMI.

Jarrel V. Burrow, Vice President Finance and Administration, CMI.

Louis W. Rose, Montgomery & Andrews, Santa Fe, New Mexico.

2. *Provide all Secretary of State corporate filings certified by the Secretary of State which identify the corporate structure and relationships of the Site, Chevron Corporation and Chevron Mining, Inc.*

Response:

CMI objects to this request on the grounds that it is vague, unclear, and overly broad. Without waiving these objections, CMI responds as follows.

Attached are: State of Missouri, Summary Articles of Merger, Molycorp, Inc. into Chevron Mining Inc. dated August 31, 2007; Amended Certificate of Authority of Chevron Mining

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Inc., New Mexico Office of the Public Regulation Commission, dated August 28, 2007; and Certificate of Assistant Secretary, Chevron Corporation, Kari H. Endries, dated December 3, 2009. See Attachments 2.1, 2.2, and 2.3. See also the response to Question 7. As of January 4, 2010, there are no listings for Chevron Corporation in the New Mexico Office of the Public Regulation Commission.

3. *Provide certified recorded land and deed record(s) from the Taos County deed records which show current ownership of the Site as defined in the Final Chevron Mining, Inc. Feasibility Study Report.*

Response:

The Site, as defined in Question 3 above[1], is comprised of those parcels that are owned or leased by CMI, areas for which CMI has obtained a Bureau of Land Management (BLM) patent, a right of way, or a BLM special use permit, and areas which CMI does not own or lease.

Those portions owned by CMI comprise three areas: the mine site, the tailings facility, and the tailings pipeline system. The map denoting the Site as indicated in the Feasibility Study (FS) for the Site is provided in Attachment 3.1. This map was included in the final FS as Figure 1-1.

Attached is a survey of CMI's Site holdings at the mine and at the tailing facility, recently filed on the Taos County land records, denoting those properties owned or leased by CMI in both areas. These surveys were provided with the Institutional Control documents in the FS at Appendix K-2 and are attached as Attachments 3.2a and 3.2b respectively.

In addition, a list of properties owned or leased by CMI or for which CMI holds rights-of-way or patents may be found for the mine, the tailing facility, and the tailing pipeline in Attachment 3.3 along with key maps. These were provided previously as Attachment 4.a.2 to CMI's 2001 104(e) response. Copies of the associated deeds are found in Attachment 3.4a. These may also be found as Attachment 4.a.2 to CMI's 2001 104(e) response.

Copies of deeds not previously submitted are attached as Attachment 3.4b, including patents from the U.S. government for properties located on the mine which were provided previously as Attachment 6.b.1 to CMI's 2001 104(e) response. The U.S. Government owned fee title interest in the vast majority of the lands at the Site where molybdenum was mined and waste rock was disposed through the 1960s and 1970s, with particular land parcels being conveyed from the U.S. Government to Molycorp at dates ranging from 1967-1974 and at least one parcel being conveyed in 1983. Other relevant documents not within the possession of CMI

[1] The Request defines the Site in the Instructions, Paragraph 9 as: "the Molycorp, Inc. Site (as defined in the Administrative Order on Consent for RI/FS)." However, Question 3 requests deed records of the Site "as defined in the Final Chevron Mining, Inc. Feasibility Study Report." This definition refers to a map which is included in this Response as Attachment 3.1. These definitions are slightly different. In accordance with a conversation with John Emerson, Office of Regional Counsel, the Response is predicated on the definition contained in Question 3, ie. the Feasibility Study (FS) map.

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are believed to exist within the public files of the Bureau of Land Management (BLM), U.S. Department of the Interior, or the New Mexico State Land Office in Santa Fe.

Upon information and belief, portions of the mine and the property which the tailing pipeline traverses continue to be owned by entities of the federal government including the BLM and the U.S. Forest Service. Other areas of the Site which CMI does not own or lease all or a part of include:

Eagle Rock Lake (See Carson National Forest, Recreational Activities: Fishing[2] - Attachment 3.5).
Riparian areas south of the tailing dam.

Deeds of properties on the Site not owned by CMI or the U.S. government and leases to CMI for properties for portions of the Site not owned by CMI or the U.S government, as can best be determined from the site map in the FS (Attachment 3.1), may be found in Attachment 3.6.

CMI has not been able to identify additional documents within its possession bearing on these subjects beyond those provided in response to this Question 3 or included in Attachment 6.b.1 to CMI's 2001 104(e) response, but they will be produced if they are discovered in the future.

4. *Provide Chevron Mining, Inc.'s most recent SEC filings or other sources which demonstrate its current financial status.*

Response:

CMI is a wholly owned subsidiary of Chevron Corporation. As such, CMI does not submit filings to the SEC. CMI's financial information is included in Chevron Corporation's SEC filings. Chevron Corporation's 10-Q for the quarter ending September 30, 2009 (which is the latest currently available) is attached as Attachment 4.1. It may also be found on the Security Exchange Commission's website at: http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0000093410&owner=exclude&count=40. Attachment 4.2 is Chevron Corporation Form 10-K, February 26, 2009 (filed for the period ending December 31, 2008; the latest available).

Also attached is a Balance Sheet for CMI dated September 2009, the latest information available. See Attachment 4.3. This additional financial information regarding CMI provided in response to this request is confidential and proprietary and is marked "Business Confidential and Proprietary" pursuant to 40 CFR Section 2.203 and enclosed in a sealed envelope. Chevron Corporation does not publish financial information on subsidiaries to the general public. Confidentiality is requested on a permanent basis. This information is maintained in confidence on a need to know basis and has only been disclosed in those instances required by law or as required by financial institutions in connection with financial

[2] http://www.fs.fed.us/r3/carson/recreation/fishing/index.shtml.

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matters. Disclosure of this information would likely have a substantial harmful effect on CMI's competitive position by providing competitors with previously unavailable insight into the company's potential strength and factors relating to the establishment of price in the molybdenum marketplace.

5. *Identify and describe Chevron Mining Inc.'s corporate organization, including state of incorporations, principal place and nature of its business, officers, directors, stockholders, current registered agent, and any subsidiary or parent corporations. Identify and produce and documents relied upon to respond to this question, unless already provided in the response to above.*

Response:

CMI objects to this request on the grounds that it is vague, overly broad, and unduly burdensome. In addition, CMI objects to this request to the extent that it seeks information protected by attorney/client privilege or the attorney work product doctrine and that it is beyond the scope of EPA's authority under CERCLA Section 104(e). Without waiving these objections, CMI responds as follows.

CMI is a wholly owned subsidiary of Chevron Global Energy, Inc.; which is a wholly owned subsidiary of Texaco Overseas Holdings, Inc.; which is a wholly owned subsidiary of Texaco Inc.; which is a wholly owned subsidiary of Chevron Investments, Inc.; which is a wholly owned subsidiary of Chevron Corporation. See Attachment 7.13 provided in response to Question 7 below.

CMI was incorporated in the State of Missouri on May 17, 1955, where its registered office resides. CMI's headquarters and its principal place of business is 116 Inverness Drive East, Suite 207, Englewood, Colorado 80112. See Attachment 2.1. The nature of CMI's business is specified in Attachment 5.1, Composite Certificate of Incorporation of Molybdenum Corporation of America. CMI's directors, officers, stockholders, and current registered agent are listed below.

CMI does not have any direct or indirect subsidiaries in the United States though it does have three foreign subsidiaries: El Calden S.A., Uruguay; Quebec Columbium, Canada; and St. Joe International Resources, Ltd., Bahamas.

The following persons may be contacted through counsel as indicated in the response to Question 1.

Directors:
Frederick D. Nelson
Mark G. Premo
William L. Sharrer
Jarrel V. Burrow

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Officers:

Katheryn L. Beck	Frederick D. Nelson
Warren J. Brechtel	David W. Partridge
Michael J. Bryan	Stephen H. Peth
Kari H. Endries	Mark G. Premo
Debbie L. Jones	William L. Sharrer
Judith P. Knapp	Frank G. Soler
Gretchen J. Kuiper	Jarrel V. Burrow
James D. Lyness	Douglas R. Knowles
Jennifer J. Machado	Hongyan Xun

Shareholders:
Union Oil Company of California – 100% of the Series A Non-Voting, Non-Convertible Preferred Stock Shares.
Chevron Global Energy Inc. – 100% of the Common Stock.

Registered Agent: CSC of Lee County, Hobbs, New Mexico.

6. *Provide the history of the current owner's acquisition of the Questa Mine property. Provide copies of all documents related to the acquisition of the Questa Mine property, including any recorded deed(s) as certified in the Taos County deed record.*

Response:

CMI objects to this request on the grounds that it is vague, overly broad, and unduly burdensome. In addition, CMI objects to this request to the extent that it seeks information protected by attorney/client privilege or the attorney work product doctrine and that it is beyond the scope of EPA's authority under CERCLA Section 104(e). Without waiving these objections, CMI responds as follows.

CMI acquired the Questa Mine property[3] through its merger with Molycorp, Inc. August 31, 2007. See Attachments 7.1 through 7.6 provided in response to Question 7 relating to the merger. The U.S. Government owned fee title interest in the vast majority of the lands at the mine where molybdenum was mined and waste rock was disposed through the 1960s and 1970s. Particular land parcels were conveyed from the U.S. Government to Molycorp, Inc. at dates ranging from 1967-1974, with at least one parcel being conveyed in 1983. The particular legal descriptions of the relevant land parcels along with the dates of conveyances are set forth in the documents submitted in response to Question 3 as Attachments 3.4a and 3.6 many of which were provided previously as Attachment 4.b.2 or Attachment 6.b.1 to CMI's 2001 104(e) response. Other relevant documents not within the possession of CMI are believed to exist in the public files of the BLM, U.S. Department of the Interior, or the

[3] Though this question involves only the "Questa Mine property" as opposed to similar information requested in Question 3 for "the Site," the corporate ownership chain is the same for all three areas of the Site owned or leased by CMI.

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New Mexico State Land Office in Santa Fe. CMI has not been able to identify additional documents within its possession bearing on these subjects beyond those set forth in this response or in response to Question 3, but they will be produced if they are discovered in the future.

See also the response to Question 7 below.

7. *Provide the history of Chevron Mining, Inc.'s acquisition of and merger with Molycorp, Inc., including relationships with Molycorp Inc., Union Oil Company of California, and Unocal Corporation. Provide copies of all documents relating to Chevron Mining, Inc.'s acquisition of Molycorp, Inc.*

Response:

CMI objects to this request on the grounds that it is vague, overly broad, and unduly burdensome. In addition, CMI objects to this request to the extent that it seeks information protected by attorney/client privilege or the attorney work product doctrine and that it is beyond the scope of EPA's authority under CERCLA Section 104(e). Without waiving these objections, CMI responds as follows.

Attached are: the State of Missouri Certificate of Merger, Missouri Entity Surviving, dated 31 August, 2007, and the State of Delaware Certificate of Merger of Domestic Corporation into Foreign Corporation, of even date, memorializing the merger of Molycorp, Inc., a Delaware corporation, into and with Chevron Mining Inc., a Missouri corporation. See Attachments 7.1 and 7.2. Also documenting the merger and attached are: the Agreement and Plan of Merger dated August 31, 2007, between CMI and Molycorp, Inc.; Chevron Mining Inc. Unanimous Consent of the Directors, dated August 28, 2007; the Written Consent of Shareholders of Chevron Mining Inc. dated 28 August, 2007; and Written Consent of Stockholders of Molycorp, Inc, dated 28 August, 2007. These documents are found at Attachments 7.3, 7.4, 7.5, and 7.6 respectively.

Previous corporate history is as follows.

- The Molybdenum Corporation of America, which formed on June 1, 1920, changed its name to Molycorp, Inc. on April 24, 1974. See Attachment 7.7.

- On July 29, 1977 Molycorp, Inc. merged into a subsidiary of Union Oil Company of California (See Attachments 7.8 and 7.9) and thereby became a wholly owned subsidiary of Union Oil Company of California.

- On April 25, 1983 Union Oil Company of California became a wholly owned subsidiary of Unocal Corporation (Unocal). See Attachment 7.10.

- Unocal was acquired by and became a wholly owned subsidiary of Chevron Corporation on August 10, 2005. See Attachment 7.11.

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▪ Molycorp, Inc. continued to exist as an indirect wholly owned subsidiary of Chevron Corporation until it merged with CMI on August 31, 2007. See Attachments 7.1 and 7.2 above.

▪ CMI remains an independent corporate entity. See March 12, 2007 letter from Louis Rose, Montgomery & Rose, to Mr. Bill Brancard, MMD, Attachment 7.12.

A chart identifying the relationships between Molycorp Inc., CMI, Union Oil Company of California, Unocal Corporation, and Chevron Corporation is contained in Attachment 7.13.

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RESPONSE TO EPA CERCLA SECTION 104(e) INFORMATION REQUEST
REGARDING THE QUESTA MINE SITE, QUESTA, NEW MEXICO
SUBMITTED BY CHEVRON MINING INC.
January 8, 2010

LIST OF ATTACHMENTS

No.	Attachment
2.1	State of Missouri, Summary Articles of Merger, Molycorp, Inc. into Chevron Mining Inc. August 31, 2007.
2.2	Amended Certificate of Authority of Chevron Mining Inc., New Mexico Office of the Public Regulation Commission. August 28, 2007.
2.3	Certificate of Assistant Secretary, Chevron Corporation, Kari H. Endries, dated December 3, 2009.
3.1	Map of Site, as defined in Question 3. (Figure 1-1 from the final Feasibility Study for the Site).
3.2a	Survey of CMI's holdings at the mine. (Appendix K-2 from the final Feasibility Study for the Site.)
3.2b	Survey of CMI's holdings at the tailing facility. (Appendix K-2 from the final Feasibility Study for the Site.)
3.3	List of properties CMI leases, owns, or holds a right-of-way or patent for at each of the mine, the tailing facility, and tailing pipeline and key maps.
3.4a	Deeds and leases of CMI's holdings at the Site submitted with 2001 104(e) request.
3.4b	Deeds and leases of CMI's holdings at the Site not submitted with 2001 104(e) response.
3.5	Information regarding Site property owned by the U.S. government.
3.6	Deeds of properties on the Site not owned by CMI or the U.S. government and leases to CMI for properties for portions of the Site not owned by CMI or the U.S government.
4.1	Chevron Corporation's 10-Q for the quarter ending September 30, 2009.
4.2	Chevron Corporation Form 10-K, February 26, 2009 (for the period ending December 31, 2008).
4.3	**Business Confidential and Proprietary**: CMI September 2009 Balance Sheet.
5.1	Composite Certificate of Incorporation of Molybdenum Corporation of America,

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	June 1, 1920
7.1	State of Missouri Certificate of Merger, Missouri Entity Surviving, dated 31 August, 2007
7.2	State of Delaware Certificate of Merger of Domestic Corporation into Foreign Corporation dated 31 August, 2007
7.3	Agreement and Plan of Merger dated August 31, 2007, between CMI and Molycorp, Inc.
7.4	Chevron Mining Inc. Unanimous Consent of the Directors, dated August 29, 2007
7.5	Written Consent of Shareholders of Chevron Mining Inc. dated 28 August, 2007
7.6	Written Consent of Stockholders of Molycorp, Inc, dated 28 August, 2007.
7.7	Certificate of Amendment of Certificate of Incorporation of Molybdenum Corporation of America, April 24, 1974.
7.8	Agreement of Merger, 18 May 1977, between Molycorp, Inc. and Union Oil Subsidiary, Inc.
7.9	Minutes of Meeting of the Board of Directors, Union Oil Company of California, July 25, 1977.
7.10	Plan of Reorganization and Agreement of Merger, April 25, 1983, by and between Union Oil Company of California, Union Merger Corporation, and Unocal Corporation.
7.11	Agreement and Plan of Merger, April 4, 2005, among Unocal Corporation, ChevronTexaco Corporation, and Blue Merger Sub Inc.
7.12	March 12, 2007 letter from Louis Rose, Montgomery & Andrews, to Mr. Bill Brancard, Director, MMD.
7.13	Corporate organization chart for Chevron Mining, Inc. effective August 31, 2007.

RESPONSE TO EPA CERCLA SECTION 104(e) INFORMATION REQUEST
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January 8, 2010

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008832

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SUBMITTED BY CHEVRON MINING INC.
January 8, 2010

QUESTIONS AND RESPONSES

1. *Identify the person(s) who are providing the answers to the questions below on behalf of Chevron Mining, Inc.*

Response:

Carol Lear, Senior Counsel, Chevron Products Company, 1400 Smith, Rm. 7088, Houston, Texas, 77002. 713.372.9230, clear@chevron.com.

The following persons provided assistance with the answers provided below. They may be contacted through counsel.

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Response:

The Site, as defined in Question 3 above[1], is comprised of those parcels that are owned or leased by CMI, areas for which CMI has obtained a Bureau of Land Management (BLM) patent, a right of way, or a BLM special use permit, and areas which CMI does not own or lease.

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In addition, a list of properties owned or leased by CMI or for which CMI holds rights-of-way or patents may be found for the mine, the tailing facility, and the tailing pipeline in Attachment 3.3 along with key maps. These were provided previously as Attachment 4.a.2 to CMI's 2001 104(e) response. Copies of the associated deeds are found in Attachment 3.4a. These may also be found as Attachment 4.a.2 to CMI's 2001 104(e) response.

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Eagle Rock Lake (See Carson National Forest, Recreational Activities: Fishing[2] - Attachment 3.5).
Riparian areas south of the tailing dam.

Deeds of properties on the Site not owned by CMI or the U.S. government and leases to CMI for properties for portions of the Site not owned by CMI or the U.S government, as can best be determined from the site map in the FS (Attachment 3.1), may be found in Attachment 3.6.

CMI has not been able to identify additional documents within its possession bearing on these subjects beyond those provided in response to this Question 3 or included in Attachment 6.b.1 to CMI's 2001 104(e) response, but they will be produced if they are discovered in the future.

4. *Provide Chevron Mining, Inc.'s most recent SEC filings or other sources which demonstrate its current financial status.*

Response:

CMI is a wholly owned subsidiary of Chevron Corporation. As such, CMI does not submit filings to the SEC. CMI's financial information is included in Chevron Corporation's SEC filings. Chevron Corporation's 10-Q for the quarter ending September 30, 2009 (which is the latest currently available) is attached as Attachment 4.1. It may also be found on the Security Exchange Commission's website at: http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0000093410&owner=exclude&count=40. Attachment 4.2 is Chevron Corporation Form 10-K, February 26, 2009 (filed for the period ending December 31, 2008; the latest available).

Also attached is a Balance Sheet for CMI dated September 2009, the latest information available. See Attachment 4.3. This additional financial information regarding CMI provided in response to this request is confidential and proprietary and is marked "Business Confidential and Proprietary" pursuant to 40 CFR Section 2.203 and enclosed in a sealed envelope. Chevron Corporation does not publish financial information on subsidiaries to the general public. Confidentiality is requested on a permanent basis. This information is maintained in confidence on a need to know basis and has only been disclosed in those instances required by law or as required by financial institutions in connection with financial

[2] http://www.fs.fed.us/r3/carson/recreation/fishing/index.shtml.

matters. Disclosure of this information would likely have a substantial harmful effect on CMI's competitive position by providing competitors with previously unavailable insight into the company's potential strength and factors relating to the establishment of price in the molybdenum marketplace.

5. *Identify and describe Chevron Mining Inc.'s corporate organization, including state of incorporations, principal place and nature of its business, officers, directors, stockholders, current registered agent, and any subsidiary or parent corporations. Identify and produce and documents relied upon to respond to this question, unless already provided in the response to above.*

Response:

CMI objects to this request on the grounds that it is vague, overly broad, and unduly burdensome. In addition, CMI objects to this request to the extent that it seeks information protected by attorney/client privilege or the attorney work product doctrine and that it is beyond the scope of EPA's authority under CERCLA Section 104(e). Without waiving these objections, CMI responds as follows.

CMI is a wholly owned subsidiary of Chevron Global Energy, Inc.; which is a wholly owned subsidiary of Texaco Overseas Holdings, Inc.; which is a wholly owned subsidiary of Texaco Inc.; which is a wholly owned subsidiary of Chevron Investments, Inc.; which is a wholly owned subsidiary of Chevron Corporation. See Attachment 7.13 provided in response to Question 7 below.

CMI was incorporated in the State of Missouri on May 17, 1955, where its registered office resides. CMI's headquarters and its principal place of business is 116 Inverness Drive East, Suite 207, Englewood, Colorado 80112. See Attachment 2.1. The nature of CMI's business is specified in Attachment 5.1, Composite Certificate of Incorporation of Molybdenum Corporation of America. CMI's directors, officers, stockholders, and current registered agent are listed below.

CMI does not have any direct or indirect subsidiaries in the United States though it does have three foreign subsidiaries: El Calden S.A., Uruguay; Quebec Columbium, Canada; and St. Joe International Resources, Ltd., Bahamas.

The following persons may be contacted through counsel as indicated in the response to Question 1.

Directors:
Frederick D. Nelson
Mark G. Premo
William L. Sharrer
Jarrel V. Burrow

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Officers:

Katheryn L. Beck	Frederick D. Nelson
Warren J. Brechtel	David W. Partridge
Michael J. Bryan	Stephen H. Peth
Kari H. Endries	Mark G. Premo
Debbie L. Jones	William L. Sharrer
Judith P. Knapp	Frank G. Soler
Gretchen J. Kuiper	Jarrel V. Burrow
James D. Lyness	Douglas R. Knowles
Jennifer J. Machado	Hongyan Xun

Shareholders:
Union Oil Company of California – 100% of the Series A Non-Voting, Non-Convertible Preferred Stock Shares.
Chevron Global Energy Inc. – 100% of the Common Stock.

Registered Agent: CSC of Lee County, Hobbs, New Mexico.

6. *Provide the history of the current owner's acquisition of the Questa Mine property. Provide copies of all documents related to the acquisition of the Questa Mine property, including any recorded deed(s) as certified in the Taos County deed record.*

Response:

CMI objects to this request on the grounds that it is vague, overly broad, and unduly burdensome. In addition, CMI objects to this request to the extent that it seeks information protected by attorney/client privilege or the attorney work product doctrine and that it is beyond the scope of EPA's authority under CERCLA Section 104(e). Without waiving these objections, CMI responds as follows.

CMI acquired the Questa Mine property[3] through its merger with Molycorp, Inc. August 31, 2007. See Attachments 7.1 through 7.6 provided in response to Question 7 relating to the merger. The U.S. Government owned fee title interest in the vast majority of the lands at the mine where molybdenum was mined and waste rock was disposed through the 1960s and 1970s. Particular land parcels were conveyed from the U.S. Government to Molycorp, Inc. at dates ranging from 1967-1974, with at least one parcel being conveyed in 1983. The particular legal descriptions of the relevant land parcels along with the dates of conveyances are set forth in the documents submitted in response to Question 3 as Attachments 3.4a and 3.6 many of which were provided previously as Attachment 4.b.2 or Attachment 6.b.1 to CMI's 2001 104(e) response. Other relevant documents not within the possession of CMI are believed to exist in the public files of the BLM, U.S. Department of the Interior, or the

[3] Though this question involves only the "Questa Mine property" as opposed to similar information requested in Question 3 for "the Site," the corporate ownership chain is the same for all three areas of the Site owned or leased by CMI.

New Mexico State Land Office in Santa Fe. CMI has not been able to identify additional documents within its possession bearing on these subjects beyond those set forth in this response or in response to Question 3, but they will be produced if they are discovered in the future.

See also the response to Question 7 below.

7. *Provide the history of Chevron Mining, Inc.'s acquisition of and merger with Molycorp, Inc., including relationships with Molycorp Inc., Union Oil Company of California, and Unocal Corporation. Provide copies of all documents relating to Chevron Mining, Inc.'s acquisition of Molycorp, Inc.*

Response:

CMI objects to this request on the grounds that it is vague, overly broad, and unduly burdensome. In addition, CMI objects to this request to the extent that it seeks information protected by attorney/client privilege or the attorney work product doctrine and that it is beyond the scope of EPA's authority under CERCLA Section 104(e). Without waiving these objections, CMI responds as follows.

Attached are: the State of Missouri Certificate of Merger, Missouri Entity Surviving, dated 31 August, 2007, and the State of Delaware Certificate of Merger of Domestic Corporation into Foreign Corporation, of even date, memorializing the merger of Molycorp, Inc., a Delaware corporation, into and with Chevron Mining Inc., a Missouri corporation. See Attachments 7.1 and 7.2. Also documenting the merger and attached are: the Agreement and Plan of Merger dated August 31, 2007, between CMI and Molycorp, Inc.; Chevron Mining Inc. Unanimous Consent of the Directors, dated August 28, 2007; the Written Consent of Shareholders of Chevron Mining Inc. dated 28 August, 2007; and Written Consent of Stockholders of Molycorp, Inc, dated 28 August, 2007. These documents are found at Attachments 7.3, 7.4, 7.5, and 7.6 respectively.

Previous corporate history is as follows.

- The Molybdenum Corporation of America, which formed on June 1, 1920, changed its name to Molycorp, Inc. on April 24, 1974. See Attachment 7.7.

- On July 29, 1977 Molycorp, Inc. merged into a subsidiary of Union Oil Company of California (See Attachments 7.8 and 7.9) and thereby became a wholly owned subsidiary of Union Oil Company of California.

- On April 25, 1983 Union Oil Company of California became a wholly owned subsidiary of Unocal Corporation (Unocal). See Attachment 7.10.

- Unocal was acquired by and became a wholly owned subsidiary of Chevron Corporation on August 10, 2005. See Attachment 7.11.

▪ Molycorp, Inc. continued to exist as an indirect wholly owned subsidiary of Chevron Corporation until it merged with CMI on August 31, 2007. See Attachments 7.1 and 7.2 above.

▪ CMI remains an independent corporate entity. See March 12, 2007 letter from Louis Rose, Montgomery & Rose, to Mr. Bill Brancard, MMD, Attachment 7.12.

A chart identifying the relationships between Molycorp Inc., CMI, Union Oil Company of California, Unocal Corporation, and Chevron Corporation is contained in Attachment 7.13.

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ATTACHMENT 2.1

CMI09-00010

00085060

CERTIFICATE OF CORPORATE RECORDS

CHEVRON MINING INC.

I, ROBIN CARNAHAN, Secretary of the State of the State of Missouri and Keeper of the Great Seal thereof, do hereby certify that the annexed pages contain a full, true and complete copy of the original documents on file and of record in this office for which certification has been requested.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 5th day of January, 2010

Robin Carnahan

Secretary of State

Certification Number: 12414727-1 Reference:
Verify this certificate online at http://www.sos.mo.gov/businessentity/verification

CMI09-00011

State of Missouri

Robin Carnahan, Secretary of State

Corporations Division
P.O. Box 778 / 600 W. Main Street, Rm 322
Jefferson City, MO 65102

File Number:
00085060
Date Filed: 08/31/2007
Robin Carnahan
Secretary of State

Summary Articles of Merger

(Section 351.430, RSMo)
(Submit with filing fee of $30)

Pursuant to the provisions of The General and Business Corporation Law of Missouri, the undersigned corporations certify the following:

1. The constituent corporations are:

Chevron Mining Inc. (*Name of Corporation*) of Missouri (*Parent State*)

Molycorp, Inc. (*Name of Corporation*) of Delaware (*Parent State*)

2. A plan of merger has been approved, adopted, certified, executed and acknowledged by each of the constituent corporations as required by Chapter 351, RSMo.);

3. The name of the surviving corporation is Chevron Mining Inc. (*Name of Corporation*) of Missouri (*Parent State*);

4. Check one of the following:
_____ The merger has effected amendments or changes in the articles of the surviving corporation and those are attached to this summary. *(Please attach amendments.)*
✓ There are no amendments or changes to the articles of the surviving corporation, and the articles of the surviving corporation shall be the articles of incorporation.

5. The executed plan of merger is on file at the principal place of business of the surviving corporation at 116 Inverness Drive East, Suite 207, Englewood, CO 80112
street, city, state and zip

6. A copy of a plan of merger will be furnished by the surviving corporation, on request and without cost, to any shareholder of any constituent corporation.

7. The effective date of this document is the date it is filed by the Secretary of State of Missouri, unless you indicate a future date, as follows:
08/31/07
Date may not be more than 90 days after the filing date in this office

To be completed only if surviving corporation is a foreign corporation.

8. If the surviving corporation is a foreign corporation, it is agreed that, upon and after the issuance of a certificate of merger by the Secretary of State of the State of Missouri:
   a. The surviving corporation may be served with process in the State of Missouri in any proceeding for the enforcement of any obligation of any corporation organized under the laws of the State of Missouri which is party to the merger and in any proceeding for the enforcement of the rights of a dissenting shareholder of any such corporation organized under the laws of the State of Missouri against the surviving corporation;
   b. The Secretary of State of the State of Missouri shall be and hereby is irrevocably appointed as the agent of the surviving corporation to accept service of process in any such proceeding; the address to which the service of process in any such proceeding shall be mailed is _____

Name and address to return filed document:

Name: _____
Address: _____
City, State, and Zip Code: _____

State of Missouri
Merger - General Business - Domestic 3 Page(s)

T0724706510

CMI09-00012

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c. The surviving corporation will promptly pay to the dissenting shareholders of any corporation organized under the laws of the State of Missouri which is a party to the merger the amount, if any, to which they shall be entitled under the provisions of "The General and Business Corporation Law of Missouri" with respect to the rights of dissenting shareholders.

In Affirmation thereof, the facts stated above are true and correct:
(The undersigned understands that false statements made in this filing are subject to the penalties provided under Section 575.040, RSMo)

Authorized Signature	Printed Name	Title	Date
Frank G. Soler	Frank G. Soler	Assistant Secretary Chevron Mining Inc.	08/29/2007

Corp. 40 (01/05)

CMI09-00013

008844

TAXATION BUREAU
P O BOX 3666
JEFFERSON CITY MO 65105-3666

STATE OF MISSOURI
Department of Revenue
Telephone: (573) 751-9268
Fax: (573) 522-1160
E-mail: taxclearance@dor.mo.gov

CERTIFICATE OF TAX CLEARANCE

MOLYCORP
116 INVERNESS DR EAST STE 207
ENGLEWOOD CO80112

DATE: AUGUST 31, 2007

MISSOURI CORPORATION CHARTER NUMBER: F00241672

In response to the corporation's request, a review of the tax records has been completed. All taxes owed, including all liabilities owed as determined by the Division of Employment Security, pursuant to Chapter 288, RSMo, have been paid.

This statement is not to be construed as limiting the authority of the Director of Revenue to pursue collection of liabilities resulting from final litigation, default in payment of any installment agreement entered into with the Director of Revenue, any successor liability that may become due in the future, or audits or reviews of the taxpayer's records as provided by law.

This Certificate of Tax Clearance must be presented to the Missouri Secretary of State's Office with any required paperwork and payment. For information concerning the Secretary of State's requirements, you may call their office at (573) 751-4153 or toll free at (866) 223-6535.

THIS CERTIFICATE REMAINS VALID FOR SIXTY (60) DAYS FROM THE ISSUANCE DATE. If you do not complete your transaction in sixty (60) days you must obtain a new Certificate of Tax Clearance. Additionally, a new Form 943, Request for Tax Clearance, may be required.

Sincerely,

Jim Brentlinger
Administrator

SL:DU0306

ENC.

CBN001
200724300300923

CMI09-00014

State of Missouri

Robin Carnahan
Secretary of State

CERTIFICATE OF MERGER
MISSOURI ENTITY SURVIVING

WHEREAS, Articles of Merger of the following entities:

MOLYCORP, INC. -- F00241672

INTO:

CHEVRON MINING INC. -- 00085060

Organized and existing under laws of Missouri and Delaware have been received, found to conform to law, and filed.

NOW, THEREOF, I, ROBIN CARNAHAN, Secretary of State of the State of Missouri, issue this Certificate of Merger, certifying that the merger of the aforenamed entities is effected, with

CHEVRON MINING INC. -- 00085060

as the surviving entity.

IN TESTIMONY WHEREOF, I hereunto set my hand and cause to be affixed the GREAT SEAL of the State of Missouri. Done at the City of Jefferson, this 31st day of August, 2007.

Secretary of State

CMI09-00015

008846

ATTACHMENT 2.2

NEW MEXICO PUBLIC REGULATION COMMISSION

COMMISSIONERS

DISTRICT 1 JASON MARKS, VICE CHAIRMAN
DISTRICT 2 DAVID W. KING
DISTRICT 3 BEN R. LUJAN, CHAIRMAN
DISTRICT 4 CAROL K. SLOAN
DISTRICT 5 SANDY JONES

1120 Paseo de Peralta/P.O. Box 1269
Santa Fe, NM 87504-1269
(505) 827-4508
1-800-947-4722

CORPORATION DEPARTMENT

SEPTEMBER 10, 2007

CORPORATION SERVICE COMPANY
P.O. BOX 9315
SANTA FE ,NM 87504

RE: CHEVRON MINING INC.
SCC#0436188

BE ADVISED THAT THIS COMMISSION HAS APPROVED AND FILED THE APPLICATION FOR AMENDED CERTIFICATE OF AUTHORITY (REFERENCE #3335304) FOR THE ABOVE CAPTIONED CORPORATION EFFECTIVE AUGUST 28, 2007. THE ATTACHED AMENDED CERTIFICATE OF AUTHORITY SHOULD BECOME A PERMANENT DOCUMENT OF THE CORPORATION'S RECORDS.

THE ATTACHED CERTIFICATE DOES NOT CONSTITUTE AUTHORIZATION FOR THE ABOVE REFERENCED CORPORATION TO TRANSACT ANY BUSINESS WHICH REQUIRES COMPLIANCE WITH OTHER APPLICABLE FEDERAL OR STATE LAWS, INCLUDING, BUT NOT LIMITED TO, STATE LICENSING REQUIREMENTS. IT IS THE CORPORATION'S SOLE RESPONSIBILITY TO OBTAIN SUCH COMPLIANCE WITH ALL LEGAL REQUIREMENTS APPLICABLE THERETO PRIOR TO ENGAGING IN THE BUSINESS FOR WHICH IT HAS OBTAINED THE ATTACHED AMENDED CERTIFICATE OF AUTHORITY.

YOUR CANCELLED CHECK, AS VALIDATED BY THIS COMMISSION, IS YOUR RECEIPT. IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE CHARTERED DOCUMENT DIVISION AT (505) 827-4511 FOR ASSISTANCE.

CHARTERED DOCUMENT DIVISION
RNA

CMI09-00017

OFFICE OF THE
PUBLIC REGULATION COMMISSION

AMENDED
CERTIFICATE OF AUTHORITY

OF

CHEVRON MINING INC.

3335304

A MISSOURI CORPORATION

The Public Regulation Commission certifies that duplicate originals of the Application for Amended Certificate of Authority attached hereto, duly signed and verified pursuant to the provisions of the

BUSINESS CORPORATION ACT
(53-17-1 to 53-17-20 NMSA 1978)

have been received by it and are found to conform to law.

Accordingly, by virtue of the authority vested in it by law, the Public Regulation Commission issues this Amended Certificate of Authority and attaches hereto a duplicate original of the Application for Amended Certificate of Authority.

Dated: AUGUST 28, 2007

In testimony whereof, the Public Regulation of the State of New Mexico has caused this certificate to be signed by its Chairman and the seal of said Commission to affixed at the City of Santa Fe.

Chairman

Bureau Chief

CMI09-00018

FILED IN OFFICE OF
NM PUBLIC REG COMMISSION
AUG 2 8 2007
CORPORAT ON BUREAU

SUBMIT ORIGINAL AND A COPY
TYPE OR PRINT LEGIBLY

Foreign Profit Amendment
APPLICATION FOR AMENDED CERTIFICATE OF AUTHORITY

The undersigned corporation, in order to apply for an Amended Certificate of Authority under the New Mexico Business Corporation Act, submits the following statement:

1. The name of the corporation is (include **NMPRC#**): 0436188
The Pittsburg & Midway Coal Mining Co.

2. A Certificate of Authority was issued to this corporation on: August 26, 1960

3. The corporate name has been changed to: Chevron Mining Inc.

(Attach an original authenticated certificate of filing verifying the change of corporate name)

4. If the corporate name as changed does not contain the word "corporation", "company", "incorporated", or "limited", or an abbreviation of one of these words (as required under the New Mexico Business Corporation Act), state the corporate name as changed **and** include the word or abbreviation it elects to add for use in New Mexico:

5. The corporation desires to pursue in the transaction of business in New Mexico other or additional purposes than those set forth in its application for Certifictate of Authority, as follows:
No Change

Dated: August 21, 2007

Chevron Mining Inc.
Name of Corporation
By Frank G. Soler
Signature of Authorized Officer
Frank G. Soler, Assistant Secretary

RECEIVED
AUG 2 8 2007
NM PUBLIC REG. COMM.
CORPORATION BUREAU

Form FPR-AM
(revised 7/03)

CMI09-00019

CORPORATION SERVICE COMPANY
www.incspot.com

CSC- Sacramento
Suite 100
2730 Gateway Oaks Drive
Sacramento, CA 95833
800-222-2122
916-563-2121 (Fax)

Matter# Not Provided
Project Id :

Order# 064666-65
Order Date 08/21/2007

Entity Name :	THE PITTSBURG & MIDWAY COAL MINING CO.
Jurisdiction :	NM-Public Regulation Commission
Request for :	Foreign Amendment Filing
File date :	08/28/2007
Result :	Filed

Ordered by FRANK SOLER at CHEVRON CORPORATION

Thank you for using CSC. For real-time 24 hour access to the status of any order placed with CSC, access our website at www.incspot.com.

If you have any questions concerning this order or IncSpot, please feel free to contact us.

Jerome Suarez
jsuarez@cscinfo.com

The responsibility for verification of the files and determination of the information therein lies with the filing officer; we accept no liability for errors or omissions.

ATTACHMENT 2.3

Kari H. Endries
Assistant Secretary

Chevron Corporation
6001 Bollinger Canyon Road
San Ramon, CA 94583
Tel 925 842 2217
Fax 925 842 2846
KEndries@chevron.com

CHEVRON CORPORATION
CERTIFICATE OF ASSISTANT SECRETARY

I, Kari H. Endries, Assistant Secretary of Chevron Corporation, a Delaware corporation, DO HEREBY CERTIFY that the following are full, true and correct statements of fact:

1. Chevron Mining Inc. is a wholly owned subsidiary of Chevron Global Energy Inc.

2. Chevron Global Energy Inc. is a wholly owned subsidiary of Texaco Overseas Holdings Inc.

3. Texaco Overseas Holdings Inc. is a wholly owned subsidiary of Texaco Inc.

4. Texaco Inc. is a wholly owned subsidiary of Chevron Investments Inc.

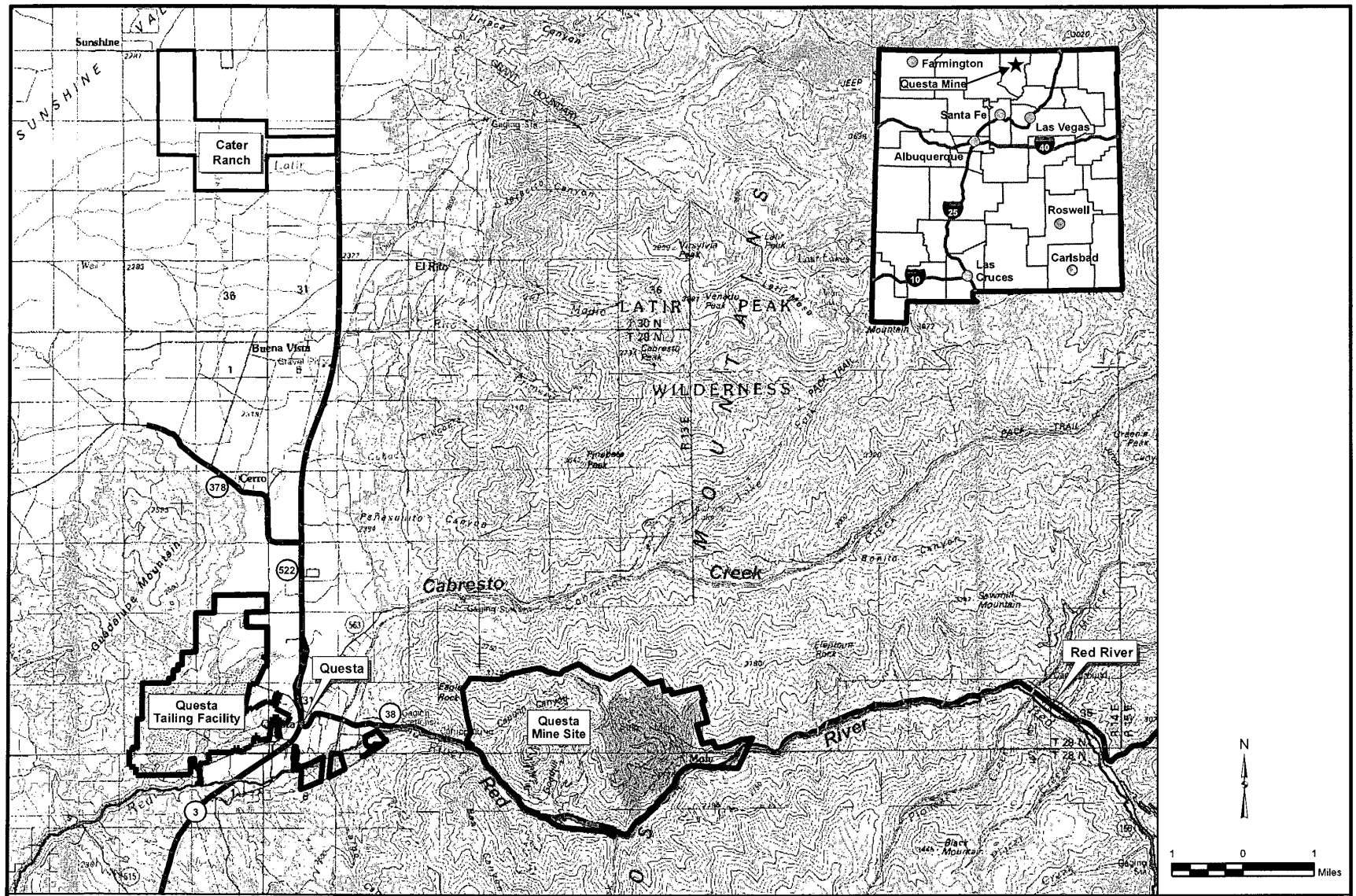
5. Chevron Investments Inc. is a wholly owned subsidiary of Chevron Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 3rd day of December 2009.

Kari H. Endries
Assistant Secretary

CMI09-00022

ATTACHMENT 3.1



CMI09-00024	REVISION	DATE	URS	APPLICATION ArcGIS 9.3	CHEVRON MINING INC. - QUESTA MINE	PROJECT 22236247
	2.0	8/25/2009	URS Center 8181 East Tufts Avenue Denver, CO 80237-2637 (303) 694-2770	FILE NAME cmi_site_fs.mxd DRAWN BY GIS - Denver DATE 08/12/2009	SITE LOCATION MAP	**FIGURE 1-1** *Final Feasibility Study Report*

ATTACHMENT 3.2a

CMI09-00025

DESCRIPTION:

Lands located within Townships 28 North and 29 North, Range 13 East (Unsurveyed) and Township 28 North and 29 North, Range 14 East (Unsurveyed) of The New Mexico Principal Meridian, County of Taos, State of New Mexico, described as follows:

Tracts 1 and 2, Exchange Survey No. 530 in Townships 28 North and 29 North, Range 13 East (Unsurveyed), and Township 28 North, Range 14 East (Unsurveyed) of the New Mexico Principal Meridian, New Mexico, recorded at Patent Number 30-74-0017.

Phyllis No. 1, Phyllis No. 2, Phyllis No. 3, Phyllis No. 4, Phyllis No. 5, Phyllis No. 6, Phyllis No. 7, Phyllis No. 8, Phyllis No. 9 and Phyllis No. 10 lode mining claims recorded at Patent Number 890847.

Sargent No. 6 and Sargent No. 7 lode mining claims recorded at Patent Number 952862.

Mineral Survey No. 2255 of Moly Mill Site Nos. 1, 2, 3, 4, 5, 6, 8, 9, 11, 12, 13, 14, 15, and 32 all situated in Section 1 Township 28 North, Range 13 East, Section 6, Township 28 North, Range 14 East, Section 36, Township 29 North, Range 13 East, Section 31, Township 29 North, Range 14 East of the New Mexico Principal Meridian, Taos County, Red River Mining District, New Mexico Land District, recorded at Patent Number 30-67-0159.

Andesite Nos. 1, 4, 17, Molybdite Nos. 6, 7, 8, 9, 10, Aplite Nos, 1, 4, 5, 8, Rhyolite Nos. 3, 5, 6, 7, 8, Summit Nos. 4, 5, 7, 8, Lonesome No. 1, Lode Mining Claims and Moly Millsites No. 20, 21, 22, 23, 24, 25, 26, 29, 30, and 31 designated and described as Mineral Survey Number 2254 A and B, recorded at Patent Number 30-70-0048.

Exchange Survey No. 531, Townships 28 and 29 North, Range 13 East, New Mexico Principal Meridian, New Mexico, recorded at Patent Number 30-82-0015.

Sargent No. 1, Sargent No. 2, Sargent No. 3, Sargent No. 4, and Sargent No. 5, lode mining claims. All being a part of Survey No. 1909, embracing a portion of approximately Section 31, Township 29 North, Range 14 East, and approximately Section 36, Township 29 North, Range 13 East of the New Mexico Meridian, in the Red River Mining District, Taos County, New Mexico, recorded at Patent Number 958137.

Mineral Survey No. 2298 New Mexico Claim of Molycorp Incorporated known as the MS Group (Millsites) MS Nos. 8, 9, 10, 11, 12, 13, 20, 22, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 37, 38, 47, 48, 49, 53, 55, 56 and 77, situated in unsurveyed Section 36, Township 29 North, Range 13 East, and unsurveyed Section 31, Township 29 North, Range 14 East, New Mexico Principal Meridian, Taos County, Red River Mining District, New Mexico Land District, recorded at Patent Number 30-83-0155.

Buena Vista No. 1, Buena Vista No. 2, Buena Vista No. 3, Buena Vista No. 4, Buena Vista No. 6, Buena Vista No. 7, Torbert No. 2, and Renegade lode mining claims. All being a part of Survey No. 1943, embracing a portion of, approximately Sections 25, 35, and 36, Township 29 North, Range 13 East of the New Mexico Principal Meridian, in the Red River Mining District, Taos County, New Mexico, recorded at Patent Number 1013380.

Aplite No. 7, Aplite No. 27, Aplite No. 32, Aplite No. 33, Aplite No. 34, Rhyolite No. 9, Rhyolite, No. 10, and Summit No. 16. All being a part of Survey No. 2253, embracing a portion of Sections 2 and 3, Township 28 North, Range 13 East, New Mexico Principal Meridian, and a portion of Section 35, Township 29 North, Range 13 East, New Mexico Principal Meridian, in the Red River Mining District, Taos County, New Mexico, recorded at Patent Number 30-67-0137.

Summit No. 10 Lode Mining Claim designated and described as follows: Mineral Survey Number 2253, embracing a portion of Township 29 North, Range 13 East, Section 35, Part unsurveyed, in New Mexico Principal Meridian, New Mexico and within the Red River Mining District, Taos County, New Mexico, recorded at Patent Number illegible.

Diorite No. 1 Lode mining claim, Survey No. 1991 being a portion of, approximately, Section 36, Township 29 North, and Section 1, Township 28 North, all in Range 13 East, New Mexico Principal Meridian, in the Red River Mining District, Taos County, New Mexico, recorded at Patent Number 1042765.

Homestead Entry Survey 423, being a part of Section 6, Township 28 North and Section 31, Township 29 North, Range 14 East of the New Mexico Principal Meridian, recorded in Book A-32, at Page 275.

Homestead Entry Survey 338, being a part of Sections 3 and 11, Township 28 North, Range 13 East of the New Mexico Principal Meridian, recorded at Patent Number 892272.

Warranty Deed recorded in Book Illegible, Pages 743-744, between David I. Douglas (Grantor) and Molycorp, Inc, (Grantee).

Any interests in Moly Mill Site No. 19, Andesite No. 11, Andesite No. 14, Andesite No. 15, and Andesite No. 16 and Homestead Entry Survey No. 101, County of Taos, State of New Mexico.

Subject to Judgment No. 6242, recorded in Book M-32, at Page 350.

Subject to New Mexico State Highway 38.

All of the above parcels more particulary described as follows;

DESCRIPTION - continued:

COMMENCING at the southeast corner of Section 31, Township 29 North, Range 14 East, being a found 2 ½" diameter pipe with a 3 ¼" diameter brass cap stamped: U.S. Department of the Interior 1971, from whence the southwest corner of Section 34, Township 29 North, Range 13 East, being a found 2 ½" diameter pipe with a 3 ¼" diameter brass cap U.S. Department of the Interior 1981 bears N89°56'09"W a distance of 21210.30 feet;
Thence South 56°57'13" West a distance of 2725.46 feet to the southeast corner of said Homestead Entry Survey No. 423 and the **POINT OF BEGINNING;**
thence along the southerly line of said Homestead Entry Survey North 82°23'07" West a distance of 2551.42 feet to the southerly line of said Moly Mill Site No. 13;
thence along the boundary lines of said Moly Mill Site No. 13 the following two (2) courses;
1. South 70°02'56" West a distance of 145.95 feet;
2. North 19°57'04" West a distance of 75.60 feet to the southerly line of said Moly Mill Site No. 15;

thence along the boundary lines of said Moly Mill Site No. 15 the following two (2) courses;
1. South 70°02'56" West a distance of 174.00 feet;
2. North 19°57'04" West a distance of 56.10 feet to the southerly line of said Tract 1, Exchange Survey No. 530;

thence along said southerly line the following four (4) courses;
1. South 74°08'07" West a distance of 667.75 feet;
2. South 50°21'26" West a distance of 762.14 feet;
3. South 23°08'26" West a distance of 794.64 feet;
4. South 43°03'29" West a distance of 2040.24 feet to the easterly line of said Moly Mill Site 23;

thence along said easterly line North 44°37'27" West a distance of 50.24 feet to the northerly right-of-way Line of New Mexico State Highway Project No. S-1529(4) and a point of non-tangent curvature;
thence along said northerly line the following seven (7) courses;
1. along the arc of a non-tangent curve to the right a distance of 255.18 feet, having a radius of 1091.33 feet, a central angle of 13°23'51" and which chord bears South 54°23'10" West a distance of 254.60 feet to a point of reverse curvature;
2. along the arc of a reverse curve to the left a distance of 597.31 feet, having a radius of 1046.45 feet, a central angle of 32°42'15" and which chord bears South 44°43'57" West a distance of 589.23 feet;
3. South 28°22'50" West a distance of 144.32 feet to a point of curvature;
4. along the arc of a curve to the right a distance of 264.30 feet, having a radius of 470.87 feet, a central angle of 32°09'37" and which chord bears South 44°27'38" West a distance of 260.84 feet;
5. South 60°32'27" West a distance of 245.15 feet to a point of curvature;
6. along the arc of a curve to the left a distance of 274.86 feet, having a radius of 766.20 feet, a central angle of 20°33'15", and which chord bears South 50°15'49" West a distance of 273.39 feet;
7. South 39°59'12" West a distance of 50.93 feet to the southwesterly line of Moly Mill Site No. 19 shown in Mineral Survey Number 2254 A and B, recorded at Patent Number 30-70-0048.

Thence South 44°13'11" East a distance of 50.79 feet to the southerly line of said Tract 2, Exchange Survey No. 530;
thence along said southerly line the following six (6) courses;
1. South 39°41'36" West a distance of 535.48 feet;
2. South 28°37'59" West a distance of 612.48 feet;
3. South 61°54'00" West a distance of 289.09 feet;
4. North 87°41'43" West a distance of 236.28 feet;
5. North 64°19'17" West a distance of 385.28 feet;
6. North 87°14'35" West a distance of 317.89 feet to the easterly line of said Homestead Entry Survey No. 101;

thence along the boundary lines of said Homestead Entry Survey No. 101 the following three (3) courses;
1. South 03°38'15" West a distance of 269.28 feet;
2. North 58°53'47" West a distance of 696.18 feet;
3. North 84°12'14" West a distance of 3242.34 feet to the southerly common corner of said Homestead Entry Survey No. 101 and said Homestead Entry Survey No. 338;

thence along the boundary line of said Homestead Entry Survey No. 338 the following four (4) courses;
1. North 67°41'35" West a distance of 754.26 feet;
2. North 52°51'11" West a distance of 618.79 feet;
3. North 77°45'24" West a distance of 515.12 feet;
4. North 00°54'15" West a distance of 184.80 feet to the southwesterly line of said Tract 2, Exchange Survey No. 530;

DESCRIPTION - continued:

thence along said southwesterly line the following eight (8) courses;
1. North 70°11'47" West a distance of 855.58 feet;
2. North 60°43'47" West a distance of 443.63 feet;
3. North 45°36'47" West a distance of 343.29 feet;
4. North 26°57'47" West a distance of 607.35 feet;
5. North 42°44'33" West a distance of 1207.14 feet;
6. North 47°42'33" West a distance of 751.23 feet;
7. North 32°27'33" West a distance of 662.85 feet;
8. North 49°20'20" West a distance of 473.85 feet to the common southeasterly corner of said Tract 2, Exchange Survey No. 530 and said Exchange Survey No. 531;

thence along the boundary lines of said Exchange survey No. 531 the following six (6) courses;
1. North 35°30'32" West a distance of 484.57 feet;
2. North 18°01'32" West a distance of 398.08 feet;
3. North 35°34'58" West a distance of 426.81 feet;
4. North 53°05'58" West a distance of 426.81 feet;
5. North 70°38'47" West a distance of 466.62 feet;
6. North 38°15'23" East a distance of 306.24 feet to angle point no. 18 of said Tract 2, Exchange Survey No. 530;

thence along the boundary line of said Tract 2, Exchange Survey No. 530 the following seventeen (17) courses
1. North 48°41'58" West a distance of 505.19 feet;
2. North 25°55'32" East a distance of 666.80 feet;
3. North 14°14'30" West a distance of 1184.94 feet;
4. North 08°12'44" West a distance of 2092.64 feet;
5. North 35°12'21" East a distance of 1039.63 feet;
6. South 88°08'41" East a distance of 2160.02 feet;
7. North 65°06'22" East a distance of 925.33 feet;
8. North 78°03'39" East a distance of 2004.25 feet;
9. South 80°53'55" East a distance of 420.17 feet;
10. South 54°04'03" East a distance of 474.74 feet;
11. South 81°53'08" East a distance of 919.29 feet;
12. North 47°43'06" East a distance of 445.35 feet;
13. North 68°07'40" East a distance of 1153.10 feet;
14. South 57°38'55" East a distance of 1383.43 feet;
15. South 71°16'13" East a distance of 1245.62 feet;
16. North 62°44'29" East a distance of 1490.05 feet;
17. South 37°04'36" East a distance of 601.20 feet to angle point no. 3 of said Buena Vista No. 3 mining claim;

thence along the boundary lines of said Buena Vista No. 3 the following two (2) courses;
1. South 37°00'36" East a distance of 580.00 feet;
2. South 52°59'24" West a distance of 260.66 feet to the easterly line of said Buena Vista No. 2;

thence along said line South 37°00'36" East a distance of 77.77 feet to the northerly line of said MS No. 8;
thence along the boundary lines of said Mineral Survey No. 2298 New Mexico Claim of Molycorp Incorporated known as the MS Group (Millsites) MS Nos. 8, 9, 10, 11, 12, 13, 20, 22, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 37, 38, 47, 48, 49, 53, 55, 56 and 77 the following twenty-two (22) courses;

Description continues on sheet 2.

SURVEYORS STATEMENT:

I, Robert C. Maestas, a New Mexico Professional Surveyor, hereby certify that this boundary survey plat was prepared from an actual ground survey performed by me or under my supervision, that I am responsible for this survey, that this survey is true and correct to the best of my knowledge and belief, that this boundary survey plat and field survey upon which it is based meet the minimum standards for surveying in New Mexico, and that this survey is not a land division or subdivision as defined in the New Mexico Subdivision Act. This is a boundary survey plat of an existing tract or tracts.

ROBERT C. MAESTAS NEW MEXICO 15706 REGISTERED PROFESSIONAL SURVEYOR

Date

Robert C. Maestas, PLS
New Mexico Professional Land Surveyor
No. 15705
for and on behalf of
HCL Engineering and Surveying, LLC
9570 Kingston Crt. Suite 310
Englewood, CO 80112

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BOUNDARY SURVEY PLAT - CHEVRON MINING, INC.
QUESTA MINE
Lands located within Townships 28 and 29 North, Range 13 East (Unsurveyed) and Townships 28 and 29 North, Range 14 East (Unsurveyed) of The New Mexico Principal Meridian, County of Taos, State of New Mexico.

DRAWN BY:	WDS	DATE:	06.06.09	SHEET 1 OF 9
CHECKED BY:	RCM	JOB NO.:	22240757.00100	

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DESCRIPTION – continued:

1. North 69°59'08" East a distance of 609.68 feet;
2. North 69°48'07" East a distance of 600.63 feet;
3. South 19°49'33" East a distance of 341.17 feet;
4. North 70°57'50" East a distance of 600.74 feet;
5. South 20°00'28" East a distance of 350.13 feet;
6. South 20°12'55" East a distance of 349.84 feet;
7. South 19°42'25" East a distance of 348.13 feet;
8. North 71°20'22" East a distance of 295.63 feet;
9. South 20°29'20" East a distance of 536.35 feet;
10. North 69°59'08" East a distance of 300.26 feet
11. North 69°59'08" East a distance of 299.42 feet;
12. North 69°15'34" East a distance of 139.22 feet;
13. North 71°58'18" East a distance of 341.98 feet;
14. North 67°37'52" East a distance of 259.43 feet;
15. South 19°58'30" East a distance of 552.03 feet;
16. North 70°01'04" East a distance of 290.62 feet;
17. North 70°17'08" East a distance of 374.04 feet;
18. South 12°36'50" East a distance of 495.88 feet;
19. South 70°04'40" West a distance of 300.31 feet;
20. South 69°57'40" West a distance of 299.87 feet;
21. South 69°58'40" West a distance of 299.94 feet;
22. South 68°46'10" West a distance of 298.26 feet to the easterly line of said Sargent No. 4;

thence along the easterly boundary of said Survey No. 1909, Sargent No. 1, Sargent No. 2, Sargent No. 3, Sargent No. 4, and Sargent No. 5, lode mining claims the following five (5) courses;

1. South 20°00'00" East a distance of 549.64 feet;
2. North 70°00'00" East a distance of 828.00 feet;
3. South 20°00'00" East a distance of 600.00 feet;
4. South 70°00'00" West a distance of 676.00 feet;
5. South 20°00'00" East a distance of 1026.00 feet to the northerly line of said Moly Mill Site No 2;

thence along the northerly and easterly lines of said Mineral Survey No. 2255 of Moly Mill Site Nos. 2, 4, 6, 8, 9, 12, and 32 the following four (4) courses;

1. North 70°05'48" East a distance of 19.60 feet;
2. South 19°47'02" East a distance of 1408.23 feet;
3. North 70°12'58" East a distance of 904.00 feet;
4. South 19°47'02" East a distance of 560.90 feet to the northerly line of said Homestead Entry Survey No. 423;

thence along the boundary line of said Homestead Entry Survey No. 423 the following five (5) courses;

1. North 74°50'55" East a distance of 1098.75 feet;
2. North 50°34'46" East a distance of 232.22 feet;
3. North 40°25'46" East a distance of 730.96 feet;
4. North 87°20'46" East a distance of 654.43 feet;
5. South 29°56'11" West a distance of 2388.42 feet to the **POINT OF BEGINNING.**

Containing 167,046,913 square feet or 3,834.869 acres, more or less.

Excepting therefrom, that part of New Mexico State Highway Project No. S–1529(4) that lies within said Homestead Entry Survey No. 423, more particularly described as follows:

COMMENCING at the southeast corner of Section 31, Township 29 north, Range 14 East, being a found 2 ½" diameter pipe with a 3 ¼" diameter brass cap stamped: U.S. Department of the Interior 1971, from whence the southwest corner of Section 34, Township 29 North, Range 13 East, being a found 2 ½" diameter pipe with a 3 ¼" diameter brass cap U.S. Department of the Interior 1981 bears N89°56'09"W a distance of 21210.30 feet;
thence North 76°10'16" West a distance of 1288.68 feet to the intersection of the easterly line of said Homestead Entry Survey No. 423 and the southeasterly right–of–way Line of New Mexico State Highway Project No. S–1529(4) and the **POINT OF BEGINNING;**
thence along said southeasterly right–of–way line the following six (6) courses;

1. along the arc of a curve to the left 614.14 feet, having a radius of 676.20 feet, a central angle of 52°02'15" and which chord bears South 61°37'07" West a distance of 593.25 feet;
2. South 35°35'59" West a distance of 583.30 feet to a point of curvature;
3. along the arc of a curve to the right a distance of 272.60 feet, having a radius of 756.20 feet, a central angle of 20°39'15" and which chord bears South 45°55'37" West a distance of 271.12 feet;
4. South 56°15'14" West a distance of 424.86 feet to a point of curvature;
5. along the arc of a curve to the right a distance of 683.91 feet, having a radius of 2904.79 feet, a central angle of 13°29'24" and which chord bears South 62°59'56" West a distance of 682.33 feet;
6. South 69°44'38" West a distance of 364.71 feet to the southerly line of said Homestead Entry Survey No. 423;

DESCRIPTION – continued:

thence along said southerly line North 82°23'07" West a distance of 206.12 feet to the northwesterly right–of–way Line of said New Mexico State Highway Project No. S–1529(4) and a point of non–tangent curvature;
thence along said northwesterly line the following eleven (11) courses;

1. along the arc of a non–tangent curve to the left a distance of 149.03 feet, having a radius of 676.20 feet, a central angle of 12°37'39" and which chord bears North 76°03'27" East a distance of 148.73 feet;
2. North 69°44'38" East a distance of 399.09 feet to a point of curvature;
3. along the arc of a curve to the left a distance of 665.08 feet, having a radius of 2824.79 feet, a central angle of 13°29'24" and which chord bears North 62°59'56" East a distance of 663.54 feet;
4. North 56°15'14" East a distance of 424.86 feet to a point of curvature;
5. along the arc of a curve to the left a distance of 223.69 feet, having a radius of 676.20 feet, a central angle of 18°57'14" and which chord bears North 46°46'37" East a distance of 222.67 feet;
6. South 52°42'00" East a distance of 3.00 feet to a point of non–tangent curvature;
7. along the arc of a non–tangent curve to the left a distance of 20.15 feet, having a radius of 679.20 feet, a central angle of 01°42'01" and which chord bears North 36°27'00" East a distance of 20.15 feet;
8. thence North 35°35'59" East a distance of 78.05 feet;
9. North 54°24'01" West a distance of 3.00 feet;
10. North 35°35'59" East a distance of 505.25 feet to a point of curvature;
11. along the arc of a curve to the right a distance of 736.38 feet, having a radius of 756.20 feet, a central angle of 55°47'39" and which chord bears North 63°29'49" East a distance of 707.63 feet to the easterly line of said Homestead Entry Survey No. 423;

thence along said easterly line South 29°56'11" West a distance of 92.72 feet to the **POINT OF BEGINNING.**

Containing 244,782 square feet or 5.619 acres, more or less.

Resulting in a Net Area of 166,802,131 square feet or 3829.250 acres, more or less.

SURVEYOR'S NOTES

1. This survey does not constitute a title search by HCL to determine ownership of this tract, verify the description shown, verify the compatibility of this description with that of adjacent tracts, or verify easements of record. No title commitment was provided for this boundary survey.
2. BASIS OF BEARINGS: Bearing are based on a line connecting the section corner common to Sections 31, 32, Township 29 North, Range 14 East, of the New Mexico Principal Meridian, Taos County, New Mexico (3¼" Brass Cap on 2½" pipe stamped, S31 S32 T29N R14E 1971) and the Primary NGS Airport Control Point N24 A 1996, at the Questa Airport, (5/8" Stainless Steel Deep Rod in a monument box) as having a New Mexico Central Zone, State Plane NAD83, bearing of North 45°18'05" West a distance of 49584.16 U.S. Survey feet. The above line was rotated 0°27'14" clockwise to match the Mine Coordinate System, resulting in a bearing of North 44°50'51" West. All bearing shown on this plat are based on this Mine Coordinate System bearing.
3. There may be recorded or unrecorded documents in existence specifying rights, easements, encumbrances, restrictions, covenants or encroachments, that are unknown or have not been provided for this survey.
4. All dimensions shown hereon are in U.S. Survey Feet. All bearings shown hereon are in Degrees–Minutes–Seconds. All dimensions shown are based on the field survey commenced by HCL Engineering and Surveying, LLC, in June, 2009.
5. Measurements of record are denoted in parenthesis ().
6. Measurements to reference monuments are denoted in brackets [].
7. Certification not valid without original signature and seal.
8. There are unpaved roads shown hereon that extend both inside and outside of the patented deed lines.
9. There is a conveyor belt shown hereon that extends outside of the patented deed lines.
10. Overhead utility lines shown hereon, lie within the patented deed lines. HCL was not provided with and did not research any public documents defining or granting this use.
11. Mining operations, roads and buildings shown hereon were obtained from aerial mapping completed in October of 2007.

RECORD INFORMATION USED FOR THIS SURVEY:

Phyllis No. 8, Phyllis No. 9, Phyllis No. 10, Phyllis No. 1, Phyllis No. 2, Phyllis No. 3, Phyllis No. 4, Phyllis No. 5, Phyllis No. 6, and Phyllis No. 7, lode mining claims recorded at Patent Number 890847.

Tracts 1 and 2, Exchange Survey No. 530 in Townships 28 North and 29 North, Range 13 East (Unsurveyed), and Township 28 North, Range 14 East (Unsurveyed) of the New Mexico Principal Meridian, New Mexico, recorded at Patent Number 30–74–0017.

Sargent No. 6 and Sargent No. 7 lode mining claims recorded at Patent Number 952862.

Mineral Survey No. 2255 of Moly Mill Site Nos. 1, 2, 3, 4, 5, 6, 8, 9, 11, 12, 13, 14, 15, and 32 all situated in Section 1 Township 28 North, Range 13 East, Section 6, Township 28 North, Range 14 East, Section 36, Township 29 North, Range 13 East, Section 31, Township 29 North, Range 14 East of the New Mexico Principal Meridian, Taos County, Red River Mining District, New Mexico Land District, recorded at Patent Number 30–67–0159.

Andesite Nos. 1, 4, 17, Molybdite Nos. 6, 7, 8, 9, 10, Aplite Nos, 1, 4, 5, 8, Rhyolite Nos. 3, 5, 6, 7, 8, Summit Nos. 4, 5, 7, 8, Lonesome No. 1, Lode Mining Claims and Moly Millsites No. 20, 21, 22, 23, 24, 25, 26, 29, 30, and 31 designated and described as Mineral Survey Number 2254 A and B, recorded at Patent Number 30–70–0048.

Exchange Survey No. 531, Townships 28 and 29 North, Range 13 East, New Mexico Principal Meridian, New Mexico, recorded at Patent Number 30–82–0015.

Sargent No. 1, Sargent No. 2, Sargent No. 3, Sargent No. 4, and Sargent No. 5, lode mining claims. All being a part of Survey No. 1909, embracing a portion of approximately Section 31, Township 29 North, Range 14 East, and approximately Section 36, Township 29 North, Range 13 East of the New Mexico Meridian, in the Red River Mining District, Taos County, New Mexico, recorded at Patent Number 958137.

Mineral Survey No. 2298 New Mexico Claim of Molycorp Incorporated known as the MS Group (Millsites) MS Nos. 8, 9, 10, 11, 12, 13, 20, 22, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 37, 38, 47, 48, 49, 53, 55, 56 and 77, situated in unsurveyed Section 36, Township 29 North, Range 13 East, and unsurveyed Section 31, Township 29 North, Range 14 East, New Mexico Principal Meridian, Taos County, Red River Mining District, New Mexico Land District, recorded at Patent Number 30–83–0155.

Buena Vista No. 1, Buena Vista No. 2, Buena Vista No. 3, Buena Vista No. 4, Buena Vista No. 6, Buena Vista No. 7, Torbert No. 2, and Renegade lode mining claims. All being a part of Survey No. 1943, embracing a portion of, approximately Sections 25, 35, and 36, Township 29 North, Range 13 East of the New Mexico Principal Meridian, in the Red River Mining District, Taos County, New Mexico, recorded at Patent Number 1013380.

Aplite No. 7, Aplite No. 27, Aplite No. 32, Aplite No. 33, Aplite No. 34, Rhyolite No. 9, Rhyolite, No. 10, and Summit No. 16. All being a part of Survey No. 2253, embracing a portion of Sections 2 and 3, Township 28 North, Range 13 East, New Mexico Principal Meridian, and a portion of Section 35, Township 29 North, Range 13 East, New Mexico Principal Meridian, in the Red River Mining District, Taos County, New Mexico, recorded at Patent Number 30–67–0137.

Summit No. 10 Lode Mining Claim designated and described as follows: Mineral Survey Number 2253, embracing a portion of Township 29 North, Range 13 East, Section 35, Part unsurveyed, in New Mexico Principal Meridian, New Mexico and within the Red River Mining District, Taos County, New Mexico, recorded at Patent Number illegible.

Diorite No. 1 Lode mining claim, Survey No. 1991 being a portion of, approximately, Section 36, Township 29 North, and Section 1, Township 28 North, all in Range 13 East, New Mexico Principal Meridian, in the Red River Mining District, Taos County, New Mexico, recorded at Patent Number 1042765.

Homestead Entry Survey 423, being a part of Section 6, Township 28 North and Section 31, Township 29 North, Range 14 East of the New Mexico Principal Meridian, recorded in Book A–32, at Page 275.

Subject to Judgment No. 6242, recorded in Book M–32, at Page 350, more particularly descried as follows.
Homestead Entry Survey 338, being a part of Sections 3 and 11, Township 28 North, Range 13 East of the New Mexico Principal Meridian, recorded at Patent Number 892272.

Warranty Deed recorded in Book illegible, Pages 743–744, between David I. Douglas (Grantor) and Molycorp, Inc, (Grantee).

Right–of–way of New Mexico State Highway Project No.s S–1529(1) S–1529(4).

Warranty Deed recorded in Book 527, Pages 617–619, between Finis E. Fagerquist (Grantor) and Molycorp, Inc, (Grantee).

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BOUNDARY SURVEY PLAT - CHEVRON MINING, INC.
QUESTA MINE
Lands located within Townships 28 and 29 North, Range 13 East (Unsurveyed) and Townships 28 and 29 North, Range 14 East (Unsurveyed) of The New Mexico Principal Meridian, County of Taos, State of New Mexico.

DRAWN BY:	MDS	DATE:	06.06.09	SHEET 2 OF 9
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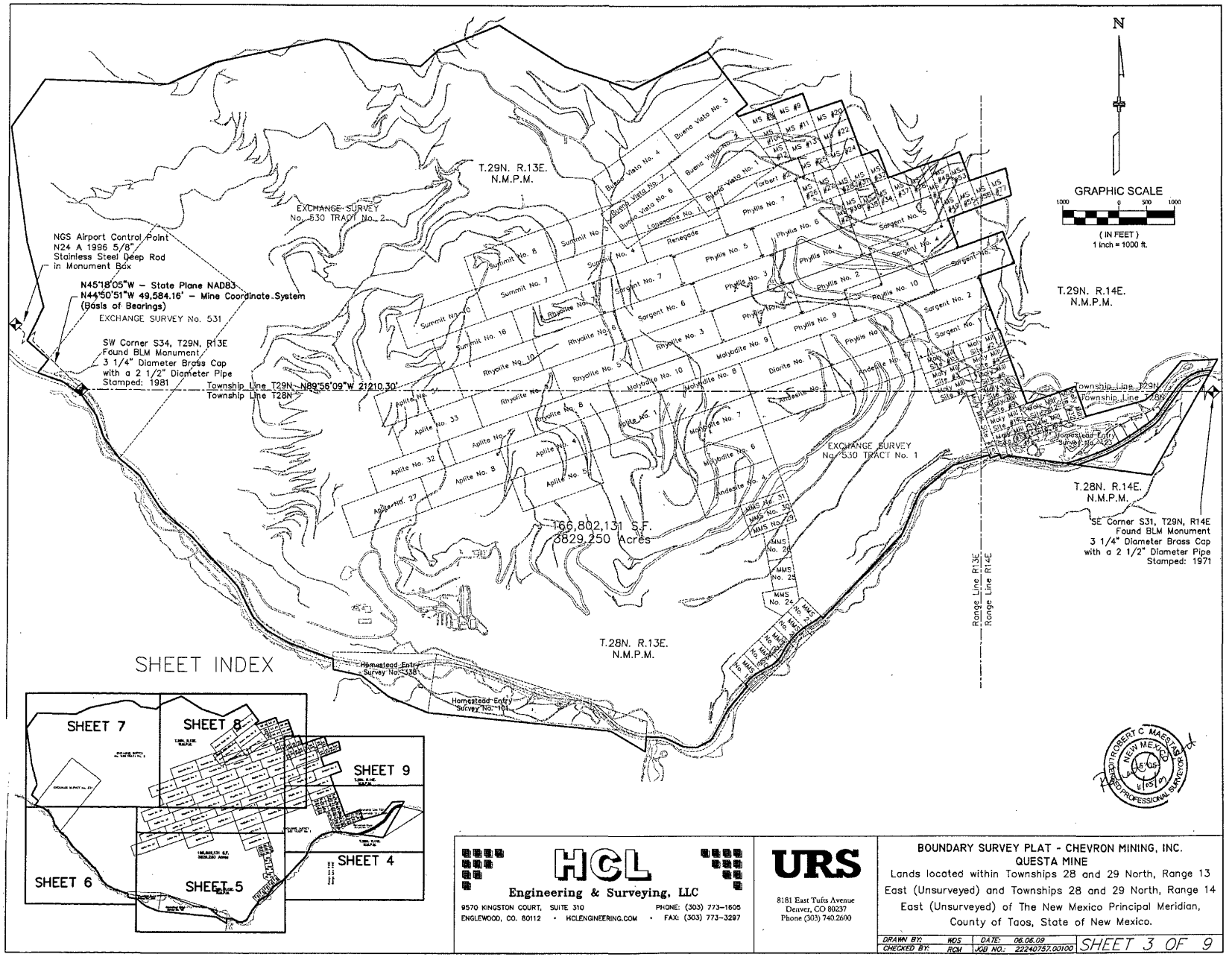

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BOUNDARY SURVEY PLAT - CHEVRON MINING, INC.
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SHEET 3 OF 9

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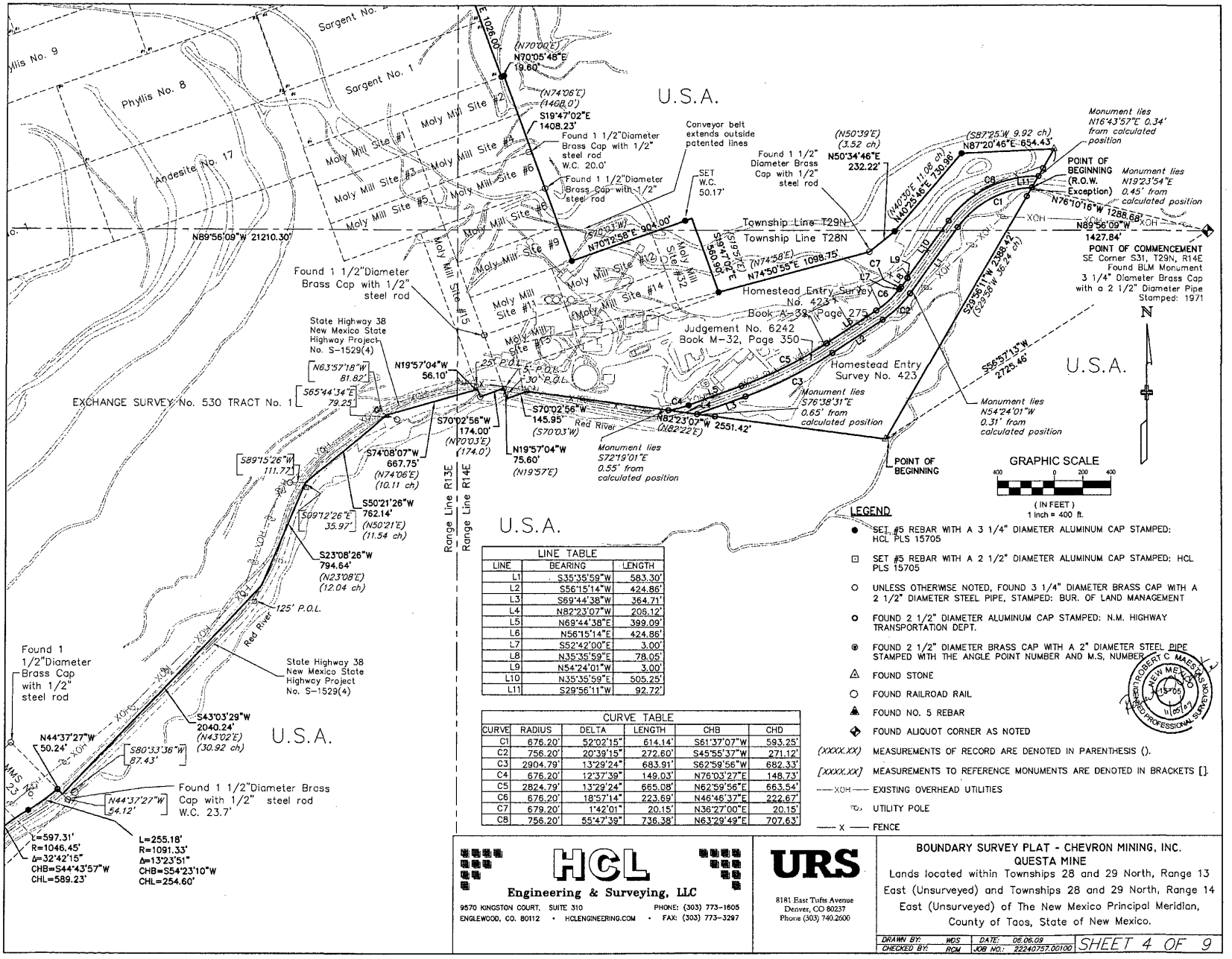

LINE TABLE		
LINE	BEARING	LENGTH
L1	S35°35'59"W	583.30'
L2	S56°15'14"W	424.86'
L3	S69°44'38"W	364.71'
L4	N82°23'07"W	206.12'
L5	N69°44'38"E	399.09'
L6	N56°15'14"E	424.86'
L7	S52°42'00"E	3.00'
L8	N35°35'59"E	78.05'
L9	N54°24'01"W	3.00'
L10	N35°35'59"E	505.25'
L11	S29°56'11"W	92.72'

CURVE TABLE					
CURVE	RADIUS	DELTA	LENGTH	CHB	CHD
C1	676.20'	52°02'15"	614.14'	S61°37'07"W	593.25'
C2	756.20'	20°39'15"	272.60'	S45°55'37"W	271.12'
C3	2904.79'	13°29'24"	683.91'	S62°59'56"W	682.33'
C4	676.20'	12°37'39"	149.03'	N76°03'27"E	148.73'
C5	2824.79'	13°29'24"	665.08'	N62°59'56"E	663.54'
C6	676.20'	18°57'14"	223.69'	N46°46'37"E	222.67'
C7	679.20'	1°42'01"	20.15'	N36°27'00"E	20.15'
C8	756.20'	55°47'39"	736.38'	N63°29'49"E	707.63'

LEGEND

- SET #5 REBAR WITH A 3 1/4" DIAMETER ALUMINUM CAP STAMPED: HCL PLS 15705
- SET #5 REBAR WITH A 2 1/2" DIAMETER ALUMINUM CAP STAMPED: HCL PLS 15705
- UNLESS OTHERWISE NOTED, FOUND 3 1/4" DIAMETER BRASS CAP WITH A 2 1/2" DIAMETER STEEL PIPE, STAMPED: BUR. OF LAND MANAGEMENT
- FOUND 2 1/2" DIAMETER ALUMINUM CAP STAMPED: N.M. HIGHWAY TRANSPORTATION DEPT.
- FOUND 2 1/2" DIAMETER BRASS CAP WITH A 2" DIAMETER STEEL PIPE STAMPED WITH THE ANGLE POINT NUMBER AND M.S. NUMBER
- FOUND STONE
- FOUND RAILROAD RAIL
- FOUND NO. 5 REBAR
- FOUND ALIQUOT CORNER AS NOTED

(XXXX.XX) MEASUREMENTS OF RECORD ARE DENOTED IN PARENTHESIS ().

[XXXX.XX] MEASUREMENTS TO REFERENCE MONUMENTS ARE DENOTED IN BRACKETS [].

—XOH— EXISTING OVERHEAD UTILITIES

UTILITY POLE

—X— FENCE

ROBERT C. MAES, NEW MEXICO, 15705, REGISTERED PROFESSIONAL SURVEYOR

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BOUNDARY SURVEY PLAT - CHEVRON MINING, INC.
QUESTA MINE
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CHECKED BY:	RCM	JOB NO.:	22240757.00100	

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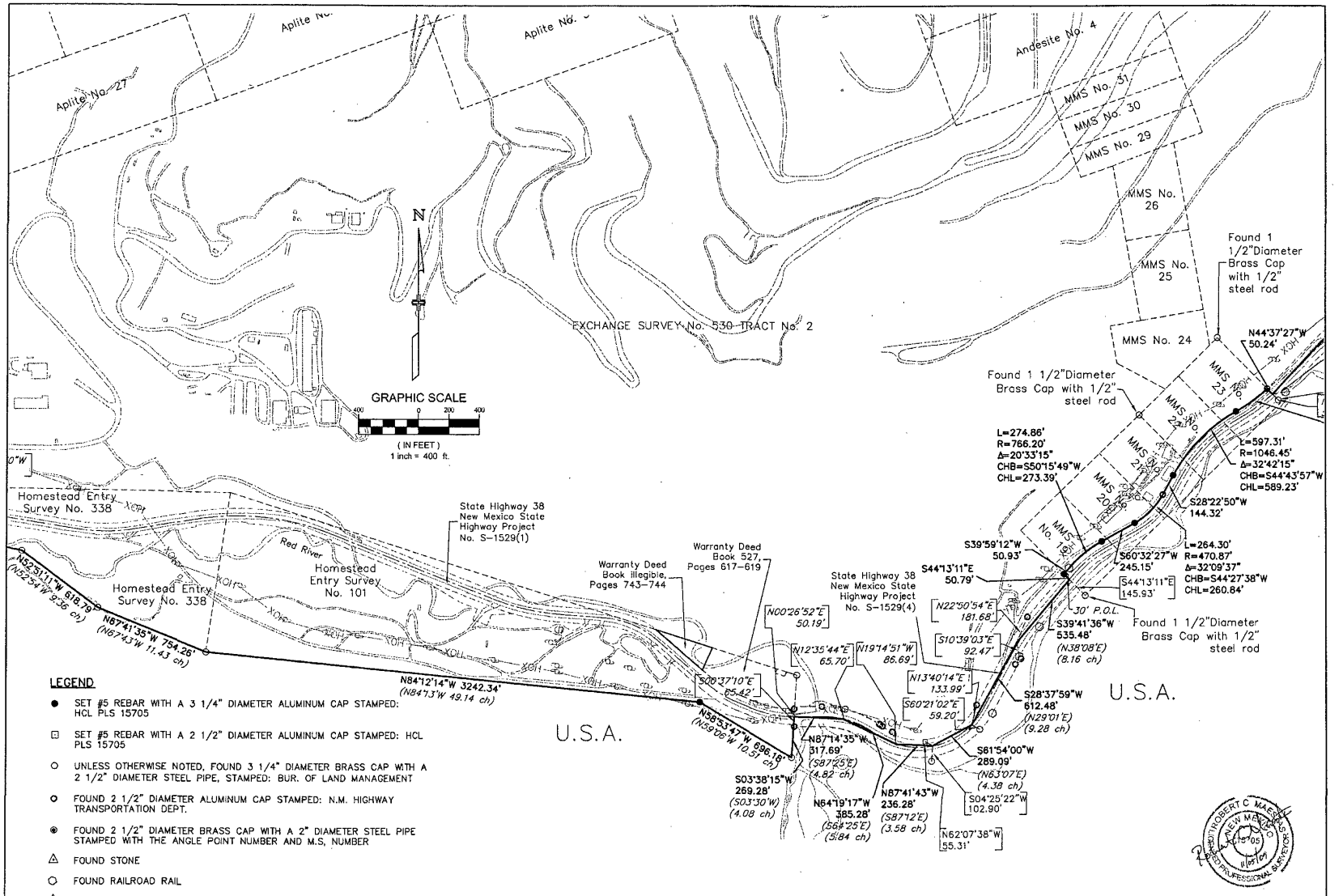

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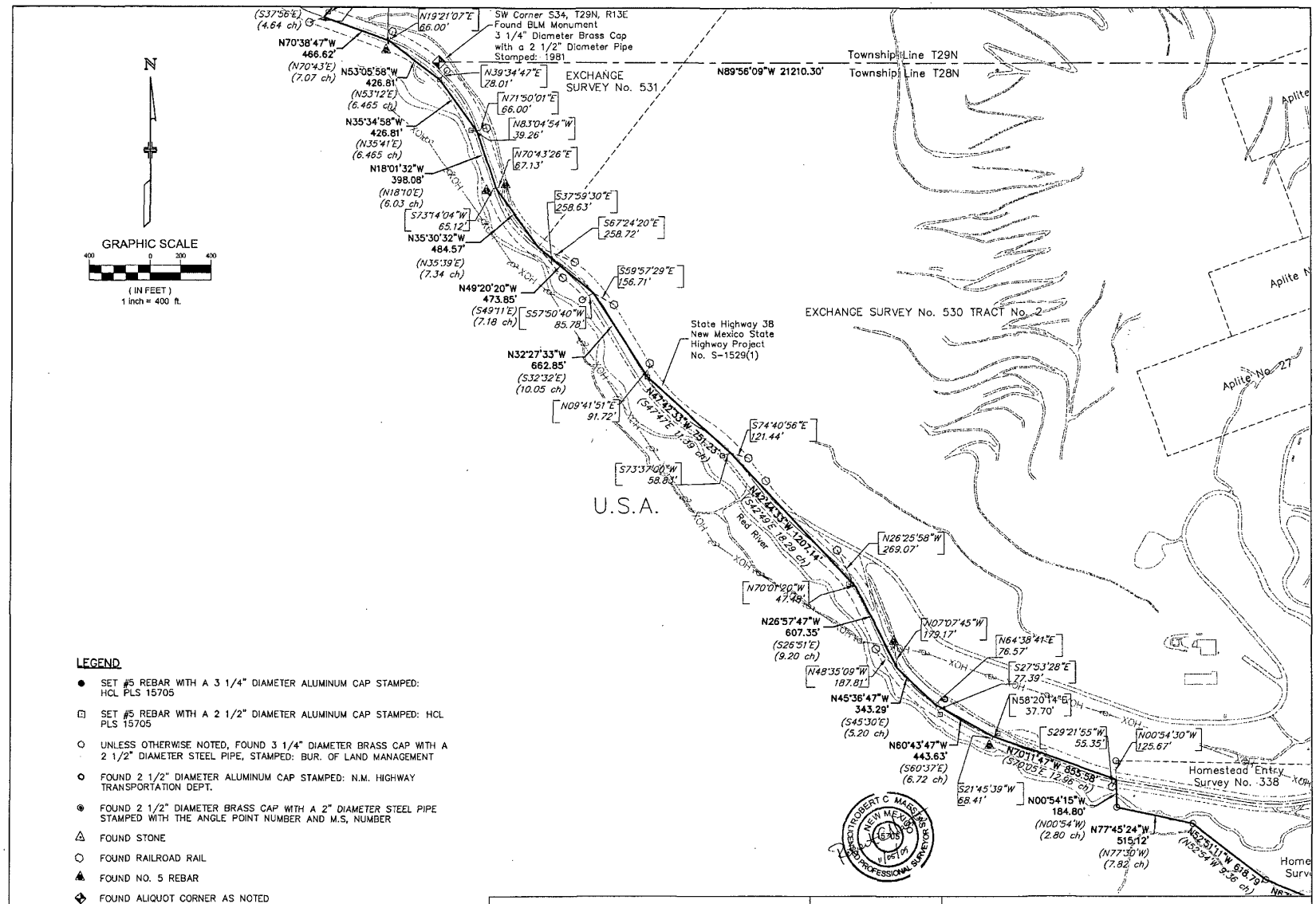


CMI09-00031

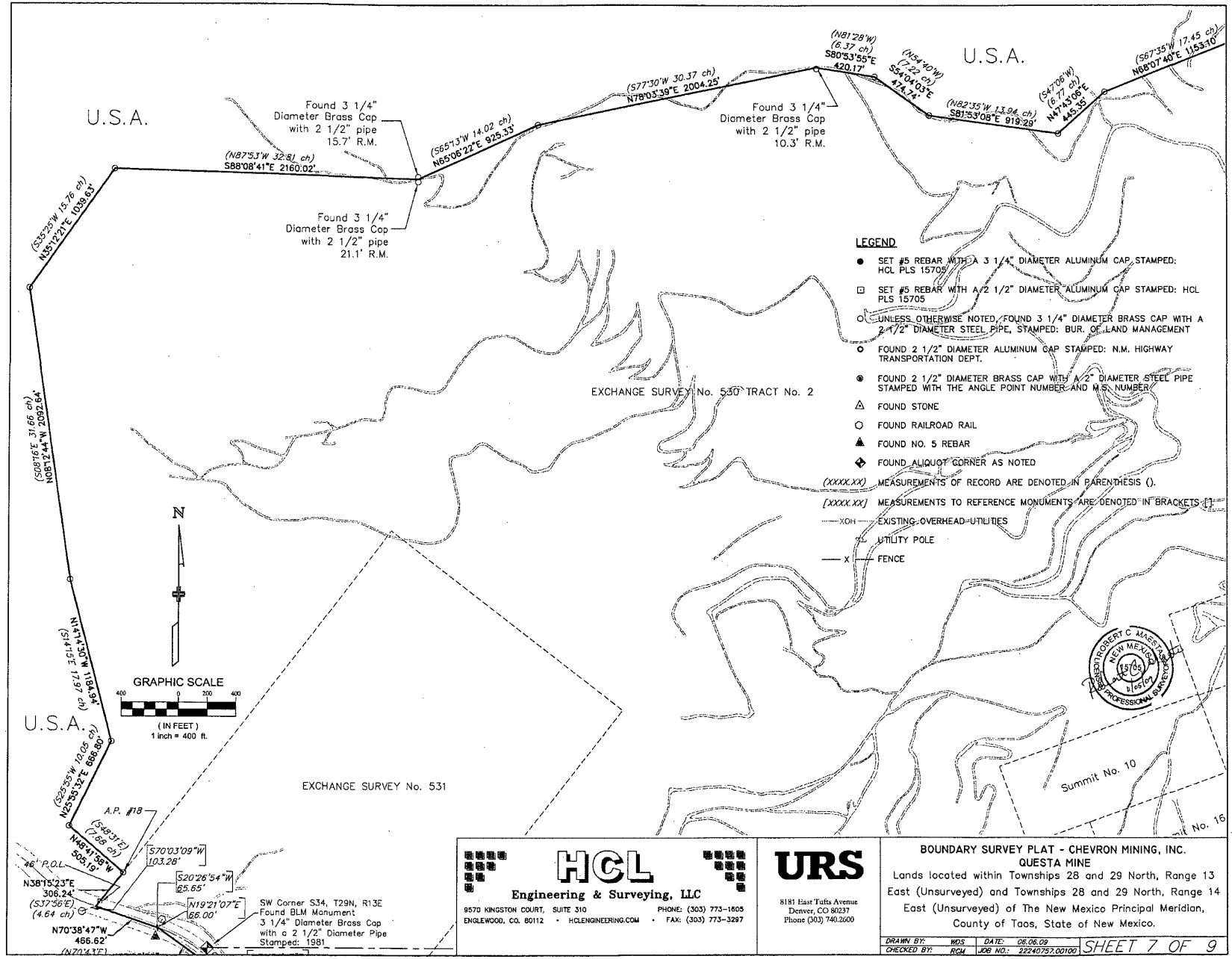
HCL
Engineering & Surveying, LLC
9570 KINGSTON COURT, SUITE 310
ENGLEWOOD, CO. 80112 • HCLENGINEERING.COM • PHONE: (303) 773-1605 • FAX: (303) 773-3297

URS
8181 East Tufts Avenue
Denver, CO 80237
Phone (303) 740.2600

BOUNDARY SURVEY PLAT - CHEVRON MINING, INC.
QUESTA MINE
Lands located within Townships 28 and 29 North, Range 13 East (Unsurveyed) and Townships 28 and 29 North, Range 14 East (Unsurveyed) of The New Mexico Principal Meridian, County of Taos, State of New Mexico.

DRAWN BY:	WDS	DATE:	06.06.09	SHEET 6 OF 9
CHECKED BY:	RCM	JOB NO.:	22240757.00100	

008862



HCL
Engineering & Surveying, LLC
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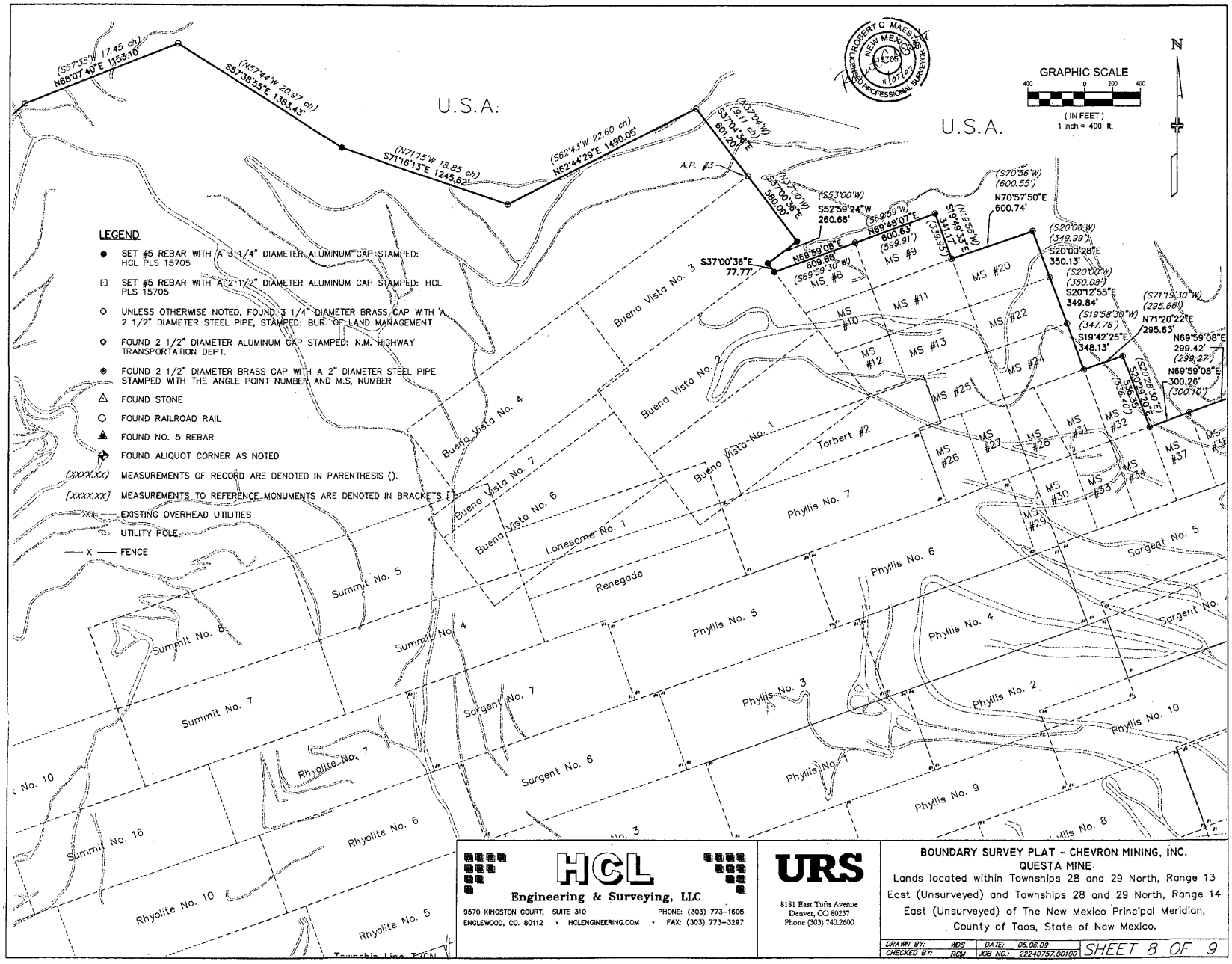
BOUNDARY SURVEY PLAT - CHEVRON MINING, INC.
QUESTA MINE
Lands located within Townships 28 and 29 North, Range 13 East (Unsurveyed) and Townships 28 and 29 North, Range 14 East (Unsurveyed) of The New Mexico Principal Meridian, County of Taos, State of New Mexico.

DRAWN BY:	WDS	DATE:	06.06.09
CHECKED BY:	RCM	JOB NO.:	22240757.00100

SHEET 7 OF 9

CMI09-00032

008863



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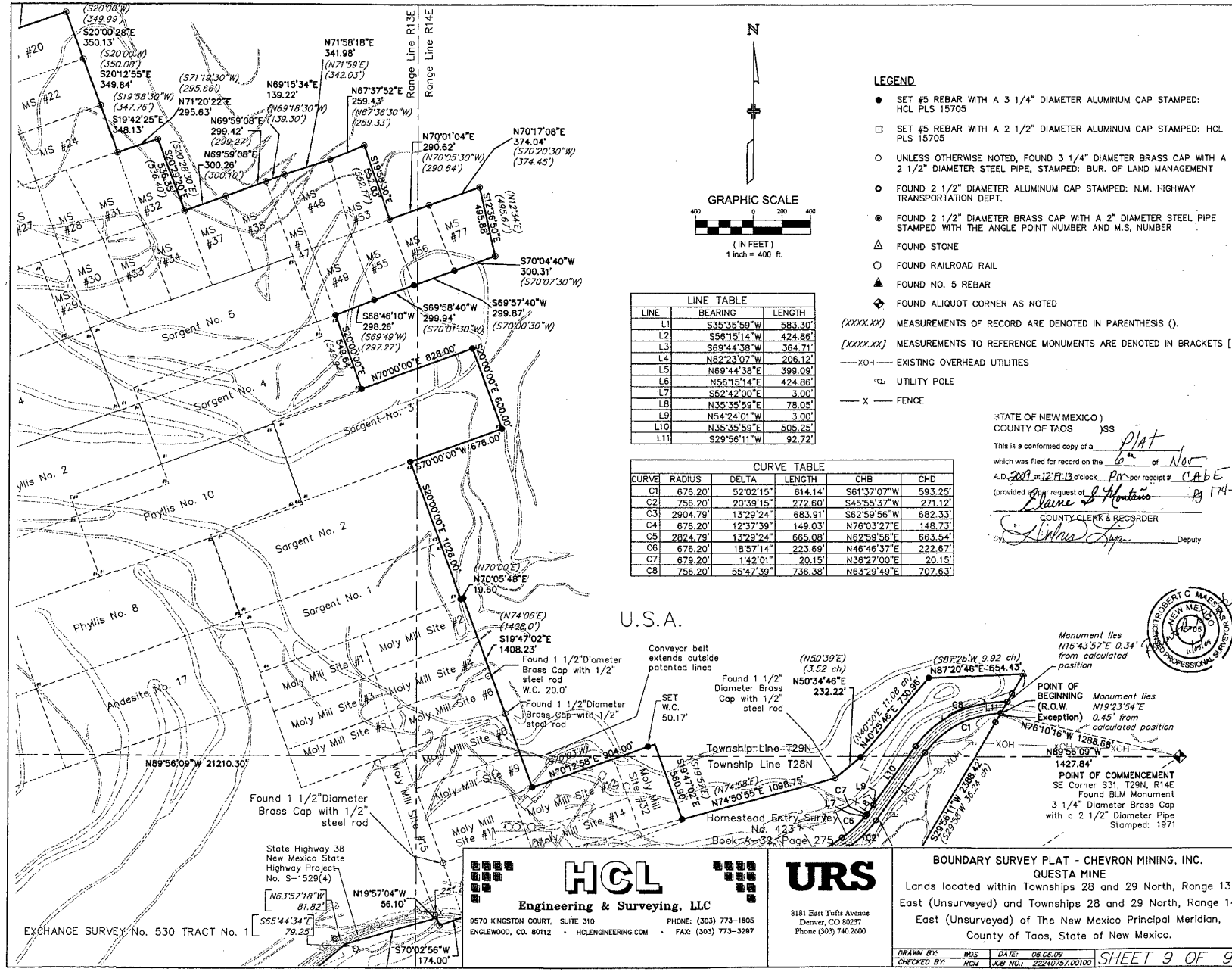
BOUNDARY SURVEY PLAT - CHEVRON MINING, INC.
QUESTA MINE
Lands located within Townships 28 and 29 North, Range 13 East (Unsurveyed) and Townships 28 and 29 North, Range 14 East (Unsurveyed) of The New Mexico Principal Meridian, County of Taos, State of New Mexico.

DRAWN BY:	WDS	DATE:	06.06.09
CHECKED BY:	RCM	JOB NO.:	22240757.00100

SHEET 8 OF 9

CMI09-00033



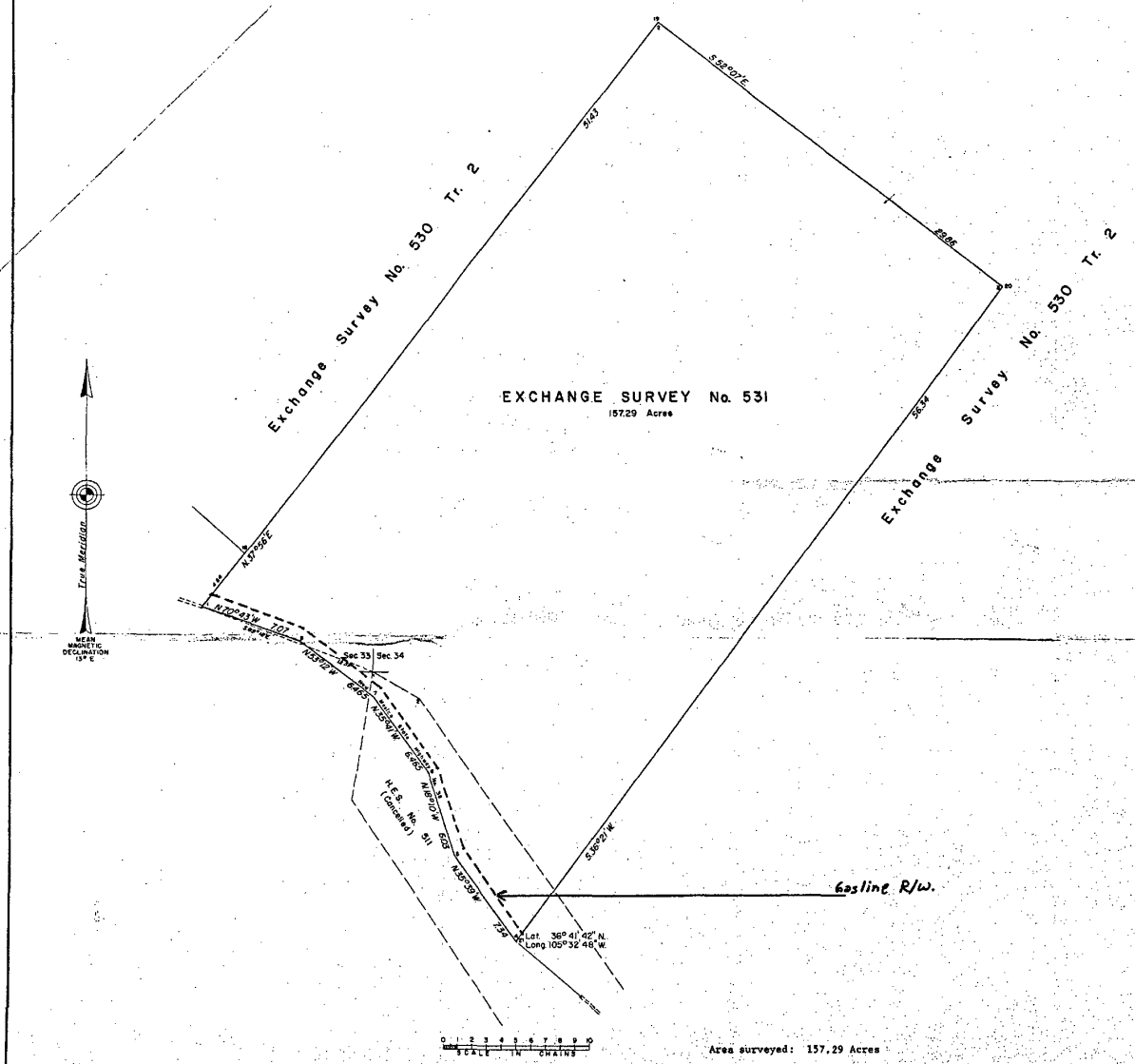
CMI09-00034

008865

TRIPLICATE ORIGINAL

TOWNSHIPS 28 & 29 NORTH, RANGE 13 EAST, OF THE NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

EXCHANGE SURVEY No. 531



A history of surveys is contained in the field notes.

This plat represents the survey of Exchange Survey No. 531 in the unsurveyed portions of Tps. 28 and 29 N., R. 13 E., New Mexico Principal Meridian, New Mexico.

Survey executed by Gilbert V. Olson and Joe S. Shotwell, Supervisory Cadastral Surveyors, beginning March 9, 1981, and completed March 13, 1981, pursuant to Special Instructions dated March 4, 1981, for Group No. 802, New Mexico.

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Denver, Colorado September 1, 1981

This plat is strictly conformable to the approved field notes, and the survey, having been correctly executed in accordance with the requirements of law and the regulations of this Bureau, is hereby accepted.

For the Director

Jay S. Speight

Acting Chief, Cadastral Survey
Examination and Approval Staff

Area surveyed: 157.29 Acres

MCC

CMI09-00035

008866

ATTACHMENT 3.2b

CMI09-00036

LAND SURVEY PLAT

A PART OF SECTIONS 1 AND 2, TOWNSHIP 28 NORTH, RANGE 12 EAST;
A PART OF SECTIONS 24, 25, 26, 35 AND 36, TOWNSHIP 29 NORTH, RANGE 12 EAST;
A PART OF SECTIONS 31 AND 30, TOWNSHIP 29 NORTH, RANGE 13 EAST, N.M.P.M.

DESCRIPTION:

A part of Sections 1 and 2, Township 28 North, Range 12 East, and a part of Sections 24, 25, 26, 35 and 36, Township 29 North, Range 12 East and a part of Sections 31 and 30, Township 29 North, Range 13 East, N.M.P.M., more particulary described as follows;

Beginning a the Southeast corner of said Section 35 being a found GLO 2 ½" brass cap;
thence along the south line of said Section 35 S88°37'43"W, 173.20 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence S06°43'14"E, 1,074.25 feet to a found No. 4 rebar and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence S88°10'22"W, 173.40 feet to a point from which a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838" bears N88°10'22"E, 10.00 Feet ;
thence S04°20'28"E, 263.00 feet to a found No. 3 rebar and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence S52°42'35"W, 116.78 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence S00°27'37"E, 249.01 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence S88°06'43"W, 97.84 feet to the west line of said Section 2, being a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence along said west line N00°23'20"W, 15.05 feet to a set No. 5 rebar with 3 1/4" aluminum cap stamped "URS Elliott LPS 13838" marking the southeast corner of Lot 1 of said section 2;
thence S89°38'57"W, 3,964.74 feet to a set No. 6 rebar with 3 1/4" aluminum cap stamped "URS Elliott LPS 13838" marking the southwest corner of Lot 3 of said section 2;
thence N00°20'25"W, 586.30 feet to a found 2" brass cap stamped "67P-3/2318";
thence S88°56'23"W, 659.44 feet to a set No. 5 Rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence N00°27'58"W, 330.00 feet to a found 2" brass cap stamped "68P-4/70 P-4/2318";
thence continue northerly along said line, 329.62 feet to a found 2" brass cap stamped "70P-3/72 P-3/2318";
thence N00°23'12"W, 330.05 feet to a found 2" brass cap stamped "72P-4/2318" a point on the SEVENTH STANDARD PARALLEL NORTH from which a brass cap accepted as the corner common to sections 35 and 34 of T. 29 N., R. 12 E. bears S 88°58'17" W 271.55 feet;
thence, along the SEVENTH STANDARD PARALLEL NORTH, N 88° 47' 23" E 62.27 feet to a set No. 5 Rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence N 00° 14' 23" W, 331.66 feet to a set No. 5 Rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence N 88° 57' 24" E, 333.69 feet to a set No. 5 Rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence N 00° 15' 43" W, 331.77 feet to a set No. 5 Rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence N 88° 56' 30" E, 333.57 feet to a set No. 5 Rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence N 00° 17' 03" W, 1991.11 feet to a set No. 5 Rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence N 88° 51' 09" E, 332.80 feet to a set No. 6 Rebar with 3 1/4" aluminum cap stamped "URS Elliott LPS 13838 C-W 1/16 S35 2007";
thence N 00° 19' 19" W, 2639.33 feet to a set No. 6 Rebar with 3 1/4" aluminum cap stamped "URS Elliott LPS 13838 W 1/16 S26 S35 2007";
thence N 89° 11' 04" E, 1327.77 feet to a found 3 1/2" brass cap stamped "1/4 S26 S35 1967";
thence N 89° 33' 50" E, 658.26 feet to a point from which a set 2 1/2" aluminum cap stamped "URS Elliott LPS 13838" as a REFERENCE MONUMENT OFFSET bears N 00° 25' 43" W 20.00 feet;
thence, continuing from said point, N 00° 25' 43" W, 329.03 feet to a point from which a set 2 1/2" aluminum cap stamped "URS Elliott LPS 13838" as a REFERENCE MONUMENT OFFSET bears N 89° 35' 08" E, 5.00 feet;
thence, continuing from said point, N 89° 35' 08" E, 329.03 feet to a set 2 1/2" aluminum cap stamped "URS Elliott LPS 13838";
thence N 00° 26' 46" W, 328.91 feet to a set No. 5 Rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence N 89° 36' 26" E, 328.93 feet to a point from which a set 2 1/2" aluminum cap stamped "URS Elliott LPS 13838" as a REFERENCE MONUMENT OFFSET bears S 89° 36' 26" W 25.00 feet;
thence N 00° 27' 48" W, 657.57 feet to a set No 6 Rebar with 3 1/4" aluminum cap stamped "URS Elliott LPS 13838 SE 1/16 S26 2007";
thence N 89° 39' 01" E, 328.73 feet to a set No. 5 Rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence N 00° 28' 51" W, 985.99 feet to a set No. 5 Rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence N 89° 42' 55" E, 985.30 feet to a set 2 1/2" aluminum cap stamped "URS Elliott LPS 13838" a point on the line common to sections 26 and 25 T. 29 N., R 12 E.;
thence along the line common to sections 26 and 25 N 00° 31' 59" W, 328.29 feet to the common quarter corner of said sections marked with a found bolt with tags scribed "2412" and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence along the line common to sections 26 and 25 N 00° 33' 05" W, 2667.64 feet to a found 3 1/2" brass cap stamped "GLO S23 S24 S25 S26 1967";
thence along the line common to sections 24 and 25 T. 29 N., R 12 E. N89°37'33"E, 1,309.11 feet to a set 3 1/4" aluminum cap stamped "URS Elliott LPS 13838 W 1/16 S24 S25 2009";
thence N00°25'26"W, 1,313.75 feet to a set No. 6 Rebar with 3 1/4" aluminum cap stamped "URS Elliott LPS 13838 SW 1/16 S24 2009";
thence N89°24'36"E, 1,312.31 feet to a set No. 6 Rebar with 3 1/4" aluminum cap stamped "URS Elliott LPS 13838 CS 1/16 S24 2009";
thence N89°46'01"E, 2,616.61 feet to a set No. 6 Rebar with 3 1/4" aluminum cap stamped "URS Elliott LPS 13838 S 1/16 S24 2009";
thence along the east line of said Section 24 S00°38'09"E, 1,332.87 feet to the southeast corner of said Section 24 marked with a set 3 1/4" aluminum cap stamped "URS Elliott LPS 13838 2009";
thence along the south line of said Section 24 N89°55'27"W, 1,529.39 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence S00°37'00"E, 1,092.90 feet to a found No. 4 rebar with illegible cap and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence N89°22'45"E, 769.20 feet to a found No. 4 rebar with illegible cap and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence N89°23'29"E, 158.70 feet to a found No. 4 rebar with illegible cap and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence N89°25'56"E, 599.86 feet to a found No. 4 rebar with illegible cap and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence S00°18'53"E, 1,439.75 feet to a No. 4 rebar with plastic cap stamped "LS 5213" and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence N77°54'19"E, 14.32 feet to a No. 4 rebar with plastic cap stamped "LS 5213" and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence S00°28'25"E, 124.84 feet to a No. 4 rebar and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence S89°46'26"W, 41.03 feet to a No. 4 rebar with plastic cap stamped "John Rael PE & LS 1601" and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS. #13838";
thence S01°55'28"W, 600.07 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence S62°14'24"W, 225.11 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence S54°23'24"E, 130.37 feet to a point from which a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838" bears N54°23'24"W, 1.00 Feet ;
thence S05°46'14"E, 468.48 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence S53°43'19"E, 112.18 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence S24°00'54"W, 1,273.24 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence S15°55'56"W, 413.60 feet to a found No. 6 rebar and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence N64°01'51"W, 259.69 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence N73°10'16"W, 169.25 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence N72°22'40"W, 201.28 feet; to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838"
thence S15°09'15"W, 344.93 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence S10°19'55"W, 2,079.72 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence S68°11'55"E, 16.16 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence N 48° 35' 42" E, 128.39 feet to a found bolt and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence N 18° 49' 57" E, 517.82 feet to a found bolt and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence S 88° 41' 24" E, 178.01 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence S 06° 36' 25" W, 255.64 feet to a found No. 6 rebar with tag stamped "NMPS 5040" and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence N 53° 22' 46" E, 489.42 feet to a set No. 5 Rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence S 20° 18' 44" E, 63.92 feet to a found No. 6 rebar and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence N 60° 23' 46" E, 608.86 feet to a set No. 5 Rebar with yellow plastic cap stamped "URS Elliott LPS 13838";

DESCRIPTION-continued:

thence N 67° 54' 46" E, 367.60 feet to a found rebar with plastic cap stamped "LS5213" and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence S 12° 31' 44" W, 27.66 feet to a found rebar with plastic cap stamped "L. Montoya NMPS 12349" and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence S 76° 32' 16" E, 176.35 feet to a found rebar with plastic cap stamped "LS 5213" and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence S 76° 27' 46" E, 244.09 feet to a found No. 4 rebar and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence N 15° 45'14" E, 875.51 feet to a set No. 5 Rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence S 74° 01' 25" E, 259.81 feet to a found bolt and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence S 14° 15' 48" W, 214.33 feet to a found rebar with plastic cap stamped "L. Montoya NMPS 12349" and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence S 14° 29' 56" W, 10.03 feet to a found No. 6 rebar and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence S 14° 33' 30" W, 99.74 feet to a found No. 6 rebar and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence S 14° 53' 26" W, 231.62 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott NMPS #13838";
thence S 14° 24' 52" W, 304.42 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott NMPS #13838";
thence S 12° 40' 24" W, 329.90 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott NMPS #13838";
thence S 72° 26' 25" E, 230.54 feet to a found rebar with plastic cap stamped "LS 5213" and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence N 07° 03' 10" E, 51.97 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott NMPS #13838";
thence S 69° 57' 05" E, 280.91 feet to a found 3/4" pipe and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence S 69° 06' 40" E, 725.50 feet to a found No. 7 rebar and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence S 23° 10' 23" W, 718.47 feet to a found No. 7 rebar and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence N 68° 09' 35" W, 449.35 feet to a 1/2" rebar with plastic cap stamped "LS 5213" and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence S11°44'37"W, 887.16 feet to a found No. 4 rebar and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence S00°34'30"E, 472.24 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence S58°33'26"W, 171.68 feet to a found No. 4 rebar and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence N02°14'24"W, 124.58 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence N01°52'48"W, 96.60 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence N01°04'48"W, 210.30 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence N01°30'32"E, 106.32 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence N02°33'06"E, 42.07 feet to a found No. 3 rebar and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence N11°11'08"E, 311.21 feet to a found bolt and tagged with a washer stamped 12349 and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence N11°57'06"E, 535.42 feet to a found 1" pipe and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence N81°53'01"W, 167.80 feet to a found 1" pipe and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence N09°14'11"E, 388.70 feet, to a point from which a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838" bears S09°14'11"W, 10.00 Feet ;
thence S55°21'16"W, 30.24 to a found rebar with plastic cap stamped "LS 5213" and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence S61°01'14"W, 39.85 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence S64°55'14"W, 43.85 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence S66°24'14"W, 92.10 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence S67°21'14"W, 92.00 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence S67°00'14"W, 46.45 feet to a found No. 4 rebar and tagged with a washer stamped "URS Elliott LPS 13838";
thence S07°30'47"W, 1,885.55 feet to a found No. 8 rebar and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence S84°24'17"W, 180.51 feet to a found No. 5 rebar and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence N05°01'08"W, 303.05 feet to a found No. 7 rebar and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence S75°46'16"W, 532.85 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence S73°00'29"W, 332.09 feet to a found No. 7 rebar and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence N08°21'34"E, 491.07 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence S85°54'22"W, 232.82 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence S08°27'07"W, 548.10 feet to a found No. 7 rebar and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence S76°18'52"W, 178.47 feet to a found No. 7 rebar and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence S08°25'06"W, 323.80 feet to a found No. 7 rebar and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence S71°15'06"W, 828.63 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence N06°51'40"E, 108.93 feet to a found No. 5 rebar and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence N89°17'54"W, 189.72 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence N06°51'40"E, 96.00 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence S89°37'25"W, 110.06 feet to a found No. 4 rebar with cap stamped " Red Tail Survey INC NMPS 11770 and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence S89°38'59"W, 124.90 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence S07°01'11"W, 367.39 feet to a found No. 8 rebar and tagged with a 1 1/2" aluminum washer stamped "URS Elliott NMPS #13838";
thence S65°47'57"W, 89.68 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence S89°31'19"W, 268.40 feet to the a found GLO 2 ½" brass cap;
thence S89°30'20"W, 1,481.06 feet to a found GLO 2 ½" brass cap;
thence S03°30'40"E, 727.80 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence S69°38'20"W, 389.90 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence S75°26'20"W, 42.50 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence N68°18'40"W, 116.30 to a point from which a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838" bears S68°18'40"E, 25.00 Feet ;
thence S84°46'20"W, 51.40 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence N08°00'40"W, 837.15 feet to a set No. 5 rebar with yellow plastic cap stamped "URS Elliott LPS 13838";
thence S89°30'20"W, 257.95 feet to the POINT OF BEGINNING.

Containing 89,481,170 square feet or 2,054.205 acres, more or less.

SURVEYORS STATEMENT:

I, Russel D. Elliott, a New Mexico Professional Surveyor, hereby certify that this boundary survey plat was prepared from an actual ground survey performed by me or under my supervision, that I am responsible for this survey, that this survey is true and correct to the best of my knowledge and belief, that this boundary survey plat and field survey upon which it is based meet the minimum standards for surveying in New Mexico, and that this survey is not a land division or subdivision as defined in the New Mexico Subdivision Act. This is a boundary survey plat of an existing tract or tracts.

Russel D. Elliott
New Mexico Professional Land Surveyor No. 13838

May 19, 2009
Date

RUSSELL D. ELLIOTT NEW MEXICO 13838 REGISTERED PROFESSIONAL SURVEYOR

INDEXING STATEMENT
COUNTY OF TAOS)
STATE OF NEW MEXICO) SS
I hereby certify that this instrument was filed on the ____day of _____2009 at o'clock ____m. and was duly recorded in book ____at page ____of the records of Taos County

DEPUTY

STATE OF NEW MEXICO)
COUNTY OF TAOS) SS
This is a conformed copy of a Plat
which was filed for record on the 21ST day of May
A.D. 2009 at 11:34 AM o'clock AM, for record
(provided as per request of 252484)
Elaine L. Montano
COUNTY CLERK & RECORDER
By: _____ Deputy

URS
6501 Americas Parkway N.E., #900
Albuquerque, New Mexico
Phone (505) 855-7500

SURVEY PLAT FOR
QUESTA MINE TAILINGS AREA
CHEVRON MINING, INC.
LOCATION: QUESTA, TAOS COUNTY, NEW MEXICO

DRAWN BY: WDS | DATE: 04.16.09
CHECKED BY: RE | JOB NO.: 22230855.00100

SHEET 1 OF 8

CM09-00037

008868

LAND SURVEY PLAT

A PART OF SECTIONS 1 AND 2, TOWNSHIP 28 NORTH, RANGE 12 EAST;
A PART OF SECTIONS 24, 25, 26, 35 AND 36, TOWNSHIP 29 NORTH, RANGE 12 EAST;
A PART OF SECTIONS 31 AND 30, TOWNSHIP 29 NORTH, RANGE 13 EAST, N.M.P.M.

Documents used in the preparation of this survey are as follows (clockwise from POB):

1. Molycorp, Inc., U.S. Patent No. 30-67-0072, October 3, 1966, T. 28 N., R. 12 E., Sec. 2, Lots 1, 2 and 3 (No Filing Information)
   BLM, Supplemental Plat, January 6, 1916, T28N, R12E, section 2
   Reference, Mineral Survey, No. 2318, New Mexico
   BLM, T28N, R12E, Supplemental Plat, January 7, 1980
2. Molycorp, Inc., U.S. Patent No. 30-85-0009, February 19, 1985, (No Filing Information)
3. Molycorp, Inc., U.S. Patent No. 30-81-0009, April 6, 1981, (No Filing Information)
4. BLM, Plat, March 3, 1898, T29N, R12E, section 35, 26
   BLM, Dependent Resurvey, December 1, 1971, T29N, R12E, section 35
5. Molycorp, Inc., U.S. Patent No. 30-80-003, Book M-74, Page 656, April 22, 1980
6. Molybdenum Corporation of America, Book M-44, Page 596, November 18, 1970
7. Molycorp, Inc., Book A-137, Page 600-607, September 19, 1975
8. Molycorp, Inc., Book A-137, Page 461, September 2, 1975
9. Molycorp, Inc., Book A-138, Page 3, October 24, 1975
10. Molybdenum Corporation of America, Book A-105, Page 13, 14, July 29, 1967
11. Section 24, 25
    Taos County, Property Identification Map, Code 1-072-170, T29N, R12E, section 25, 6-24-76
    Taos County, Property Identification Map, Code 1-072-171, T29N, R12E, section 24, 3-28-80
    BLM, Small Holding Claim, July 23, 1896, T29N, R12E, section 25
    BLM, Plat, March 3, 1898, T29N, R12E, section 24, 25
    BLM, Dependent Resurvey, December 1, 1971, T29N, R12E, section 24, 25
    BLM, Supplemental Plat showing sec. 36, January 6, 1916, T29N, R12E, section 13
12. Warranty Deed, Ramon and Ben Cisneros, Book A-108, Page 321, March 7, 1968
    Boundary Plat, Ramon and Ben Cisneros, Cabinet D, Page 167-B, March 28, 2002
13. Cornellio Cisneros Road (adjoiner)
    Survey Plat for Robert Bryant, Cab. C, 187-A, January 11, 1996
    Survey Plat for Young's Land Cattle Co., Cab. E, Page 89A, March 29, 2006
    Taos County, Property Identification Map, Code 1-073-170, T29N, R13E, section 30, 9-6-79
14. Quitclaim Deed, Eliu Romero to The Village of Questa, Book M-298, Page 567, November 5, 2001
    Survey Plat for Robert Bryant, Cab. C, 187-A, January 11, 1996
15. Andrew T. Rael and Peggy A. Martinez, number 251607, 305, April 5, 2001
16. Molycorp, Inc., Book A136, Page 862-863, July 8, 1975
17. Questa School, (No Recording Information Found)
18. Tract "A", Plat D, Page 50-A (No Recording Information Found)
    Resurvey Plat, Tessie R. Ortega (Estate), Cab D, Page 50-A, #212525, October 14, 1997
19. Tract "C", Plat D, Page 50-A (No Recording Information Found)
    Resurvey Plat, Tessie R. Ortega (Estate), Cab D, Page 50-A, #212525, October 14, 1997
20. Adjoiner (Unknown, No Recording Information Found)
    Resurvey Plat, Tessie R. Ortega (Estate), Cab D, Page 50-A, #212525, October 14, 1997
    Taos County, Property Identification Map, Code 1-073-170, T29N, R13E, section 30, 9-6-79
    Tract 13, Tract 14, Tract 16, Tract 21 and SHC 2007 Tract 1
    Part of Tract 13 is described in Molycorp, Inc., Book A136, Page 862-863, July 8, 1975
21. (Unknown, No Recording Information Found)
    (Instructed by Molycorp, Inc. that the existing fence line is the boundary. This survey did not encounter any documentation to support this boundary.)
    Real Estate Purchase Agreement for part of Tract 17 and Tract 18, Map 7, Survey 7, and Tracts 23 and 24, Map 8, Survey 7 of the 1941 Taos County Reassessment Survey.
    George Fink and Priscella Fink to Molycorp, Inc., June 27, 1975
22. Adjoiner (No Recording Information Found)
    Plat, Survey of Otoniel Martinez Property, within sec 25,30,36,31, Cabinet A, Page XX, May 27, 1980
23. Unrecorded Document, Warranty Deed, Exhibit B, Heirs of Real to Molycorp Inc., April 1, 1975
    Map 7, Survey 7 of the 1941 Taos County Reassessment Survey Taos County, Property Identification Map, Code 1-072-170, T29N, R12E, section 25, 6-24-76
24. Warranty Deed, Felix and Eloisa Sanchez, Book A114, Page 43, December 11, 1968
    Taos County, Property Identification Map, Code 1-072-169, T29N, R12E, section 36, 1-6-81
25. Warranty Deed, Felix and Eloisa Sanchez, Book 114, Page 44, December 11, 1968
26. Adjoiner, (Unknown, No Recording Information Found)

Sources (Continued):

27. BLM, Plat Showing Small Holding Claim, T29N, R12E, section 36, Sept 6, 1912
28. State Land Contract, Molybdenum Corporation of America, Book M-44, Page 596, T29N, R12E, section 36, November 18, 1970, Lots 4, 5, 6, 7, 8, 9, and part of 10
    BLM, Supplemental Plat showing Section 36, T29N, R12E, January 6, 1916;
    November 6, 1923
    BLM, Small Holding Claims, T29N, R12E, October 7, 1912
    BLM, Plat, T29N, R12E, March 3, 1898
    BLM, Small Holding Claims, T29N, R12E, section 36, July 23, 1896
29. Warranty Deed, Molybdenum Corporation of America, T29N, R12E, section 36, Tract 1 and 2, Book A-102, Page 581, November 7, 1966
30. Warranty Deed, Molybdenum Corporation of America Book A-131, Page 53, October 5, 1973
31. Adjoiner, (Unknown, No Recording Information Found)
    Plat, Property Survey, Cecil Glines, Ortega/Maestas & Associates, No Recording, July, 1984
    Warranty Deed, Barbara Huebner, Book M-329, Page 280-281, #266357, June 24, 2002
32. Warranty Deed, Molybdenum Corporation of America, Book A-108, Page 377, March 18, 1968
33. Warranty Deed, Molycorp, Inc., T29N, R12E, section 36 and T29N, R13E, section 31, Book A-164, Page 540, December 14, 1982
    BLM, Dependent Resurvey and Survey of Lots, T29N, R13E, section 31, September 30, 1982.
    BLM, Small Holding Claims, T29N, R13E, section 31, August 1, 1896
    BLM, Plat, T29N, R13E, section 30, 31, March 3, 1898
    Taos County, Property Identification Map, Code 1-073-169, T29N, R13E, section 31, 2-10-77, Quad 2 NW
    Taos County, Property Identification Map, Code 1-073-169, T29N, R13E, section 31, 11-26-79, Quad 3 SW
    Map 11, Survey 7, of the 1941 Taos County Reassessment Survey
    Map 14, Survey 7, of the 1941 Taos County Reassessment Survey
    Map 8, Survey 7, of the 1941 Taos County Reassessment Survey
34. Warranty Deed, Molycorp, Inc., Book A-157, Page 535, March 25, 1981
35. Warranty Deed, Margaret E. Lucero and Leroy L. Lucero, Book 250, Page 233, November 4, 1998
36. Adjoiner, (Unknown, No Recording Information or Found)
37. Adjoiner, (Unknown, No Recording Information or Found)
    Plat, Survey for Bialquin Rodriquez, Cabinet B, Page 41-A, April 14, 1967
    Warranty Deed, Cornelio A. and Sofia C. Cisneros, #259127, November 13, 2001
38. Warranty Deed, Molycorp, Inc., Book A-161, Page 302, February 19, 1982
39. Adjoiner, (Unknown, No Recording Information Found)
40. Adjoiner, (Unknown, No Recording Information Found)
41. Cornelio A. Cisneros and Sofia C. Cisneros, File #259172, Book M-299, Page 351, November 13, 2001
    Plat, Bialquin and Cirila R. Rodriguez, Cabinet C, Page 103-A, February 12, 1990
42. Adjoiner, (Unknown, No Recording Information Found)
43. Adjoiner, (Unknown, No Recording Information Found)
44. Warranty Deed, Molycorp, Inc., Book A-161, Page 311, February 19, 1982
45. Warranty Deed, Molycorp, Inc., No Book, No Page, Inst. 52111, June 23, 1980
46. Adjoiner, (Unknown, No Recording Information Found)
47. Warranty Deed, Katherine W. Chavez, Book A-172, Page 558, November 2, 1984
48. Adjoiner, (Unknown, No Recording Information Found)
49. Warranty Deed, Evangeline Annette Rael, Book A-173, Page 892, February 27, 1985
50. Warranty Deed, Max Ortega, Jr. and Monica Ortega, Book A-172, Page 680, November 15, 1984
51. Warranty Deed, Robert R. Ortega and Andreita Ortega, Book A-172, Page 557, November 2, 1984
    Warranty Deed, Robert Ortega, Book A-173, Page 889, February 27, 1985
52. Warranty Deed, John Apt and Patricia M. Apt, Book 577, Page 430, November 13, 2006
53. Special Warranty Deed, Wanda Cooper, #258943, Book M-298, Page 644-645, November 6, 2001
    ALTA Survey, Maxine Martinez Estate, Book D, Page 23-B, October 15, 1996

Sources (Continued):

54. Quitclaim Deed, Elsie R. Piper, Book A-165, Page 781, April 7, 1983
    Partial Plat, No Recording Information, NMLS 1601, 1974
55. Warranty Deed, Mark A. Jaramillo, Book A-210, Page 188, December 4, 1992
56. Quitclaim Deed, John B. and Duby Rael, Book M-251, Page 108, September 5, 2000
    Plat, John and Duby Rael, Cabinet C, Page 151-A, December 14, 1993
57. Warranty Deed, Virginia and Mark Jaramillo, #67932, Book A-161, Page 148. February 8, 1982
58. Adjoiner, (Unknown, No Recording Information Found)
    Plat, John and Duby Rael, Cabinet C, Page 151-A, December 14, 1993
59. Adjoiner, (Unknown, No Recording Information Found)
60. Adjoiner, (Unknown, No Recording Information Found)
61. Plat, Molycorp, Inc. to Juan Valdez, Cab.-E, Page 115-B, December 13, 2006, T29N, R12E, section 36
    Warranty Deed, Juan Valdez, Book 582, Page 546, December 13, 2006
62. Warranty Deed, Juan L. or Bertha M. Valdez, Book A-188, Page 179, July 20, 1988
    Restrictive Covenant and Easement Warranty Deed, Molycorp, Inc., Book 582, Page 549-51, December 13, 2006
63. Warranty Deed, Abel and Naomi Shippley, Book A-243, Page 135, #212644, October 16, 1999
    Plat, Frank and Richard Mandonado, Cab. D, Page 6A, #19734, June 6, 1988
64. Adjoiner, (Unknown, No Recording Information Found)
65. Adjoiner, (Unknown, No Recording Information Found), area between Seventh Standard Parallel North and southerly boundary of Plat, Molycorp, Inc. to Juan Valdez, Cab.-E, Page 115-B, December 13, 2006, Warranty Deed, Juan Valdez, Book 582, Page 546, December 13, 2006
66. Molybdenum Corporation of America, Book A- 102, Page 581, November 7, 1966
67. Molybdenum Corporation of America, Book A-105, Page 438, November 1, 1967, T28N, R12E, section 1
    Taos County, Property Identification Map, Code 1-072-168, T28N, R12E, section 1, 1-31-77
    Map 13, Survey 7, of the 1941 Taos County Reassessment Survey
    Map 14, Survey 7, of the 1941 Taos County Reassessment Survey
    BLM, Plat Showing Small Holding Claims, T28N, R12E, section 1, September 16, 1912
    BLM, Supplemental Plat Showing Section 1 and 2, T28N, R12E, January 6, 1916
    BLM, Medial Line of Red River, Section 1, T28N, R12E, May 13, 1964
    BLM, Dependent Resurvey and Survey, Section 1, T28N, R12E, September 17, 1975
    Plat for Arturo Gomez, Cabinet C, Page 17, B, September 15, 1983
68. Adjoiner, (Unknown, No Recording Information Found)
    Property Survey, Frank Medina & Richard Mandonado, #197334, Book Cab D, Page 6A, June 6 1996
    Restrictive Covenant and Easement Warranty Deed, Shippley to Molycorp, Inc., Book 581, Page 107, December 6, 2006
69. Personal Representative Deed, Maurice Duran, Book 258, Page 753, November 30, 2000
    Plat, Emilia Duran Estate, Cabinet C, Page 191-A, April 17, 1996
70. Personal Representative Deed, Cecilia Duran Romo, Book 258, Page 752, November 30, 2000
    Plat, Emilia Duran Estate, Cabinet C, Page 191-A, April 17, 1996
71. Adjoiner, (Unknown)
    Deed, Lucella Quintana, Book A-191, Page 455, May 4, 1989
    Plat by Michael A. Martinez, Cabinet C, Page 159-A, May 19, 1994
    Warranty Deed, Stephen F. Briggs Trust, Book A-222, Page 801-802, November 22, 1994
72. Adjoiner, Deed of Distribution, Clarita M. Cordova, Book 567, Page 951, #323320, September 14, 2006
    Plat, Estate of Feliciano Rael, Cabinet E, Page 105-B, September 1, 2006
73. Deed of Distribution, Berlinda M. Gomez, Book 567, Page 955-956, September 14, 2006
    Plat, Estate of Feliciano Rael, Cabinet E, Page 105-B, September 1, 2006
    Restrictive Covenant and Easement Warranty Deed, Gomez, Book 581, Page 102-104, December 6, 2006

Sources (Continued):

74. Adjoiner, (Unknown, No Recording Information Found)
    Quitclaim Deed, Arturo Gomez, Book A-156, Page 652, January 6, 1981
    Plat for Arturo Gomez, Cabinet C, Page 17, B, September 15, 1983
75. Adjoiner, (Unknown, No Recording Information Found)
76. Correction of Deed, Carlos R. and Gloria J. Herrera, Book 164, Page 578-579, December 17, 1982
77. Adjoiner, (Unknown, No Recording Information Found)
78. ALTA Plat, Duran Estate to Molycorp, Luchetti Surveys, (No Recording Information), March 31, 1998, (Not Adjoining)
79. Molycorp, Inc., Book A-157, Page 535, March 25, 1981
80. Conveyance, Molybdenum Corporation of America, Book M-41, Page 419-420, November 15, 1968
81. Warranty Deed, Molycorp, Inc., Book A-136, Page 860-861, July 11, 1975
82. Warranty Deed, Molycorp, Inc., Book A-135, Page 501-502, February 25, 1975
83. Warranty Deed, Molybdenum Corporation of America, Book A-114, Page 772, May 2, 1969
84. Warranty Deed, Molybdenum Corporation of America, Book A-102, Page 254, September 1, 1966
85. Warranty Deed, Molybdenum Corporation of America, Book A-105, Page 13-14, July 29, 1967
86. Tax Deed, Molybdenum Corporation of America, No Recording Information Found, November 1, 1976
87. Warranty Deed, Molycorp, Inc., Book A-169, Page 117, December 21, 1983
88. Cornelio A. and Sofia C. Cisneros, File #259127, November 13, 2001
89. Katherine W. Chavez, Book A-172, Page 558, November 2, 1984
90. Evangeline Annette Rael, Book A-173, Page 892, February 27, 1985
91. Max Ortega, Jr. and Monica Ortega, Book A-172, Page 680, November 15, 1984
92. Robert R. Ortega and Andreita Ortega, Book A-172, Page 557, November 2, 1984
93. John Apt and Patricia M. Apt, Book 577, Page 430, November 13, 2006

SURVEY NOTES:

1. Bearings are New Mexico State Plane Grid Bearings, Central Zone.
2. Bearings are GPS derived.
3. Distances are ground.
4. All corners that were set are 5/8" rebar with yellow plastic cap stamped "URS-Elliott NMPS #13838".
5. All corners found and accepted are tagged.
6. Field surveys performed in the months of October, November and December, 2007 and March and April 2009
7. No title report was provided for this property. Any possible easements, restrictions or conditions that may be disclosed by such a report are not shown on this survey.
8. No access easement, other than those shown, are known to Surveyor.

Notes, and References Sheet

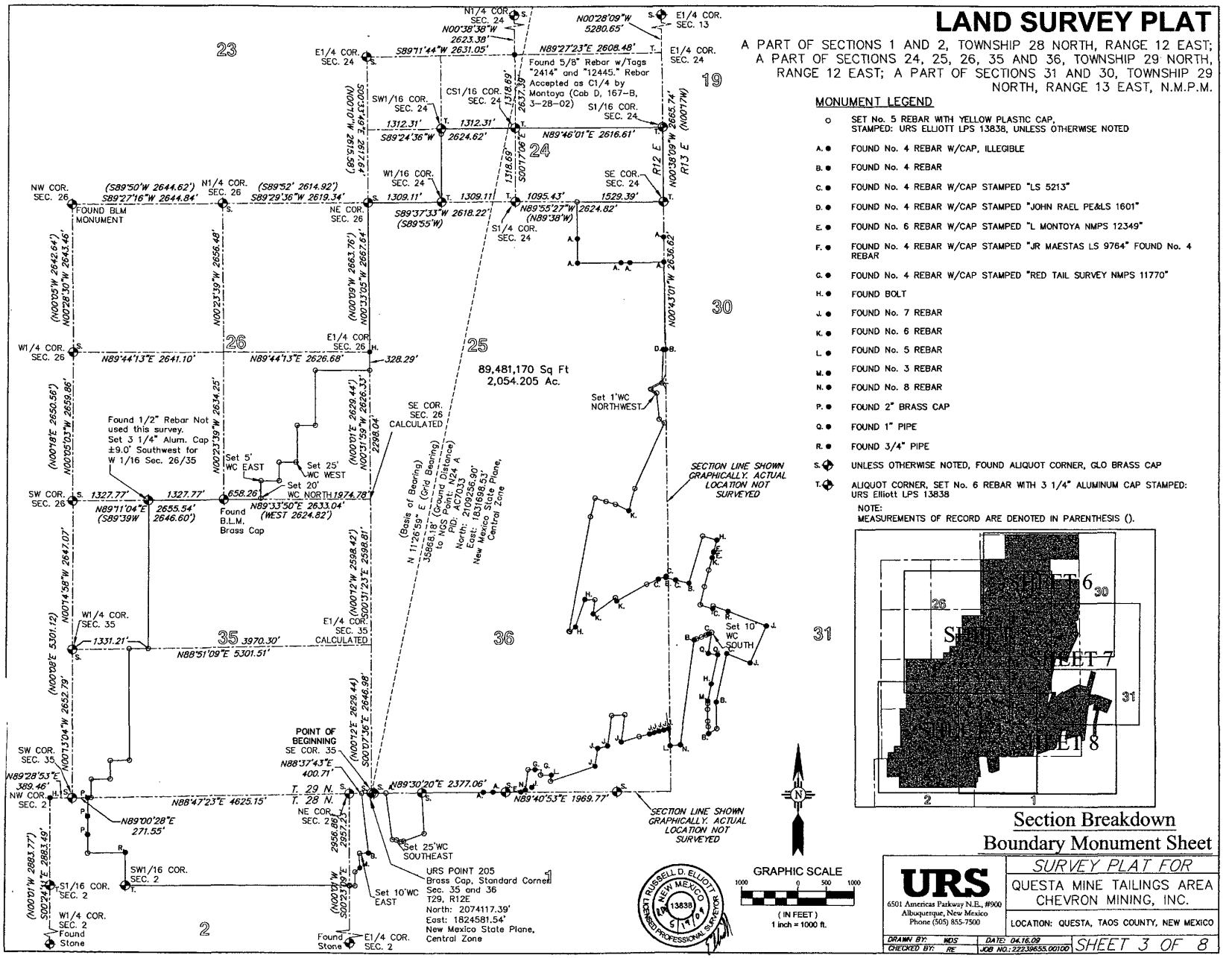
RUSSELL D. ELLIOTT — NEW MEXICO — 13838 — REGISTERED PROFESSIONAL SURVEYOR — 4/17/09

URS
6501 Americas Parkway N.E., #900
Albuquerque, New Mexico
Phone (505) 855-7500

SURVEY PLAT FOR
QUESTA MINE TAILINGS AREA
CHEVRON MINING, INC.
LOCATION: QUESTA, TAOS COUNTY, NEW MEXICO

DRAWN BY: WDS | DATE: 04.16.09
CHECKED BY: RE | JOB NO.: 22239655.00100

CMI09-00038

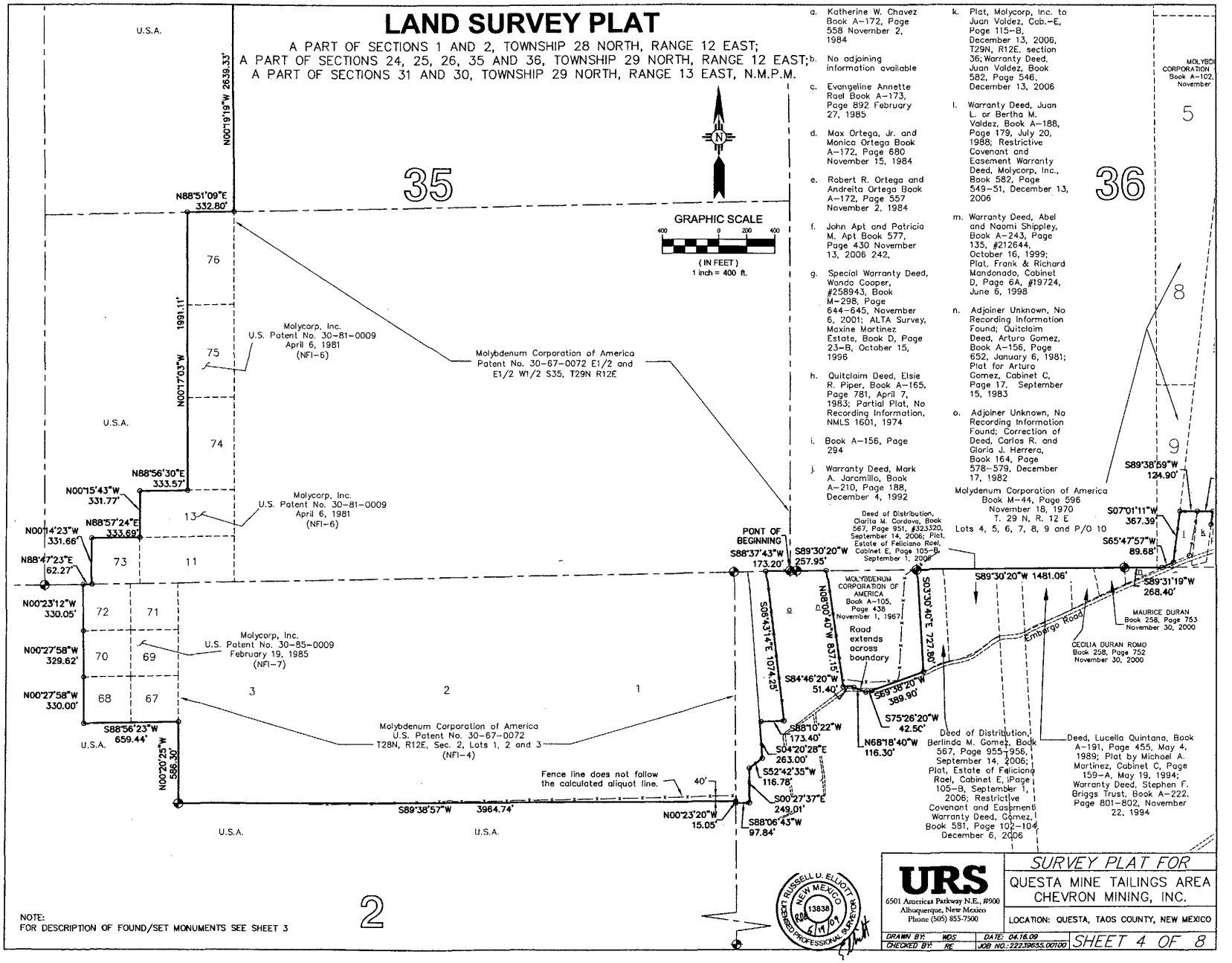


CMI09-00039

008870

LAND SURVEY PLAT

A PART OF SECTIONS 1 AND 2, TOWNSHIP 28 NORTH, RANGE 12 EAST;
A PART OF SECTIONS 24, 25, 26, 35 AND 36, TOWNSHIP 29 NORTH, RANGE 12 EAST;
A PART OF SECTIONS 31 AND 30, TOWNSHIP 29 NORTH, RANGE 13 EAST, N.M.P.M.



a. Katherine W. Chavez Book A-172, Page 558 November 2, 1984

b. No adjoining information available

c. Evangeline Annette Roel Book A-173, Page 892 February 27, 1985

d. Max Ortega, Jr. and Monica Ortega Book A-172, Page 680 November 15, 1984

e. Robert R. Ortega and Andreita Ortega Book A-172, Page 557 November 2, 1984

f. John Apt and Patricia M. Apt Book 577, Page 430 November 13, 2006 242,

g. Special Warranty Deed, Wanda Cooper, #258943, Book M-298, Page 644-645, November 6, 2001; ALTA Survey, Moxine Martinez Estate, Book D, Page 23-B, October 15, 1996

h. Quitclaim Deed, Elsie R. Piper, Book A-165, Page 781, April 7, 1983; Partial Plat, No Recording Information, NMLS 1601, 1974

i. Book A-156, Page 294

j. Warranty Deed, Mark A. Jaramillo, Book A-210, Page 188, December 4, 1992

k. Plat, Molycorp, Inc. to Juan Valdez, Cab.-E, Page 115-B, December 13, 2006, T29N, R12E, section 36; Warranty Deed, Juan Valdez, Book 582, Page 546, December 13, 2006

l. Warranty Deed, Juan L. or Bertha M. Valdez, Book A-188, Page 179, July 20, 1988; Restrictive Covenant and Easement Warranty Deed, Molycorp, Inc., Book 582, Page 549-51, December 13, 2006

m. Warranty Deed, Abel and Naomi Shippley, Book A-243, Page 135, #212644, October 16, 1999; Plat, Frank & Richard Mandonado, Cabinet D, Page 6A, #19724, June 6, 1998

n. Adjoiner Unknown, No Recording Information Found; Quitclaim Deed, Arturo Gomez, Book A-156, Page 652, January 6, 1981; Plat for Arturo Gomez, Cabinet C, Page 17, September 15, 1983

o. Adjoiner Unknown, No Recording Information Found; Correction of Deed, Carlos R. and Gloria J. Herrera, Book 164, Page 578-579, December 17, 1982

NOTE:
FOR DESCRIPTION OF FOUND/SET MONUMENTS SEE SHEET 3

2

RUSSELL D. ELLIOTT NEW MEXICO 13838 REGISTERED PROFESSIONAL SURVEYOR 5/19/09

URS
6501 Americas Parkway N.E., #900
Albuquerque, New Mexico
Phone (505) 855-7500

SURVEY PLAT FOR
QUESTA MINE TAILINGS AREA
CHEVRON MINING, INC.
LOCATION: QUESTA, TAOS COUNTY, NEW MEXICO

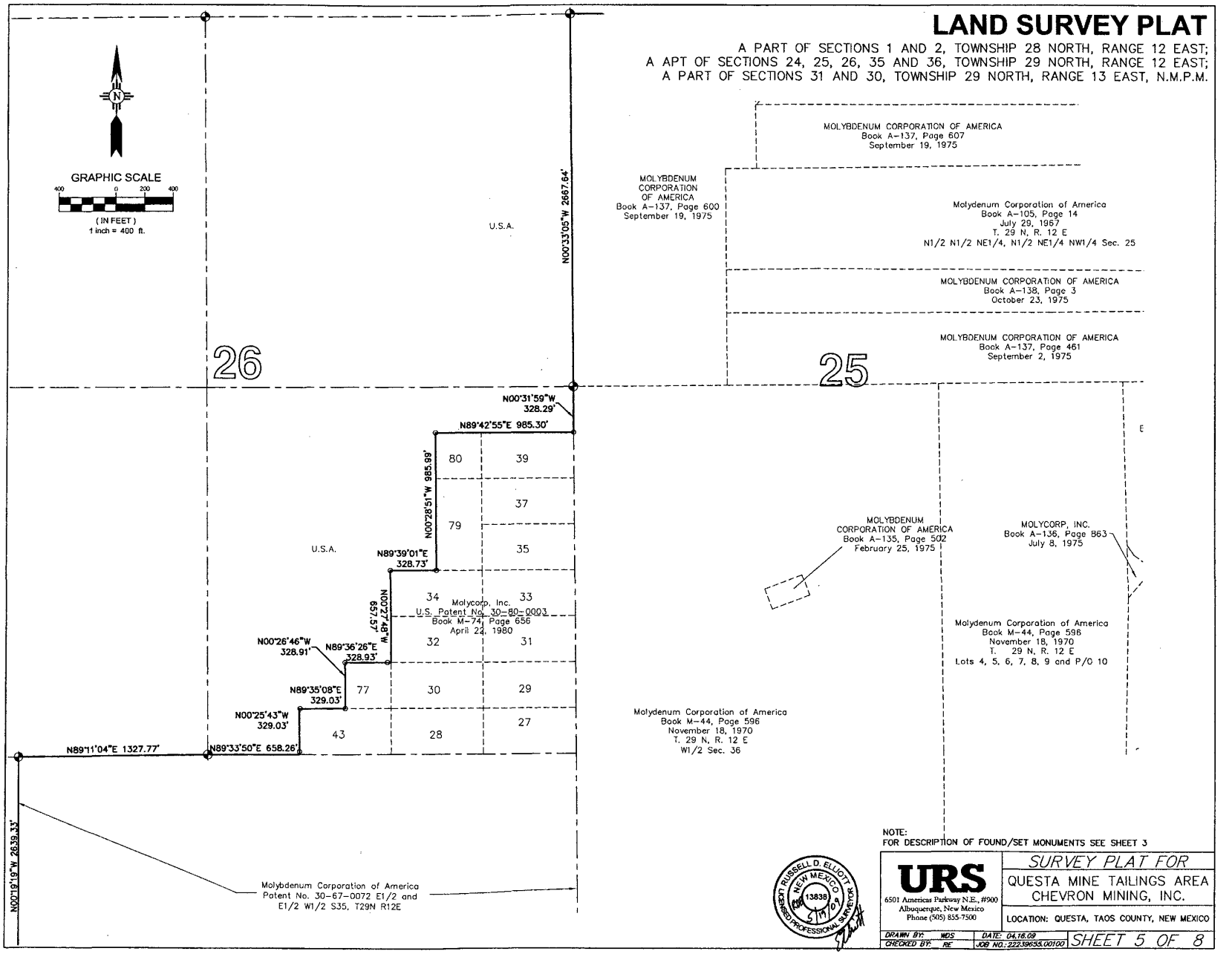
DRAWN BY: MDS | DATE: 04.16.09
CHECKED BY: RE | JOB NO.: 22239655.00100
SHEET 4 OF 8

CMI09-00040

008871

LAND SURVEY PLAT

A PART OF SECTIONS 1 AND 2, TOWNSHIP 28 NORTH, RANGE 12 EAST;
A APT OF SECTIONS 24, 25, 26, 35 AND 36, TOWNSHIP 29 NORTH, RANGE 12 EAST;
A PART OF SECTIONS 31 AND 30, TOWNSHIP 29 NORTH, RANGE 13 EAST, N.M.P.M.



NOTE:
FOR DESCRIPTION OF FOUND/SET MONUMENTS SEE SHEET 3

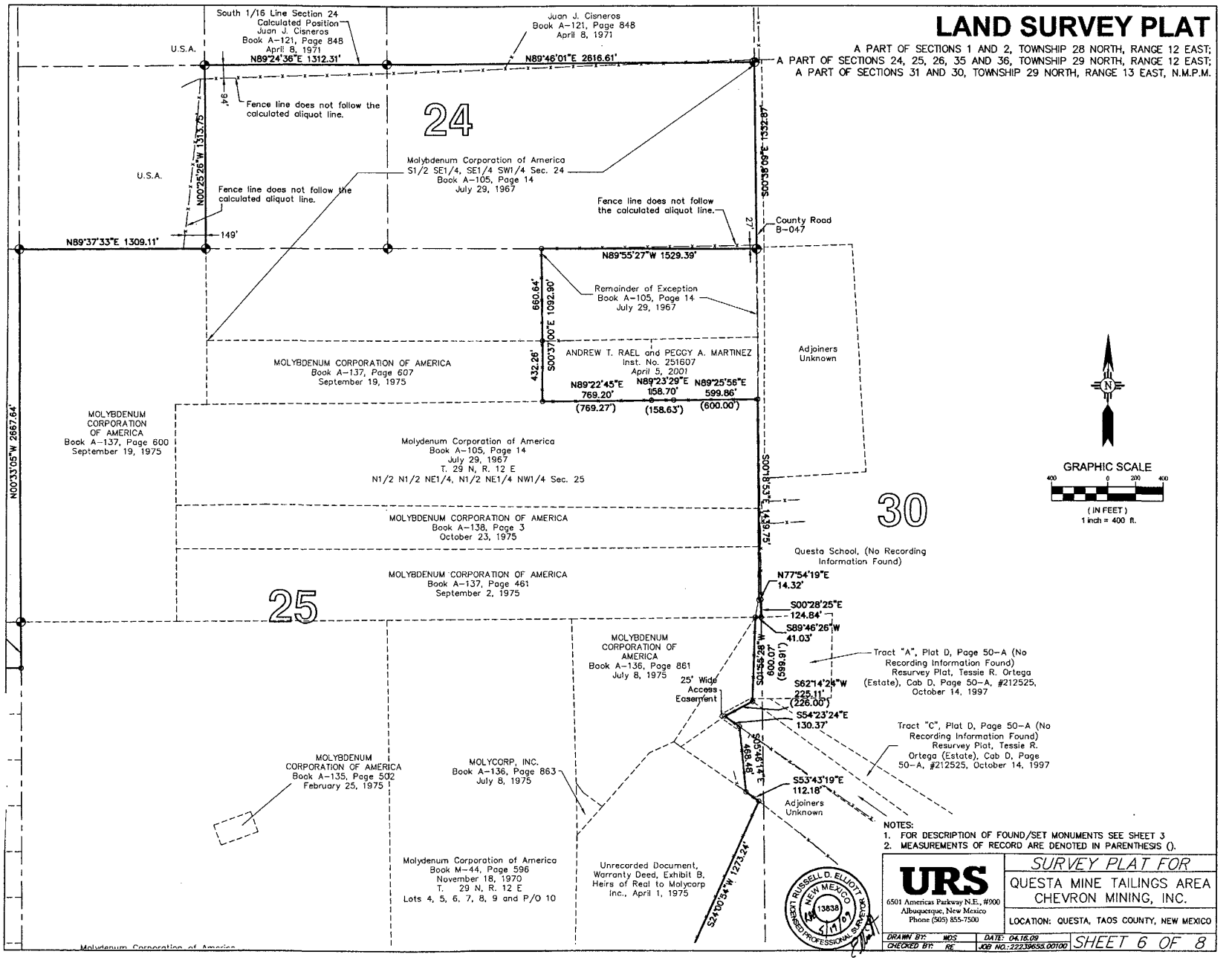
RUSSELL D. ELLIOTT NEW MEXICO 13838 REGISTERED PROFESSIONAL SURVEYOR 5/19/09

URS
6501 Americas Parkway N.E., #900
Albuquerque, New Mexico
Phone (505) 855-7500

SURVEY PLAT FOR
QUESTA MINE TAILINGS AREA
CHEVRON MINING, INC.
LOCATION: QUESTA, TAOS COUNTY, NEW MEXICO

DRAWN BY: MDS	DATE: 04.16.09	SHEET 5 OF 8
CHECKED BY: RE	JOB NO.: 22239655.00100	

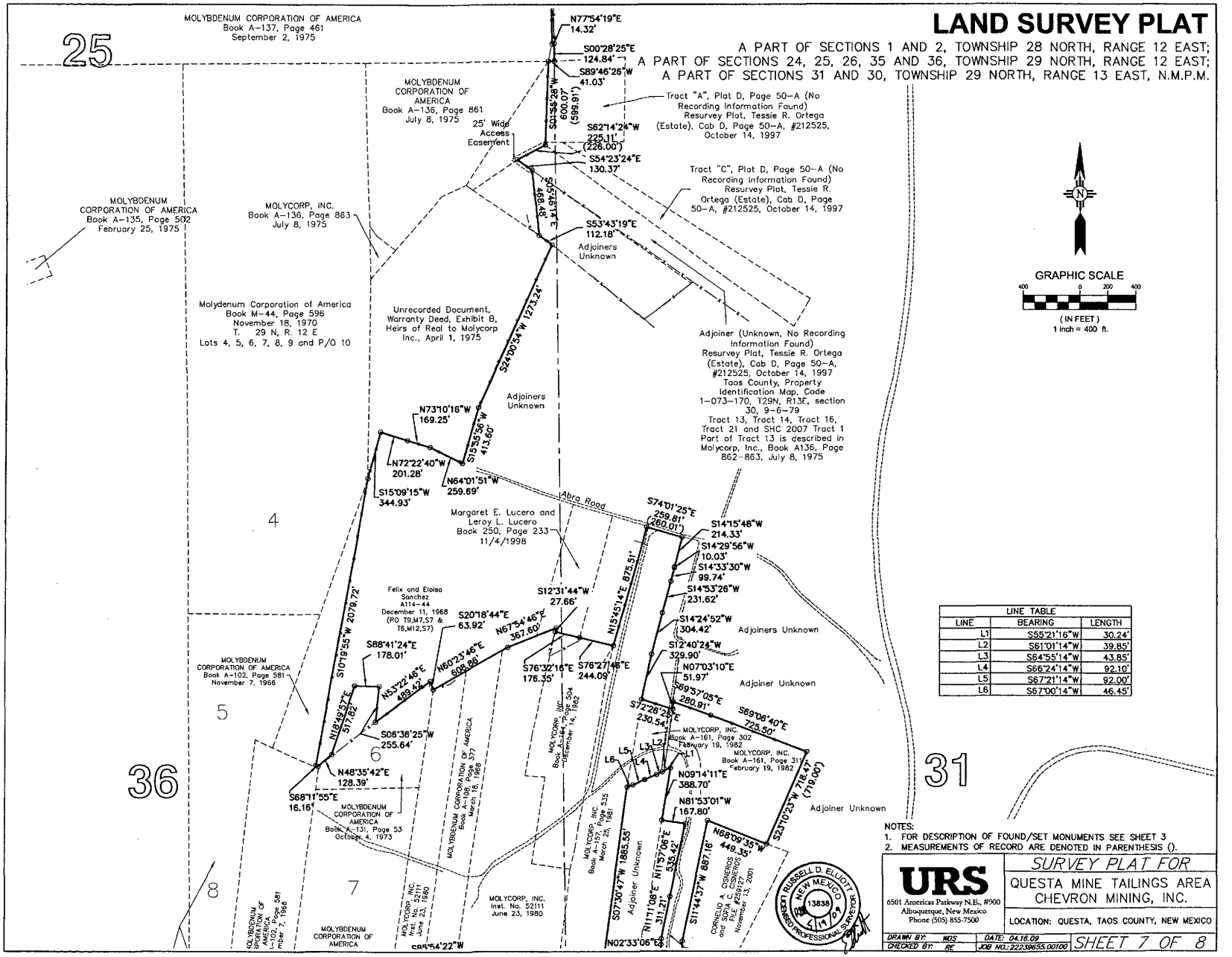
CMI09-00041


LAND SURVEY PLAT
A PART OF SECTIONS 1 AND 2, TOWNSHIP 28 NORTH, RANGE 12 EAST;
A PART OF SECTIONS 24, 25, 26, 35 AND 36, TOWNSHIP 29 NORTH, RANGE 12 EAST;
A PART OF SECTIONS 31 AND 30, TOWNSHIP 29 NORTH, RANGE 13 EAST, N.M.P.M.
South 1/16 Line Section 24
Calculated Position
Juan J. Cisneros
Book A-121, Page 848
April 8, 1971
N89°24'36"E 1312.31'
Juan J. Cisneros
Book A-121, Page 848
April 8, 1971
N89°46'01"E 2616.61'
U.S.A.
Fence line does not follow the calculated aliquot line.
24
Molybdenum Corporation of America
S1/2 SE1/4, SE1/4 SW1/4 Sec. 24
Book A-105, Page 14
July 29, 1967
U.S.A.
N00°25'26"W 1313.75'
Fence line does not follow the calculated aliquot line.
Fence line does not follow the calculated aliquot line.
S00°39'09"E 1332.87'
County Road B-047
N89°37'33"E 1309.11'
N89°55'27"W 1529.39'
Remainder of Exception
Book A-105, Page 14
July 29, 1967
660.64'
S00°37'00"E 1092.90'
MOLYBDENUM CORPORATION OF AMERICA
Book A-137, Page 607
September 19, 1975
ANDREW T. RAEL and PEGGY A. MARTINEZ
Inst. No. 251607
April 5, 2001
Adjoiners Unknown
N89°22'45"E 769.20' (769.27')
N89°23'29"E 158.70' (158.63')
N89°25'56"E 599.86' (600.00')
MOLYBDENUM CORPORATION OF AMERICA
Book A-137, Page 600
September 19, 1975
N00°33'05"W 2667.64'
Molydenum Corporation of America
Book A-105, Page 14
July 29, 1967
T. 29 N, R. 12 E
N1/2 N1/2 NE1/4, N1/2 NE1/4 NW1/4 Sec. 25
S00°18'55"E 1439.75'
30
MOLYBDENUM CORPORATION OF AMERICA
Book A-138, Page 3
October 23, 1975
Questa School, (No Recording Information Found)
MOLYBDENUM CORPORATION OF AMERICA
Book A-137, Page 461
September 2, 1975
N77°54'19"E 14.32'
S00°28'25"E 124.84'
S89°46'26"W 41.03'
25
MOLYBDENUM CORPORATION OF AMERICA
Book A-136, Page 861
July 8, 1975
S01°55'28"W 600.07' (599.81')
Tract "A", Plat D, Page 50-A (No Recording Information Found) Resurvey Plat, Tessie R. Ortega (Estate), Cab D, Page 50-A, #212525, October 14, 1997
25' Wide Access Easement
S62°14'24"W 225.11' (226.00')
S54°23'24"E 130.37'
Tract "C", Plat D, Page 50-A (No Recording Information Found) Resurvey Plat, Tessie R. Ortega (Estate), Cab D, Page 50-A, #212525, October 14, 1997
S05°48'14"E 498.48'
MOLYBDENUM CORPORATION OF AMERICA
Book A-135, Page 502
February 25, 1975
MOLYCORP, INC.
Book A-136, Page 863
July 8, 1975
S53°43'19"E 112.18'
Adjoiners Unknown
Molydenum Corporation of America
Book M-44, Page 596
November 18, 1970
T. 29 N, R. 12 E
Lots 4, 5, 6, 7, 8, 9 and P/O 10
Unrecorded Document, Warranty Deed, Exhibit B, Heirs of Real to Molycorp Inc., April 1, 1975
S24°00'54"W 1273.24'
RUSSELL D. ELLIOTT
NEW MEXICO
13838
LICENSED PROFESSIONAL SURVEYOR
GRAPHIC SCALE
400 0 200 400
(IN FEET)
1 inch = 400 ft.
NOTES:
1. FOR DESCRIPTION OF FOUND/SET MONUMENTS SEE SHEET 3
2. MEASUREMENTS OF RECORD ARE DENOTED IN PARENTHESIS ().
URS
6501 Americas Parkway N.E., #900
Albuquerque, New Mexico
Phone (505) 855-7500
SURVEY PLAT FOR
QUESTA MINE TAILINGS AREA
CHEVRON MINING, INC.
LOCATION: QUESTA, TAOS COUNTY, NEW MEXICO
DRAWN BY: MDS
CHECKED BY: RE
DATE: 04.16.09
JOB NO.: 22239655.00100
SHEET 6 OF 8

CMI09-00042

LAND SURVEY PLAT

A PART OF SECTIONS 1 AND 2, TOWNSHIP 28 NORTH, RANGE 12 EAST;
A PART OF SECTIONS 24, 25, 26, 35 AND 36, TOWNSHIP 29 NORTH, RANGE 12 EAST;
A PART OF SECTIONS 31 AND 30, TOWNSHIP 29 NORTH, RANGE 13 EAST, N.M.P.M.



LINE TABLE		
LINE	BEARING	LENGTH
L1	S55°21'16"W	30.24'
L2	S61°01'14"W	39.85'
L3	S64°55'14"W	43.85'
L4	S66°24'14"W	92.10'
L5	S67°21'14"W	92.00'
L6	S67°00'14"W	46.45'

NOTES:
1. FOR DESCRIPTION OF FOUND/SET MONUMENTS SEE SHEET 3
2. MEASUREMENTS OF RECORD ARE DENOTED IN PARENTHESIS ().

RUSSELL D. ELLIOTT
NEW MEXICO
13838
LICENSED PROFESSIONAL SURVEYOR

URS
6501 Americas Parkway N.E., #900
Albuquerque, New Mexico
Phone (505) 855-7500

SURVEY PLAT FOR
QUESTA MINE TAILINGS AREA
CHEVRON MINING, INC.

LOCATION: QUESTA, TAOS COUNTY, NEW MEXICO

DRAWN BY: WDS | DATE: 04.16.09
CHECKED BY: RE | JOB NO.: 22239655.00100

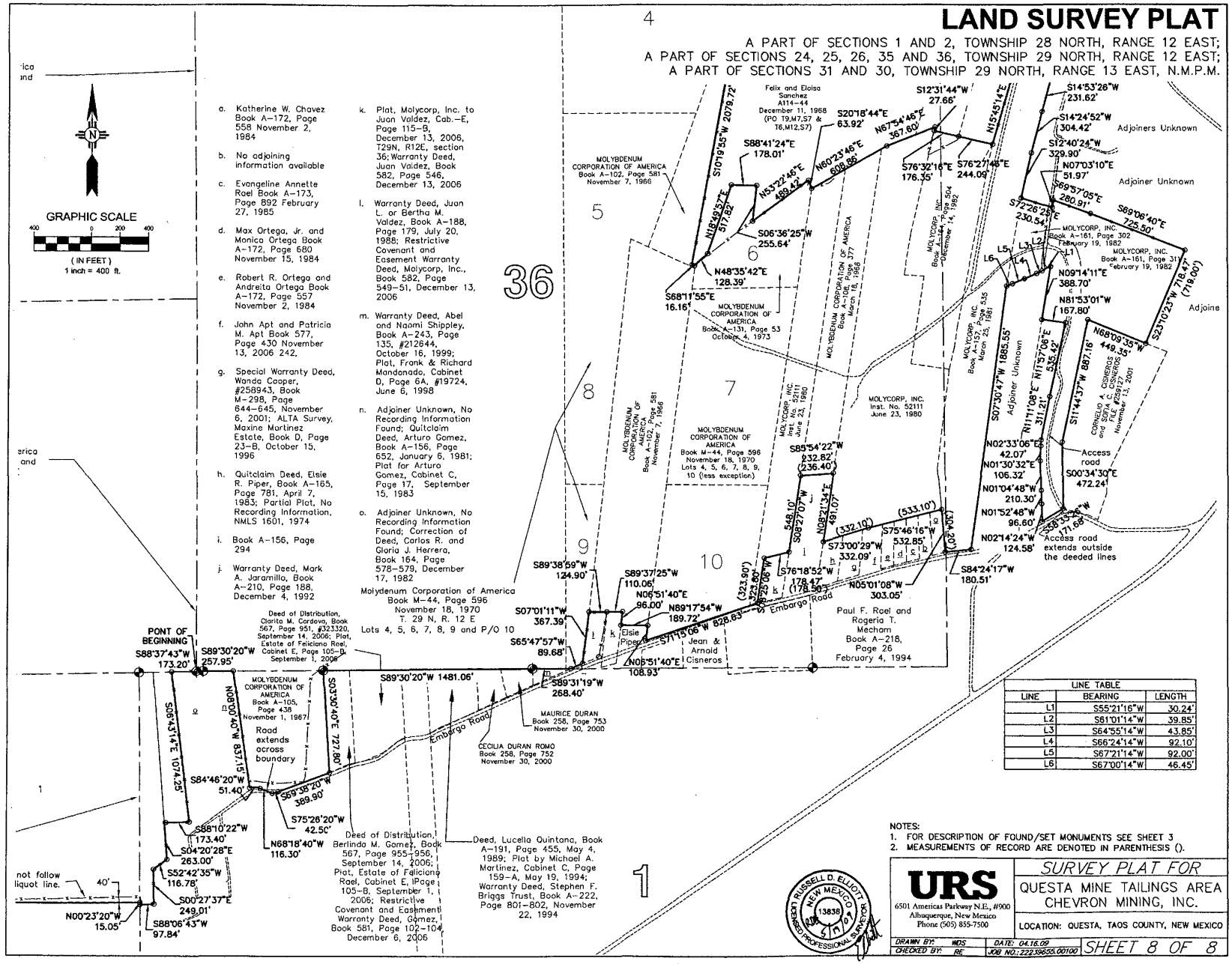
SHEET 7 OF 8

CMI09-00043

008874

LAND SURVEY PLAT

A PART OF SECTIONS 1 AND 2, TOWNSHIP 28 NORTH, RANGE 12 EAST;
A PART OF SECTIONS 24, 25, 26, 35 AND 36, TOWNSHIP 29 NORTH, RANGE 12 EAST;
A PART OF SECTIONS 31 AND 30, TOWNSHIP 29 NORTH, RANGE 13 EAST, N.M.P.M.



LINE TABLE		
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L1	S55°21'16"W	30.24'
L2	S61°01'14"W	39.85'
L3	S64°55'14"W	43.85'
L4	S66°24'14"W	92.10'
L5	S67°21'14"W	92.00'
L6	S67°00'14"W	46.45'

NOTES:
1. FOR DESCRIPTION OF FOUND/SET MONUMENTS SEE SHEET 3
2. MEASUREMENTS OF RECORD ARE DENOTED IN PARENTHESIS ().

REGISTERED PROFESSIONAL SURVEYOR RUSSELL D. ELLIOTT NEW MEXICO 13838

URS
6501 Americas Parkway N.E., #900
Albuquerque, New Mexico
Phone (505) 855-7500

SURVEY PLAT FOR
QUESTA MINE TAILINGS AREA
CHEVRON MINING, INC.
LOCATION: QUESTA, TAOS COUNTY, NEW MEXICO

DRAWN BY: MDS | DATE: 04.16.09
CHECKED BY: RE | JOB NO.: 22239655.00100

SHEET 8 OF 8

CMI09-00044

008875

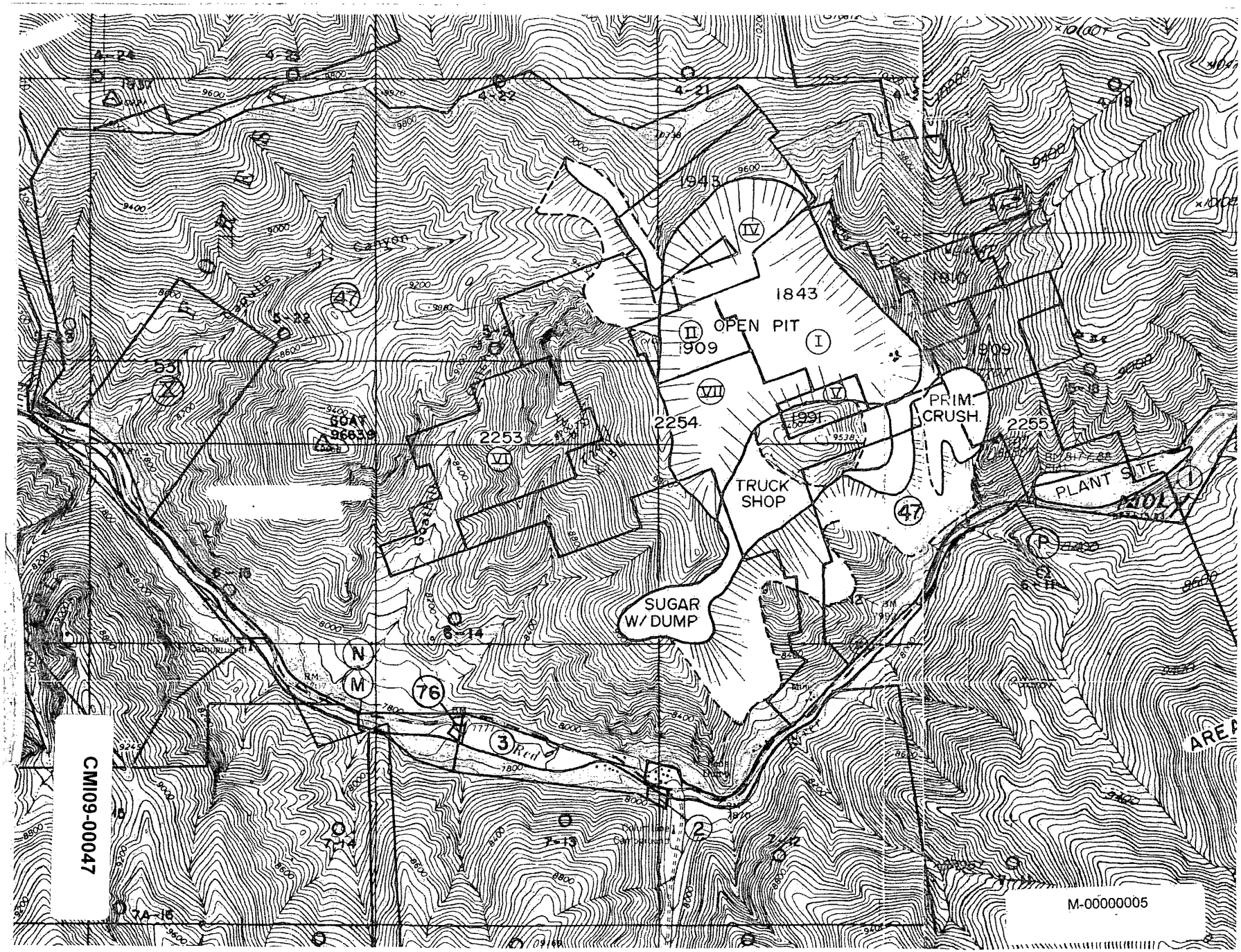
ATTACHMENT 3.3

CMI09-00045

ATTACHMENT
4.a.2

MOLYCORP PROPERTIES
Mine

No.	Previous Owner	Acres
1	Alvy Homestead HES 423	74.98
2	Frankie Watson	0.5
3	Columbine HES 338 & 101	68.61
76	Lewis Campbell	1.641
47	BLM Patent No. 30-74-0017	2226.59
	Survey 1843	193.7
	Survey 1909	132.93
	Survey 1910	132.93
	Survey 1943	133.273
	Survey 1991	20.661
	Survey 2253	154.033
	Survey 2254	454.601
	Survey 2255	64.319
	Survey 2267	372.8508
	Survey 5311	157.29


OPEN PIT
1843
1909
1943
1991
2253
2254
2255
PRIM. CRUSH.
TRUCK SHOP
SUGAR W/ DUMP
PLANT SITE
GOAT 96839
Canyon
Red
AREA
CMI09-00047
M-00000005

008878

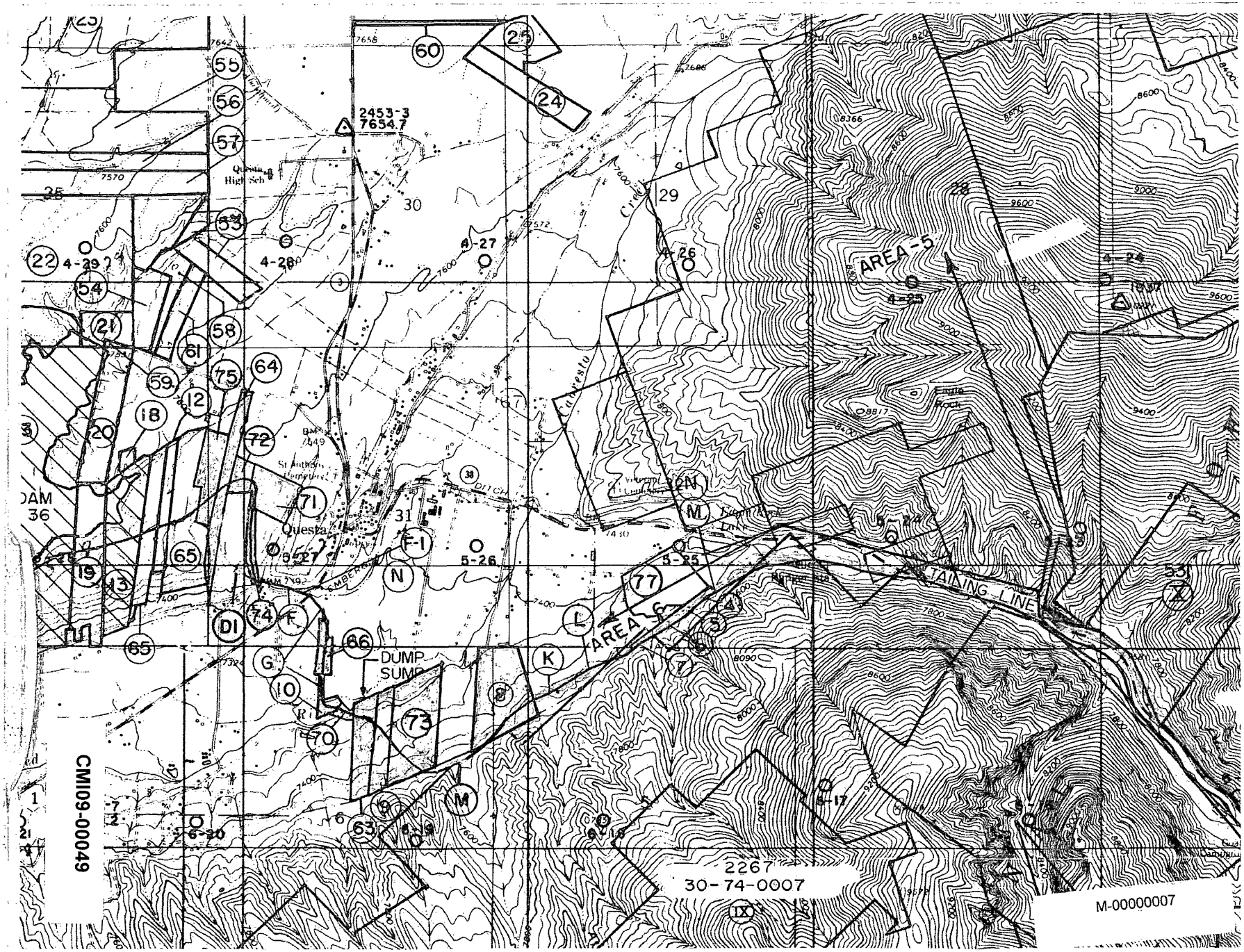
MOLYCORP PROPERTIES

TAILING LINE

No.	Previous Owner	Acres
	Highway Right-Of-Way	
	Forest Service Right-Of_Way	
4	Singleton Tr. 1	2.696
5	Singleton Tr. 2	0.5
6	Antonia Varela	0.569
7	Antonia Varela	0.55
8	Jose Burillio Gomez	33.802
9	Cleofus Cisneros	11.2799
10	Gustavo Rael & Brothers	3.04
63	Elirio Rael	21
64	Norbert & Nick Ortega	25.298
66	Eloy Rael	5.064
70	Louis Gallegos	1.696
71	Goerge Wisehart	14.9
73	William Cobb	23.83
74	Bialquin Rodriguez	4.789
75	Manchego	14.246
L	W. Robinson	

CMI09-00048

M-00000006



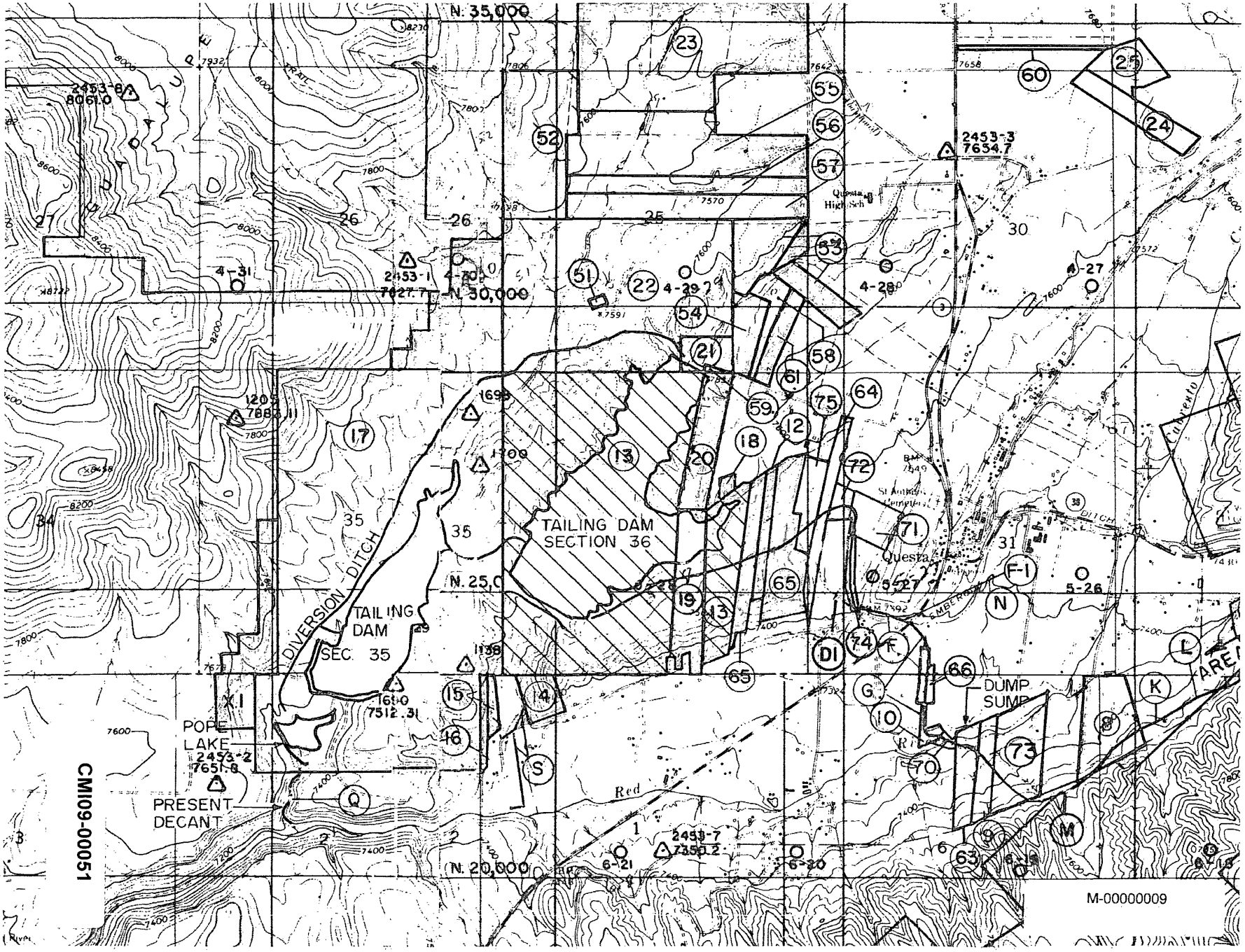
AREA-5
AREA-6
TAILING LINE
DUMP SUMP
Questa
Questa High Sch
2453-3
7654.7
2267
30-74-0007
M-00000007
CMI09-00049

008880

MOLYCORP PROPERTIES

TAILING DAM

No.	Previous Owner	Acres
12	Mc Carthy	12.5
13	State Land Contract 4397 (5391)	439.491
14	Willie Cardenas	11.287
15	Telesfor Duran	3.52
16	Roger Herera	5.43
17	BLM Patent No. 30-67-0072	627.27
18	Jose Gallegos	1.74
19	Libby Herera Tr. 1	28.73
20	Libby Herera Tr. 2	8.42
21	Robert Bryant	45.333
22	Eliu Romero Tr. 1 South	335.12
23	Eliu Romero Tr. 2 North	193.67
51	Porfirio Cisneros	1
52	Llano Irigation Co.	72.388
53	Max Ortega	40.954
54	Rael Brothers	14.354
55	Eugene Rael	94.337
56	Pedro Montoya	28.817
57	Lion Trujillo	49.271
58	George Veo	10.021
59	Tax Deed Tr. 3, 4 & 6	1.24
61	Sturgeon & Brooks	11.234
65	J. P. Rael	46.595
	Arturo Gomez (002 Outfall)	
XI	Survey No. 2318	15.02
Lease	BLM Special Use Permit (001 Outfall)	


N. 35,000
N. 30,000
N. 25,000
N. 20,000
TAILING DAM SECTION 36
TAILING DAM SEC. 35
DIVERSION DITCH
DUMP SUMP
POPE LAKE
PRESENT DECANT
Questa
Red River
2453-8 8061.0
2453-1 7627.7
2453-3 7654.7
2453-2 7651.8
2453-7 7350.2
CMI09-00051
M-00000009

ATTACHMENT 3.4a

OWNER'S POLICY

Kansas City Title Insurance Company

(A STOCK COMPANY)
Kansas City, Missouri

No. O-NMLA-

60

AMOUNT $ 100,000.00

This Policy of Title Insurance Witnesseth, That KANSAS CITY TITLE INSURANCE COMPANY, herein called the Company, in consideration of the payment of the premium for this Policy, does hereby covenant and agree that it will pay to

MOLYBDENUM CORPORATION OF AMERICA

hereinafter called the Insured, the heirs, devisees, or personal representatives of the Insured, all loss or damage not exceeding

One Hundred Thousand and No/100 - - - - - - - - - - - - - - - - - - Dollars,

($ 100,000.00), which they, or any of them shall sustain by reason of any defect or defects in the title of the Insured to the estate or interest of the Insured in the real estate described under Schedule A, hereto annexed, or by reason of liens or encumbrances against the same as of the date of the final examination of the title thereto, to-wit:

May 6, 1964 at 9:00 a.m.

which date shall be deemed the effective date of this Policy, excepting the defects, estates, interests, objections, liens or encumbrances mentioned in Schedule B, hereto annexed, or excepted by the conditions or stipulations of this Policy hereto annexed and incorporated herein as a part of this contract. Any loss hereunder shall be established and the amount thereof ascertained in the manner provided in said conditions and stipulations and be payable upon compliance with the provisions of same and not otherwise.

In Witness Whereof, KANSAS CITY TITLE INSURANCE COMPANY has caused its corporate seal to be hereto affixed and these presents to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding on the company as of the day and date countersigned by its designated home office authority or by its duly authorized agent, whose identity as authenticating signatory is subjoined hereto for reference and whose authority is guaranteed as of such date, all in accordance with its by-laws.

KANSAS CITY TITLE INSURANCE COMPANY

Local Service Unit:
THE TITLE GUARANTY AND INSURANCE COMPANY
1733½ Central Avenue, Room 11
P. O. Box 1087
Los Alamos, New Mexico
Phone: 2-2251

Validating Signatory:
Sterling F. Black

KANSAS CITY TITLE INSURANCE COMPANY SEAL MISSOURI

ATTEST:

President

Secretary

Countersigned and validated this 23rd day of May, 19 64, at 10:00 o'clock A. M. (Here insert date of Special Counsel's final certificate of title.)

Authorized Signatory.

Form O-10 —Revised 5-40

CMI09-00053

M-00000010

008884

SCHEDULE A

1. The estate of the Insured in the real estate described below covered by this Policy is

Fee Simple

2. The deed or other means by which the estate or interest covered by this Policy is vested in the Insured is described as follows:

Warranty Deed from J. W. Weitzenkorn to Molybdenum Corporation of America dated January 20, 1923, and recorded on May 15, 1923, on Page 384, Book A-27 of the records of the Clerk of Taos County, New Mexico; and Quitclaim Deed from J. W. Weitzenkorn and Nell I. Weitzenkorn, his wife, to Molybdenum Corporation of America dated April 26, 1930, and recorded on May 5, 1930, on page 274 and 275, Book A-32 of the records of the Clerk of Taos County, New Mexico.

3. Description of the real estate in which the Insured has the estate or interest covered by this Policy:

H. E. Survey No. 423, embracing a portion of, approximately, Section 6 in Township 28 North and Section 31 in Township 29 North all in Range 14 East of the New Mexico Meridian, New Mexico, more particularly bounded and described as follows:

Beginning at Corner No. 1, from which the N $\frac{1}{4}$ corner to said Section 6, bears N. 56 degrees 52' W. 4.05 chains distant; thence, N. 50 degrees 39' E. 3.52 chains to Corner No. 2; thence N. 40 degrees 30' E. 11.08 chains to Corner No. 3; thence, N. 87 degrees 25' E. 9.92 chains to Corner No. 4; thence, S. 29 degrees 58' W. 10.26 chains to Corner No. 5; thence, S. 29 degrees 58' W. 25.98 chains to corner No. 6; thence N.82 degrees 22' W. 39.01 chains to Corner No. 7; thence, N. 11 degrees 13' W. 5.06 chains to Corner No. 8; thence, N. 74 degrees 58' E. 39.18 chains to Corner No. 1, the place of beginning, containing 74.48 acres, according to the Official Plat of the Survey of the said land, returned to the General Land Office by the Surveyor General. Subject to Patent Reservations and Mylius easement.

SCHEDULE B

This Policy does not insure or indemnify against the estates, interest, defects, objections to title, liens, charges and encumbrances affecting said real estate, or the estate or interest therein insured, as are scheduled below:

1. The title to appliances installed on deferred payments whether attached to or otherwise used in connection with the premises hereby insured.
2. Rights of parties in actual possession of all or any part of the premises other than the Insured.
3. Mechanics' and materialmen's liens not of record at the effective date of this Policy.
4. Any discrepancies, conflicts, encroachments, or shortages in area and boundaries which a correct survey would show.
5. Taxes for 1964 and subsequent years.
6. Reservations and restrictions contained in the patent from the United States of America to Al Alvey, dated August 18, 1922 and recorded on September 13, 1922, at page 250, Book A-27 of the records of the Clerk of Taos County, New Mexico.
7. Subject to the easement described in the Judgement recorded on pages 350 to 354, Book M-32 of the records of the Clerk of Taos County, New Mexico, and any and all easements not of record.

CMI09-00054

M-00000011

008885

CONDITIONS AND STIPULATIONS OF THIS POLICY

1. The Company shall have the right to, and will, at its own cost and expense, defend the title insured by this Policy in any action of ejectment, or other action or proceeding founded upon a claim of title, encumbrance or defect, which existed, or is claimed to have existed, prior in date to the effective date of this Policy, and not excepted herein. In case any such action or proceeding shall be begun, it shall be the duty of the Insured at once to notify the Company in writing of the full particulars thereof and secure to the Company the right to defend such action or proceeding in the name of the Insured and to give all reasonable assistance therein. Failure to notify the Company as aforesaid at its Home Office, in Kansas City, Missouri, within ten (10) days after process or notice in such action or proceeding shall be served upon the Insured, shall operate as a full release and discharge of the Company from any and all liability with respect to the subject matter of such action or proceeding; provided, however, that failure to notify the Company as aforesaid shall not prejudice the claim of the Insured if the insured shall not be party to such action or proceeding; nor be served with summons, process or notice therein; nor have any knowledge thereof. The Company reserves the option of settling the claim or paying this Policy in full; and the payment, or tender of payment, to the full amount of this Policy shall operate as a full release and discharge of the Company from any and all liability under this Policy. It shall be the duty of the Insured, within 10 days after learning of any claim of title, encumbrance, or defect not excepted in this policy, and before payment or settlement of the same, to notify the Company in writing thereof, and failure to so notify the Company at its Home Office in Kansas City, Missouri, shall operate as a full release and discharge of the Company from any and all liability with respect to such claim, encumbrance or defect.

2. Whenever the Company shall have settled a claim under this Policy, it shall be subrogated to the rights and remedies of the Insured against any other person or property in respect to the subject matter of such claim and the Insured shall transfer or cause to be transferred to the Company such rights, securities and remedies and permit the Company to use the name of the Insured for the recovery thereof. Any sum collected on such rights, securities and remedies over and above the amount of loss paid by the Company shall belong, and on demand shall be paid, to the Insured. The Insured warrants that such rights, securities and remedies shall vest in the Company unaffected by any act of the Insured.

3. Nothing contained in this Policy shall be construed as insuring against loss or damage by reason of claims arising under any act, thing, or trust relationship done, created, suffered or permitted by the Insured; or that the acquisition of the estate or interest hereby insured contravened the laws of the United States establishing a uniform system of bankruptcy; or against the rights of dower and homestead, if any, of the spouse of the Insured, nor will the Company be liable in any event for any loss or damage arising from the refusal of any party to carry out any contract to purchase, lease or loan money on the estate or interest insured.

4. A statement in writing of any loss or damage for which it is claimed the Company is liable shall be furnished to the Company within sixty days after such loss or damage, and no right of action shall accrue under this Policy until thirty days after such statement shall have been furnished and no recovery shall be had under this Policy unless action shall be commenced thereon within one year (*or within the time allowed by the law of the state of the forum*) after the expiration of said last mentioned period of thirty days; and a failure to furnish such statement of loss or damage, and to commence such action within the times hereinbefore specified, shall be a conclusive bar against the maintenance of any action under this Policy.

5. All payments under this Policy, or any owner's policy issued to the Insured's vendee or vendees covering any part of the property described herein, shall reduce the amount of insurance *pro tanto*, and no payment can be demanded without producing the Policy for endorsement of such payment. If the Policy be lost or destroyed, indemnity satisfactory to the Company must be furnished. It is expressly understood and agreed that any loss payable under this Policy may be applied by the Company to the payment of any mortgage mentioned in Schedule B, the title under which is insured by the Company, or which may be held by the Company, and the amount so paid shall also be deemed a payment to the Insured under this Policy. The aggregate liability of the Company under this Policy and any policy issued to the holder of any such mortgage shall not exceed the amount of this Policy.

6. Nothing contained in this Policy shall be construed as insuring (1) against the consequences of any law, ordinance, or governmental regulation (including building and "zoning" ordinances) limiting or regulating the use or enjoyment of the property herein described or the character, dimensions or locations of any improvements erected or to be erected thereon, or (2) against the consequences of the exercise or attempted exercise of "police power" or the power of "eminent domain" over said property, or (3) the title or rights of the Insured in any property beyond the line of the property described in Schedule A, or in any streets, roads, avenues, lanes or ways in said property or upon which said property abuts, or to tide lands or lands comprising the shores and bottoms of navigable rivers, lakes, bays, ocean or gulf, or lands beyond the line of the harbor or bulkhead lines as established or changed by the United States Government, or to filled-in lands or artificial islands or riparian rights.

7. The Company shall not be liable hereunder for the cost and expense incurred in the satisfaction or removal of liens upon or objections to the title, which were found upon examination of title to exist at the effective date of this Policy, but which shall have been satisfied or removed prior to the date of the actual delivery of this Policy.

8. If the property described in Schedule A is divisible into separate independent parcels and a loss is established affecting one or more of said parcels, the loss shall be computed and settled on a pro rata basis as if the face value of this Policy were divided pro rata as to the value of each separate independent parcel, exclusive of the improvements made subsequent to the date of this Policy, to the whole.

9. Defects and encumbrances arising after the effective date of this Policy, or created, suffered, assumed or agreed to by the Insured, and taxes and assessments which have not become liens up to the effective date of this Policy, or which, although they have become liens, are not payable until some future date, or in future installments, are not to be deemed covered by this Policy.

10. Any untrue statement made with respect to any material fact; any fraud perpetrated; any suppression of or failure to disclose any material facts; any untrue answer by the Insured, or the agent of the Insured, to material inquiries before the issuing of this Policy, shall void this Policy.

11. The term "the Company," as herein used, means Kansas City Title Insurance Company, and the term "the Insured" means the person or persons in whose favor this Policy is issued.

12. No officer, agent or other representative of the Company, shall have the power to waive any of the conditions or stipulations of this Policy, except the President or one of the Vice Presidents of the Company, and such waiver, if any, shall be written upon or attached hereto.

This Policy necessarily relates solely to the title prior to and including its "effective date" as herein defined.

This Policy is not transferable to subsequent owners. A Reissue Policy in favor of new purchasers should be obtained.

OWNER'S POLICY

Kansas City Title Insurance Company
Kansas City, Missouri

Title Insurance is the only Guaranteed protection against real estate title risks

The Title Guaranty and Insurance Company
1733½ Central Avenue, Room 11
P. O. Box 1087
Los Alamos, New Mexico
Phone: 2-2251

CMI09-00055

M-00000012

008886

2

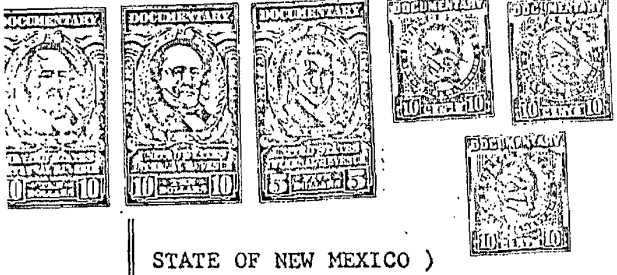
WARRANTY DEED

H. Z. FULWILER and AILEEN M. FULWILER, his wife, for consideration paid, grant to the MOLYBDENUM CORPORATION OF AMERICA the following described real estate in Taos County, New Mexico:

> Being the store property of the Cotton Wood Lodge lying south of New Mexico State Highway No. 38 between Questa and Red River, New Mexico, and containing about one-half acre of land the same being described as Tract No. 2 in a certain Warranty Deed from Frankie E. Watson to grantors herein, dated July 7, 1955 which was recorded with the Clerk of Taos County, New Mexico on July 7, 1955 in Book A-55, at pages 158-159, less a portion now included in the highway right of way, subject however to reservations and restrictions contained in the Patent from the United States covering this property and subject to the restriction that this property shall not be used for purposes which shall occasion noises, smoke or odors which will interfere with grantors' or their assigns' resort business across the road, and will not be used for a bar, dance hall, pool hall or like recreational purposes, and that no unsightly structures, storage or dumping will be erected or permitted on the premises. The foregoing restrictions shall be construed as a covenant running with the land granted and for benefit of property across highway and now owned by grantors, and which covenant grantee assumes and agrees to perform by acceptance of this deed. This restriction and covenant shall terminate when said adjoining property is no longer used for resort business purposes;

with warranty covenants.

WITNESS our hands and seals this 5th day of October, 1962.



H. Z. FULWILER

AILEEN M. FULWILER

STATE OF NEW MEXICO)
SS.
COUNTY OF TAOS)

The foregoing instrument was acknowledged before me this 5th day of October, 1962 by H. Z. FULWILER and AILEEN M. FULWILER, his wife.

Notary Public

My Commission Expires:

3-11-66

CMI09-00056

M-00000013

008887

3

STILLINGER & LUNT
FORMERLY WATSON & WATSON
ATTORNEYS AT LAW
SUITE 50, SENA PLAZA
SANTA FE, NEW MEXICO 87501

AREA CODE 505
TELEPHONE 982-1956

JOHN C. WATSON (1878-1970)
DAVID L. LUNT
NEIL C. STILLINGER
CHARLES D. BATTS

September 30, 1970

Mr. A. L. Greslin
Assistant to the General Manager
Molybdenum Corporation of America
Questa, New Mexico 87556

Re: Our Moly File 8B11 - Columbine Tract

Dear Al:

In accordance with your request of September 23, 1970, I enclose xerox copy of recorded Warranty Deed from National Sales, Inc. to Molybdenum Corporation of America for your files. Said Warranty Deed is recorded in Book 96, pages 137 and 138, of the Taos County Records.

Sincerely yours,

DAVID L. LUNT

DLL:kem
Enclosure

CMI09-00057

M-00000014

008888

[illegible]

[illegible] TITLE CO.

[illegible]

WARRANTY DEED

NATIONAL SALES, INC., a New Mexico corporation, for consideration paid, grants to MOLYBDENUM CORPORATION OF AMERICA, a Delaware corporation, the following described real estate in Taos County, New Mexico:

TRACT 1: Commencing at Corner No. 1 of H.E.S. 101, a rock monument in place from which a stone corner to sections 34 and 35 in Township [illegible] of Range 1[illegible] E. of the New Mexico Meridian [illegible] N. 11° [illegible]' W. 7[illegible].5[illegible] chains distant; THENCE, [illegible] said Corner No. 1 [illegible] 7[illegible]° 11' E. [illegible] ft. to a point; THENCE, S. 41° 38' E. 533 ft. to a point; THENCE, S. 65° 45' E. 450 ft. to a point; THENCE, S. 3[illegible]° [illegible]' E. 323 ft. to Corner No. 3 of H.E.S. 101; THENCE, N. 59° 06' W. 693.66 ft. to Corner No. 4 of H.E.S. 101; THENCE, N. 84° 1[illegible]' W. [illegible] ft. to Corner No. 5 of H.E.S. 101; THENCE, N. [illegible] 29' E. 1056 ft. to Corner No. 1 of H.E.S. 101, the point of beginning.

TRACT 2: All of H.E.S. 338 beginning at Corner No. 1 thereof, being identical to Corner No. 1 of H.E.S. 101; THENCE, S. 8° [illegible]' W. [illegible] ft. to Corner No. 2 of H.E.S. 338, identical to Corner No. [illegible] of H.E.S. 101; THENCE, N. 67° [illegible]' W. 7[illegible] ft. to Corner No. 3 of H.E.S. 338; THENCE, N. [illegible] 54' W. 617.76 ft. to Corner No. 4 of H.E.S. 338; THENCE, N. 77° 50' W. 516.12 ft. to Corner No. [illegible] of H.E.S. 338; THENCE, N. 0° 54' W. 319.8[illegible] ft. to Corner No. 6 of H.E.S. 338; THENCE, S. 88° 55' E. 1855.26 ft. to Corner No. 1, the place of beginning.

Excepting from the above two (2) tracts the following described property: Commencing at Corner No. 5 of H.E.S. 101, being identical to Corner No. 2 of H.E.S. 338 a stone monument in place; THENCE N. 8° 29' E. 499 ft. to a point; THENCE, N. 88° 18' E. 88.9 ft. to Corner No. 1 and the place of beginning of this Exception; THENCE, N. 51° 12' W. 345 ft. to Corner No. [illegible]; THENCE, N. [illegible]° [illegible]' E. 15[illegible].5 ft. to Corner No. [illegible]; THENCE, N. [illegible]° [illegible]' E. [illegible] ft. to Corner No. [illegible]; THENCE, [illegible] W. 3[illegible].5 ft. to Corner No. 1, the place of beginning. Said Exception containing 1.58 acres.

Further excepting from the above tracts 1 and 2 the property taken as a right-of-way by the State of New Mexico.

Subject to 1964 taxes, patent reservations and existing easements.

with warranty covenants.

CMI09-00058

M-00000015

008889

WITNESS our hand and seal this 18th day of May, 1964.

NATIONAL SALES, INC.

Robert W. Sates
Secretary

By [illegible]
President

STATE OF NEW MEXICO)
: ss.
COUNTY OF BERNALILLO)

The foregoing instrument was acknowledged before me this 18th day of May, 1964, by Eugene L. Garcia, President of National Sales, Inc., a New Mexico corporation, on behalf of said corporation.

[illegible]
Notary [illegible]

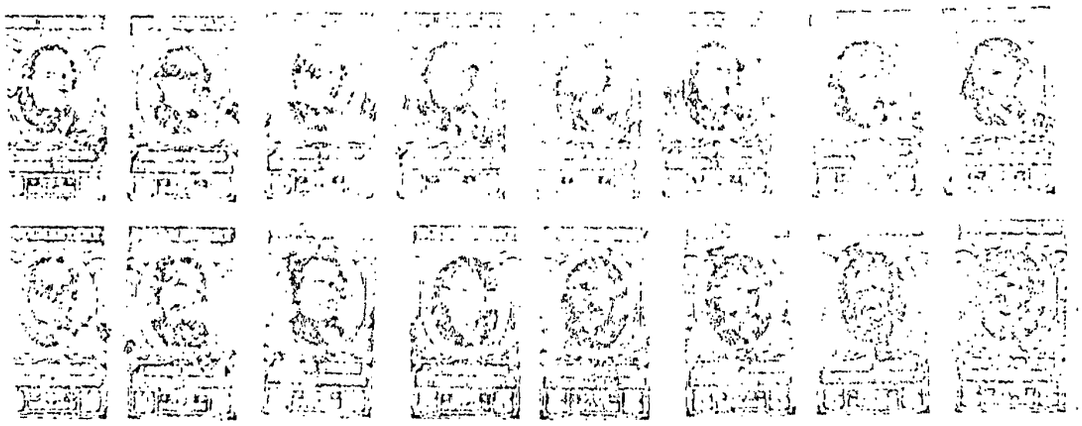
My Commission Expires:

4/13/68

STATE OF NEW MEXICO)
COUNTY OF TAOS) SS.

This instrument was filed for record on the ___ day of ___ A. D. 19__ at ___ o'clock ___ M. and duly recorded in book 96 Page 137, 138

[illegible]
County Clerk [illegible]
[illegible] Deputy



M-00000016

CMI09-00059

008890

MORTGAGE DEED — (Statutory Form) Approved by Eighteenth Legislature FORM 258

76

LEWIS O. CAMPBELL, dealing in his sole and separate property, for consideration paid, grants to G. W. GREEN and GENEVA GREEN, his wife,

whose address is Box 895, Alamo, Texas,

the following described real estate in Taos County, New Mexico:

A piece of land in Red River Canyon in Taos County, New Mexico, being a part of Homestead Entry Survey 101 and a part of Homestead Entry Survey 338, situated in Section 2 (Unsurveyed), Township 28 North, Range 13 East, New Mexico Principal Meridian.

Commencing for a ite at the 1967 U.S. Forest Service bronze tablet remonument for Corner 1 of H.E.S. 101 and Corner 1 of H.E.S. 338; thence, S. 19° 59' E. 211.76 feet to a 1 1/4 inch pipe on the right bank of the Red River, the point of beginning; thence,

S. 10° 42' W., 355.25 feet to a 3/4 inch rebar on the left bank of said stream, the southeast corner; thence,
N. 51° 13' W., 344.51 feet to a 3/4 inch rebar on the left bank of said stream, the southwest corner; thence,
N. 34° 56' E., 155.04 feet to a 1/2 inch rebar, the northwest corner; thence,
EASTERLY 248.51 feet along a curve to the right of 1597.02 feet radiuson the south right of way boundary of New Mexico State Road No. 38 to a 1/2 inch rebar, the northeast corner; thence,
S. 10° 42' W., 11.05 feet to the point of beginning;

Containing 1.641 acres, more or less.

with mortgage covenants.

This mortgage secures the performance of the following obligation:

REAL ESTATE MORTGAGE NOTE

DATE: March 30,1979
$99,400.00

FOR VALUE RECEIVED on or before twenty years after date I promise to pay to the order of G. W. GREEN and GENEVA GREEN, his wife, NINETY-NINE THOUSAND FOUR HUNDRED ------ 00/100 DOLLARS ($99,400.00) DOLLARS, plus interest on said principal amount and/or on the unpaid balance thereof at the rate of eight per cent (8%) per annum, in annual installments payable as follows, to-wit:

Four Thousand Nine Hundred Seventy ------ 00/100 Dollars ($4,970.00) plus interest, on the 15th day of March, 1980, and Four Thousand Nine Hundred Seventy 00/100 Dollars ($4,970.00) plus interest on the 15th day of March of each succeeding year thereafter until the entire principal sum and interest shall have been paid in full.

There shall be no prepayment under this note during the first three (3) years thereof, thereafter maker may prepay any or all installments without penalty.

If default be made in the payments of the principal and interest when due, hereinabove mentioned, then the entire unpaid principal and interest shall, at the option of the holder of this note, become immediately due and payable, without notice or demand.

And if the same shall not be paid when due, we jointly and severally promise and agree to pay all costs of collection, including reasonable attorney's fees if suit be brought on this note, or if attorneys are employed to collect the same. All endorsers and parties hereto jointly and severally waive demand, presentation for payment, protest, and notice of protest and of non-payment and agree that the time of payment of the note may be from time to time extended by any one or more of us and without the knowledge or consent of any of us, the liability of all parties to remain unchanged. Exemptions expressly waived.

M-00000017

CMI09-00060

008891

MORTGAGE DEED — (Statutory Form) Approved by Eighteenth Legislature FORM 258

This mortgage secures the performance of the following obligation:

CMI09-00061

(Here attach copy of or summarize note or other obligation).

and is upon the statutory mortgage condition for the breach of which it is subject to foreclosure as provided by law. The amount specified for insurance as provided in the statutory mortgage condition is $99,400.00 and the hazards to be insured against are fire and extended coverage

WITNESS my hand and seal this 30 day of March, 19 79

(Seal)

(Seal)

STATE OF NEW MEXICO
County of Taos } ss. (Seal)

On this 30 day of March, 19 79 before to me personally appeared LEWIS O. CAMPBELL, dealing in his sole and separate property, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed same as his free act and deed.

M-00000018

WITNESS *my hand and seal the day and year last above written.*

My Commission expires 10-24, 1979, Notary Public, Taos County, N. M.

47

Form 1860-8
(January 1965)
(formerly 4-1040)

New Mexico 10936

The United States of America,

To all to whom these presents shall come, Greeting:

W H E R E A S

Molybdenum Corporation of America

in exchange for certain other land conveyed to the United States, has selected and is entitled to a Land Patent pursuant to the General Exchange Act of March 20, 1922 (42 Stat. 465), as amended by the Act of February 28, 1925 (43 Stat. 1090), for the following described lands:

New Mexico Principal Meridian, New Mexico.

Tracts 1 and 2 of Exchange Survey
No. 530, Tps. 28 and 29 N., R. 13 E.,
and T. 28 N., R. 14 E. (unsurveyed).

Aggregating 2,226.59 acres;

NOW KNOW YE, that there is, therefore, granted by the UNITED STATES unto the above named claimant the lands above described; TO HAVE AND TO HOLD the said lands with all the rights, privileges, immunities, and appurtenances, of whatsoever nature, thereunto belonging, unto the said claimant, its successors and assigns, forever; and

EXCEPTING AND RESERVING TO THE UNITED STATES a right-of-way thereon for ditches and canals constructed by the authority of the United States. Act of August 30, 1890 (26 Stat. 391; 43 U.S.C. 945).

IN TESTIMONY WHEREOF, the undersigned authorized officer of the Bureau of Land Management, in accordance with the provisions of the Act of June 17, 1948 (62 Stat. 476), has, in the name of the United States, caused these letters to be made Patent, and the Seal of the Bureau to be hereunto affixed.

[SEAL]

GIVEN under my hand, in Santa Fe, New Mexico, the SEVENTEENTH day of JANUARY in the year of our Lord one thousand nine hundred and SEVENTY-FOUR and of the Independence of the United States the one hundred and NINETY-EIGHTH.

CMI09-00062

By Michael T. Solan
Chief, Division of Technical Services

Patent Number 36-74-0017

M-00000019

16—79641-1 GPO
SEO-746

008893

The United States of America,

To all to whom these presents shall come, Greeting:

WHEREAS, In pursuance of the provisions of the Revised Statutes of the United States, Chapter Six, Title Thirty-two, and legislation supplemental thereto, there have been deposited in the General Land Office of the United States the Plat and Field Notes of Survey and the Certificate of the Register of the Land Office at Santa Fe, New Mexico, accompanied by other evidence, and by it appears that the Molybdenum Corporation of America

has entered and paid for the Phyllis No. 8, Phyllis No. 9, Phyllis No. 10, Phyllis No. 1, Phyllis No. 2, Phyllis No. 3, Phyllis No. 4, Phyllis No. 5, Phyllis No. 6, and Phyllis No. 7, lode mining claims,

designated by the Surveyor General as Survey No. 1843, embracing a portion of, approximately, Sections thirty-five and thirty-six in Township twenty-nine north of Range thirteen east of the New Mexico Meridian, in the Red River Mining District, Taos County, New Mexico,

and bounded, described, and platted as follows: Beginning for the description of the Phyllis No. 8, lode claim at corner No. 1, a porphyry stone 7 x 12 x 25 inches, marked P8-1-1843, in mound of stone; from which the Standard quarter corner to Section thirty-six in Township twenty-nine north of Range thirteen east of the New Mexico Meridian, bears south eight degrees forty-one minutes east four hundred seventy-three and sixty-four-hundredths feet distant;

Thence, first course, north seventy degrees east one thousand five hundred feet to corner No. 2, in gulch and not established;

Thence, second course, north twenty degrees west twenty-four and ninety-seven-hundredths feet to witness corner to said corner No. 2, a porphyry stone 5 x 11 x 24 inches, marked P8-WC 2-1843, in mound of stone; three hundred feet to a point from which discovery bears south seventy degrees west one hundred eighty-three feet distant; five hundred eighty-nine feet to corner No. 3, a porphyry stone 7 x 11 x 27 inches, marked P8-3-1843, in mound of stone;

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Thence, third course, south seventy degrees west one thousand five hundred feet to corner No. 4, a porphyry stone 5 x 10 x 24 inches, marked P8-4-1843, in mound of stone;

Thence, fourth course, south twenty degrees east five hundred eighty-nine feet to corner No. 1, the place of beginning; the survey of the lode claim as above described extending one thousand five hundred feet in length along said Phyllis No. 8, vein or lode;

Beginning for the description of the Phyllis No. 9, lode claim at corner No. 1, a porphyry stone 3 x 12 x 26 inches, marked P9-1-1843, in mound of stone; from which said quarter Section corner bears, south sixteen degrees seven minutes forty seconds west one thousand three hundred four and twenty-three-hundredths feet distant;

Thence, first course, south seventy degrees west one thousand five hundred feet to corner No. 2, a porphyry stone 6 x 8 x 24 inches, marked P9-2-1843, in mound of stone;

Thence, second course, north twenty degrees west four hundred fifty-three feet to corner No. 3, a porphyry stone 4 x 11 x 24 inches, marked P9-3-1843, in mound of stone;

Thence, third course, north seventy degrees east one thousand five hundred feet to corner No. 4, a porphyry stone 6 x 11 x 24 inches, marked P9-4-1843, in mound of stone;

Thence, fourth course, south twenty degrees east one hundred fifty-three feet to a point from which discovery bears south seventy degrees west fifty-eight feet distant; four hundred fifty-three feet to corner No. 1, the place of beginning; the survey of the lode claim as above described extending one thousand five hundred feet in length along said Phyllis No. 9, vein or lode;

Beginning for the description of the Phyllis No. 10, lode claim at corner No. 1, identical with corner No. 1, of said Phyllis No. 9, lode claim;

Thence, first course, north seventy degrees east one thousand five hundred feet to corner No. 2, a porphyry stone 7 x 11 x 27 inches, marked

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P10-2-1843, in mound of stone;

Thence, second course, north twenty degrees west six hundred feet to corner No. 3, a porphyry stone 8 x 12 x 24 inches, marked P10-3-1843, in mound of stone;

Thence, third course, south seventy degrees west one thousand five hundred feet to corner No. 4, a porphyry stone 6 x 14 x 24 inches, marked P10-4-1843, in mound of stone;

Thence, fourth course, south twenty degrees east three hundred feet to a point from which discovery bears north seventy degrees east four hundred forty feet distant; six hundred feet to corner No. 1, the place of beginning; the survey of the lode claim as above described extending one thousand five hundred feet in length along said Phyllis No. 10, vein or lode:

Beginning for the description of the Phyllis No. 1, lode claim at corner No. 1, a porphyry stone 5 x 11 x 26 inches, marked P1-1-1843, in mound of stone; from which said quarter Section corner bears south twenty-two degrees fourteen minutes forty seconds east one thousand five hundred seven and fifty-nine-hundredths feet distant;

Thence, first course, south seventy degrees west one thousand five hundred feet to corner No. 2, a porphyry stone 4 x 11 x 24 inches, marked P1-2-1843, in mound of stone;

Thence, second course, north twenty degrees west six hundred feet to corner No. 3, a porphyry stone 7 x 11 x 28 inches, marked P1-3-1843, in mound of stone;

Thence, third course, north seventy degrees east one thousand five hundred feet to corner No. 4, in gulch and not established;

Thence, fourth course, south twenty degrees east sixty and forty-eight-hundredths feet to witness corner to said corner No. 4, a porphyry stone 4 x 12 x 30 inches, marked P1 and -2- WC 4-1843, in mound of stone; three hundred feet to a point from which discovery bears south seventy degrees west eighty-three feet distant; six hundred feet to corner No. 1, the place of beginning; the survey of the lode claim as above described extending

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The United States of America,

To all to whom these presents shall come, Greeting:

1 1909

WHEREAS, In pursuance of the provisions of the Revised Statutes of the United States, Chapter Six, Title Thirty-two, and legislation supplemental thereto, there have been deposited in the General Land Office of the United States the Plat and Field Notes of Survey and the Certificate of the Register of the Land Office at Santa Fe, New Mexico, accompanied by other evidence whereby it appears that the Molybdenum Corporation of America, has entered and paid for the Sargent No. 1, Sargent No. 2, Sargent No. 3, Sargent No. 4, and Sargent No. 5, lode mining claims,

designated by the Surveyor General as Survey No. 1909, embracing a portion of, approximately Section thirty-one in Township twenty-nine north of Range fourteen east and approximately Section thirty-six in Township twenty-nine north of Range thirteen east of the New Mexico Meridian, in the Red River Mining District, Taos County, New Mexico, and bounded, described, and platted as follows: Beginning for the description of the Sargent No. 1 lode claim at corner No. 1, in Blind Gulch and not established, from which the south quarter corner to Section thirty-six in Township twenty-nine north of Range thirteen east of the New Mexico Meridian, bears south fifty-three degrees forty-four minutes forty seconds west one thousand six hundred fifty-nine and twenty-nine-hundredths feet distant;

Thence, first course, north seventy degrees east one thousand five hundred feet to corner No. 2, a porphyry stone 5 x 8 x 24 inches, marked S 1-2-1909, in mound of stone;

Thence, second course, south twenty degrees east four hundred twenty-six feet to corner No. 3, a porphyry stone 9 x 10 x 25 inches, marked S 1-3-1909, in mound of stone;

Thence, third course, south seventy degrees west one thousand five

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hundred feet to corner No. 4, a porphyry stone 6 x 8 x 24 inches, marked S 1-4-1909, in mound of stone;

Thence, fourth course, north twenty degrees west three hundred feet to a point from which discovery bears north seventy degrees east four hundred thirty-six feet distant; three hundred ninety-nine and fifty-seven-hundredths feet to witness corner to said corner No. 1, a porphyry stone 5 x 11 x 24 inches, marked S 1-W C 1-1909, in mound of stone; four hundred twenty-six feet to corner No. 1, the place of beginning; the survey of the lode claim as above described extending one thousand five hundred feet in length along said Sargent No. 1 vein or lode;

Beginning for the description of the Sargent No. 2, lode claim at corner No. 1, identical with corner No. 1, of said Sargent No. 1, lode claim;

Thence, first course, north seventy degrees east one thousand five hundred feet to corner No. 2, identical with corner No. 2, of said Sargent No. 1, lode claim;

Thence, second course, north twenty degrees west six hundred feet to corner No. 3, a porphyry stone 5 x 10 x 24 inches, marked S. 2-3-1909, in mound of stone;

Thence, third course, south seventy degrees west eight hundred twenty-four feet intersect line 2-3 of the Phyllis No. 10 lode claim, Survey No. 1843 at north twenty degrees west eleven feet from corner No. 2; one thousand five hundred feet to corner No. 4, a porphyry stone 6 x 11 x 24 inches, marked S 2-4-1909, in mound of stone;

Thence, fourth course, south twenty degrees east eleven feet intersect line 1-2 of said Phyllis No. 10 lode claim at south seventy degrees west six hundred seventy-six feet from corner No. 2; three hundred feet

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to a point from which discovery bears north seventy degrees east six hundred nine feet distant; five hundred seventy-five and three-hundredths feet to witness corner to said corner No. 1, a porphyry stone 5 x 11 x 12 inches above ground, marked P8-WC-2 1843 and S2-WC1-1909, in mound of stone, identical with witness corner to corner No. 2, of the Phyllis No. 8 lode claim, Survey No. 1843; six hundred feet to corner No. 1, the place of beginning; the survey of the lode claim as above described extending one thousand five hundred feet in length along said Sargent No. 2 vein or lode;

Beginning for the description of the Sargent No. 3 lode claim at corner No. 1, a porphyry stone 6 x 9 x 24 inches, marked S. 3-1-1909, in mound of stone, from which said quarter Section corner bears south forty-four degrees fifty-two minutes west two thousand five hundred six and two-tenths feet distant;

Thence, first course, north seventy degrees east eight hundred twenty-four feet to corner No. 3, of said Sargent No. 2, lode claim; one thousand five hundred feet to corner No. 2, a porphyry stone 4 x 10 x 24 inches, marked S. 3-2-1909, in mound of stone;

Thence, second course, north twenty degrees west six hundred feet to corner No. 3, a porphyry stone 5 x 10 x 24 inches, marked S3-3-1909, in mound of stone;

Thence, third course, south seventy degrees west one thousand five hundred feet to corner No. 4, a porphyry stone 7 x 11 x 26 inches, marked S, 3-4-1909, in mound of stone;

Thence, fourth course, south twenty degrees east three hundred feet to a point from which discovery bears north seventy degrees east twenty-nine feet distant; six hundred feet to corner No. 1, the place of beginning; the survey of the lode claim as above described extending

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one thousand five hundred feet in length along said Sargent No. 3, vein or lode:

Beginning for the description of the Sargent No. 4, lode claim at corner No. 1, a porphyry stone 6 x 14 x 24 inches, marked S 4-1-1909, in mound of stone, from which said quarter Section corner bears south twenty-one degrees four minutes twenty seconds west two thousand one hundred ninety-three and twenty-one-hundredths feet distant;

Thence, first course, north seventy degrees east eight hundred twenty-eight feet intersect line 4-1 of said Sargent No. 3, lode claim; one thousand five hundred feet to corner No. 2, a porphyry stone 6 x 11 x 25 inches, marked S 4-2-1909, in mound of stone;

Thence, second course, north twenty degrees west five hundred sixty-one feet to corner No. 3, a porphyry stone 7 x 15 x 24 inches, marked S 4-3-1909, in mound of stone;

Thence, third course, south seventy degrees west one thousand five hundred feet to corner No. 4, a porphyry stone 5 x 7 x 24 inches, marked S 4-4-1909, in mound of stone;

Thence, fourth course, south twenty degrees east three hundred feet to a point from which discovery bears north seventy degrees east nine hundred forty-three feet distant; five hundred sixty-one feet to corner No. 1, the place of beginning; the survey of the lode claim as above described extending one thousand five hundred feet in length along said Sargent No. 4, vein or lode:

Beginning for the description of the Sargent No. 5 lode claim at corner No. 1, a porphyry stone 8 x 8 x 18 inches above ground, marked R4-2-1843 and S 5-1-1909, in mound of stone, identical with corner No. 2 of the Phyllis No. 4 lode claim, Survey No. 1843, from which said quarter Section corner bears south eleven degrees forty-two minutes west

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two thousand four hundred seventy-five and seventy-nine-hundredths feet distant;

Thence, first course, north seventy degrees east one hundred forty feet intersect line 4-1 of said Sargent No. 4 lode claim; one thousand five hundred feet to corner No. 2, a porphyry stone 6 x 10 x 24 inches, marked S 5-2-1909, in mound of stone;

Thence, second course, north twenty degrees west three hundred feet to a point from which discovery bears south seventy degrees west two hundred forty feet distant, six hundred feet to corner No. 3, a porphyry stone 6 x 8 x 24 inches, marked S 5-3-1909, in mound of stone;

Thence, third course, south seventy degrees west one thousand five hundred feet to corner No. 4, a porphyry stone 7 x 8 x 24 inches marked S 5-4-1909, in mound of stone;

Thence, fourth course, south twenty degrees east six hundred feet to corner No. 1, the place of beginning; the survey of the lode claim as above described extending one thousand five hundred feet in length along said Sargent No. 5 vein or lode; expressly excepting and excluding from these presents all that portion of the ground hereinbefore described embraced in said Phyllis No. 10 lode claim, Survey No. 1843, and also all veins, lodes, and ledges throughout their entire depth the tops or apexes of which lie inside of such excluded ground; the premises herein granted containing ninety-two acres and five hundred sixty-four thousandths of an acre.

CMI09-00070

M-00000027

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Form 4-[illegible]

Santa Fe 047759.

Survey 1910

The United States of America,

To all to whom these presents shall come, Greeting:

WHEREAS, in pursuance of the provisions of the Revised Statutes of the United States, Chapter Six, Title Thirty-two, and legislation supplemental thereto, there have been deposited in the General Land Office of the United States the Plat and Field Notes of Survey and the Certificate of the Register of the Land Office at Santa Fe, New Mexico, accompanied by other evidence whereby it appears that the Molybdenum Corporation of America has entered and paid for the Sargent No. 6 and Sargent No. 7 lode mining claims, designated by the Surveyor General as Survey No. 1910, embracing a portion of, approximately, Sections thirty-five and thirty-six in Township twenty-nine north of Range thirteen east of the New Mexico Meridian, in the Red River Mining District, Taos County, New Mexico,

and bounded, described, and platted as follows: Beginning for the description of the Sargent No. 6 lode claim, at corner No. 1, a porphyry stone 6 x 6 x 1. inches, marked P S - 2 - 1843 and S 6 - 1 - 1910, in mound of stone; identical with corner No. 2 of the Phyllis No. 3 lode claim, Survey No. 1843, from which the south quarter corner to Section thirty-six in Township twenty-nine north of Range thirteen east of the New Mexico Meridian, bears south fifty-eight degrees fifty-three minutes twenty seconds east two thousand seven hundred six and three-tenths feet distant;

Thence, first course, south seventy degrees west one thousand five hundred feet to corner No. 2, a porphyry stone 6 x 6 x 2, inches marked S 6 - 2 - 1910, in mound of stone;

CMI09-00071

RECORD OF PATENTS: Patent Number 952862

M-00000028

1.

008902

Santa Fe 047759.

Thence, second course, north twenty degrees west five hundred eighty-seven feet to corner No. 3, a porphyry stone 4 x 10 x 24 inches, marked S 6 - 3 - 1910, in mound of stone;

Thence, third course, north seventy degrees east one thousand five hundred feet to corner No. 4, in an erosion basin and not established

Thence, fourth course, south twenty degrees east two hundred fifty four and six-hundredths feet to witness corner to said corner No. 4, a porphyry stone 9 x 11 x 14 inches above ground, marked P3 - WC 3 - 1843 and S6 - WC 4 - 1910, in mound of stone; identical with witness corner to corner No. 3 of the Phyllis No. 3 lode claim, Survey No. 1843; two hundred eighty-seven feet to a point from which discovery cut bears south seventy degrees west two hundred eighty-one feet distant; five hundred eighty-seven feet to corner No. 1, the place of beginning; the survey of the lode claim, as above described extending one thousand five hundred feet in length along said Sargent no. 6 vein or lode;

Beginning, for the description of the Sargent No. 7 lode claim, at corner No. 1, in an erosion basin and not established, from which said quarter section corner bears south fifty-four degrees forty-six minutes twenty seconds east three thousand two hundred seventy-nine feet distant;

Thence, first course, south seventy degrees west one thousand three hundred twenty-nine feet to corner No. 3 of said Sargent No. 6 lode claim; one thousand five hundred feet to corner No. 2, a porphyry stone 9 x 12 x 24 inches, marked S 7 - 2 - 1910, in mound of stone;

Thence, second course, north twenty degrees west five hundred ninety-four feet to corner No. 3, a porphyry stone 5 x 15 x 24 inches, marked S 7 - 3 - 1910, in mound of stone;

CMI09-00072

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Thence, third course, north seventy degrees east one thousand five hundred feet to corner No. 4, a porphyry stone 6 x 11 x 24 inches marked 3. 7 - 4 - 1910, in mound of stone;

Thence, fourth course, south twenty degrees east three hundred feet to a point from which discovery cut bears south seventy degrees west two hundred ninety-four feet distant; three hundred three and eighty-four-hundredths feet to witness corner to said corner No. 1, a porphyry stone 10 x 17 x 13 inches above ground, marked P S - W C 2 - 1843 and S. 7 - W C. 1 - 1910, in mound of stone; five hundred ninety-four feet to corner No. 1, the place of beginning; the survey of the lode claim, as above described, extending one thousand five hundred feet in length along said Sargent No. 7 vein or lode; the premises herein granted, containing forty acres and six hundred sixty-nine thousandths of an acre.

CMI09-00073

952862

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008904

Santa Fe 047752,

NOW KNOW YE, That there is therefore, pursuant to the [illegible] hereby granted by the [illegible]

Molybdenum Corporation of America

the said mining premises hereinbefore described, and not expressly excepted from these presents, and all that portion of the said veins, lodes, or ledges, and of all other veins, lodes, and ledges throughout their entire depth, the tops or apexes of which lie inside of the surface boundary lines of said granted premises in said survey extended downward vertically, although such veins, lodes, or ledges in their downward course may so far depart from a perpendicular as to extend outside the vertical side lines of said premises: Provided, That the right of possession to such outside parts of said veins, lodes, or ledges shall be confined to such portions thereof as lie between vertical planes drawn downward through the end lines of said survey as continued in their own direction that such planes will intersect such exterior parts of said veins, lodes, or ledges: And provided further, That nothing herein contained shall authorize the grantee herein to enter upon the surface of a claim owned or possessed by another.

TO HAVE AND TO HOLD said mining premises, together with all the rights, privileges, immunities, and appurtenances of whatsoever nature thereunto belonging, unto the said grantee above named and to its successors and assigns forever; subject, nevertheless, to the above-mentioned and to the following conditions and stipulations:

FIRST. That the premises hereby granted shall be held subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes, and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local laws, customs, and decisions of the courts. And there is reserved from the lands hereby granted a right of way thereon for ditches or canals constructed by the authority of the United States.

SECOND. That in the absence of necessary legislation by Congress, the Legislature of New Mexico may provide rules for working the mining claim or premises hereby granted, involving easements, drainage, and other necessary means to its complete development.

IN TESTIMONY WHEREOF, I, Calvin Coolidge, President of the United States of America, have caused these letters to be made Patent, and the Seal of the General Land Office to be hereunto affixed.

GIVEN under my hand, at the City of Washington, the FIFTH day of FEBRUARY in the year of our Lord one thousand nine hundred and TWENTY-FIVE, and of the Independence of the United States the one hundred and FORTY-NINTH

(SEAL)

By the President: Calvin Coolidge

By Viola C. Engle, Secretary,

M. P. LeRoy, Recorder of the General Land Office.

RECORD OF PATENTS: Patent Number 952862

M-00000031

CMI09-00074

008905

Santa Fe 059194

SURVEY 1991

The United States of America

To all to whom these presents shall come, Greeting:

WHEREAS, In pursuance of the provisions of the Revised Statutes of the United States, Chapter Six, Title Thirty-two, and legislation supplemental thereto, there have been deposited in the General Land Office of the United States the Plat and Field Notes of Survey and the Certificate of the Register of the Land Office at Santa Fe, New Mexico, accompanied by other evidence whereby it appears that the Molybdenum Corporation of America, has entered and paid for the Diorite No. 1 lode mining claim,

designated as Survey No. 1991, embracing a portion of, approximately, Section thirty-six in Township twenty-nine north and Section one in Township twenty-eight north all in Range thirteen east of the New Mexico Meridian, in the Red River Mining District, Taos County, New Mexico,

and bounded, described, and platted as follows: Beginning at corner No. 1, a diorite stone 8 x 11 x 24 inches, marked D1-1-1991, with mound of stones, from which the Standard quarter corner to Section thirty-six in Township twenty-nine north of Range thirteen east of the New Mexico Meridian, bears south eight degrees fifty-eight minutes fifty seconds east four hundred sixty-two and sixty-three-hundredths feet distant;

Thence, first course, south sixty-nine degrees thirty-one minutes west one thousand five hundred feet to corner No. 2, a diorite stone 8 x 8 x 24 inches, marked D1-2-1991, with mound of stones;

Thence, second course, north twenty degrees twenty minutes west six hundred feet to corner No. 3, a diorite stone 9 x 11 x 24 inches, marked D1-3-1991, with mound of stones;

CMI09-00075

U. S. GOVERNMENT PRINTING OFFICE 1977 O—7431

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Thence, third course, north sixty-nine degrees thirty-one minutes east one thousand five hundred feet to corner No. 4, a diorite stone 6 x 9 x 6 inches above ground, marked D1-4-1991 and P8-4-1843 with mound of stones; identical with corner No. 4 of the Phyllis No. 8 lode claim Survey No. 1843;

Thence, fourth course, south twenty degrees twenty minutes east three hundred feet to a point from which discovery cut bears south sixty-nine degrees thirty-one minutes west forty-seven feet distant; six hundred feet to corner No. 1, the place of beginning; said Survey No. 1991 extending one thousand five hundred feet in length along the Diorite No. 1 vein or lode; the premises herein granted, containing twenty acres and six hundred sixty-one thousandths of an acre.

CMI09-00076

M-00000044

008907

Santa Fe 059194

NOW KNOW YE, That there is therefore, pursuant to th s aforesaid, hereby granted by the United States unto the said

Molybdenum Corporation of America

said mining premises hereinbefore described, and not expressly excepted from these presents, and all that portion of the said vein , lo or ledge , and of all other veins, lodes, and ledges throughout their entire depth, the tops or apexes of which lie inside of the surface dary lines of said granted premises in said survey extended downward vertically, although such veins, lodes, or ledges in their d ard course may so far depart from a perpendicular as to extend outside the vertical side lines of said premises: Provided, That th t of possession to such outside parts of said veins, lodes, or ledges shall be confined to such portions thereof as lie between vertica s drawn downward through the end lines of said survey so continued in their own direction that such planes will intersect such parts of said veins, lodes, or ledges: And provided further, That nothing herein contained shall authorize the grantee herein t upon the surface of a claim owned or possessed by another.

TO HAVE AND TO HOLD said mining p together with all the rights, privileges, immunities, and appurtenances of whatsoever nature thereunto belonging, unto the said grant bove named and to its successors and assigns forever; subject, nevertheless, to ve-mentioned and to the following conditions and stipulations:

FIRST. That the premises hereby shall be held subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes, and ri tches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local laws, custo cisions of the courts. And there is reserved from the lands hereby granted a right of way thereon for ditches or canals construc authority of the United States.

SECOND. That in the abse ssary legislation by Congress, the Legislature of New Mexico may provide rules for working t laim or premises hereby granted, involving easements, drainage, and other necessary means to its complete development.

IN TESTIMONY WHEREOF, I, Herbert Hoover, President of the United States of America, have caused these letters to be made Patent, and the Seal of the General Land Office to be hereunto affixed.

GIVEN under my hand, at the City of Washington, the THIRTEENTH day of DECEMBER in the year of our Lord one thousand nine hundred and THIRTY and of the Independence of the United States the one hundred and FIFTY-FIFTH

By the President: Herbert Hoover

By Ogla B Pugh, Secretary,

John O'Connell

Acting Recorder of the General Land Office.

RECORDED: Patent Number 1042765

6—2288

GOVERNMENT PRINTING OFFICE

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CMI09-00077

008908

Survey
2253

Form 1860–8
(July 1975)

New Mexico 43994

The United States of America,

To all to whom these presents shall come, Greeting:

W H E R E A S

Molycorp, Inc.

is entitled to a Land Patent pursuant to the general mining laws, R. S. 2325; 30 U.S.C. 29, for the land embraced within Summit No. 10 Lode Mining Claim, designated and described as follows:

Mineral Survey Number 2253, embracing a portion of

T. 29 N., R. 13 E.,

Sec. 35, Part unsurveyed,

in New Mexico Principal Meridian, New Mexico

and within the Red River Mining District, Taos County, New Mexico, the said lode mining claim being more particularly described in the official field notes and depicted on the official plat, which notes and plat are expressly made a part of this patent and copies of which are attached hereto; the premises herein granted contain 20.299 acres.

NOW KNOW YE, that there is, therefore, granted by the UNITED STATES unto the above named claimant the land above described; TO HAVE AND TO HOLD the said land with all the rights, privileges, immunities, and appurtenances, of whatsoever nature, thereunto belonging, unto the said claimant, its successors in interest, forever; and

EXCEPTING AND RESERVING TO THE UNITED STATES a right-of-way thereon for ditches and canals constructed by the authority of the United States. Act of August 30, 1890 (26 Stat. 391; 43 U.S.C. 945).

IN TESTIMONY WHEREOF, the undersigned authorized officer of the Bureau of Land Management, in accordance with the provisions of the Act of June 17, 1948 (62 Stat. 476); has, in the name of the United States, caused these letters to be made Patent, and the Seal of the Bureau to be hereunto affixed.

GIVEN under my hand, in Santa Fe, New Mexico the TWELFTH day of AUGUST in the year of our Lord one thousand nine hundred and EIGHTY-TWO and of the Independence of the United States the two hundred and SEVEN.

[SEAL]

/s/ Leroy C. Montoya

By_____

Chief, Division of Operations

CMI09-00078

Patent Number 30 82 0046

M-00000046

GPO 888 - 816

008909

Form 4–1081
(September 1963)
New Mexico 146

SURVEY
2253

The United States of America

To all to whom these presents shall come, Greeting:

WHEREAS, In pursuance of the provisions of the Revised Statutes of the United States, Chapter Six, Title Thirty-two, and legislation supplemental thereto, there are now deposited in the Bureau of Land Management of the United States the Plat and Field Notes of Survey and a Certificate of the Land Office at Santa Fe, New Mexico,

accompanied by other evidence whereby it appears that

Molybdenum Corporation of America

has entered and paid for the Aplite No. 7, Aplite No. 27, Aplite No. 32, Aplite No. 33, Aplite No. 34, Rhyolite No. 9, Rhyolite No. 10 and Summit No. 16,

designated as Survey No. 2253, embracing a portion of Sections 2 and 3 in Township 28 North of Range 13 East of the New Mexico Principal Meridian and a portion of Section 35 in Township 29 North of Range 13 East of the New Mexico Principal Meridian, in the Red River Mining District, Taos County, New Mexico, the said claims being more particularly described in the official field notes and depicted on the official plats which are expressly made a part of this patent and copies of which are attached hereto.

The premises herein granted aggregate 154.033 acres.

CMI09-00079

Patent Number 30-67-0137

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n 1860–19
arch 1965)
(formerly 4–1082)
New Mexico 146

NOW KNOW YE, That there is therefore, pursuant to the laws aforesaid, hereby granted by the United States of America unto the said Molybdenum Corporation of America

the said mining premises hereinbefore described, and not expressly excepted from these presents, and all that portion of the said veins , lode s , or ledge s , and of all other veins, lodes, and ledges throughout their entire depth, the tops or apexes of which lie inside of the surface boundary lines of said granted premises in said survey extended downward vertically, although such veins, lodes, or ledges in their downward course may so far depart from a perpendicular as to extend outside the vertical side lines of said premises: *Provided*, That the right of possession to such outside parts of said veins, lodes, or ledges shall be confined to such portions thereof as lie between vertical planes drawn downward through the end lines of said survey so continued in their own direction that such planes will intersect such exterior parts of said veins, lodes, or ledges; *And provided further*, That nothing herein contained shall authorize the grantee herein to enter upon the surface of a claim owned or possessed by another.

TO HAVE AND TO HOLD said mining premises, together with all the rights, privileges, immunities, and appurtenances of whatsoever nature thereunto belonging, unto the said grantee above-named and to its successors and assigns forever; subject, nevertheless, to the above-mentioned and to the following conditions and stipulations:

FIRST. That the premises hereby granted shall be held subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes, and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local laws, customs, and decisions of the courts. And there is reserved from the lands hereby granted a right-of-way thereon for ditches or canals constructed by the authority of the United States.

SECOND. That in the absence of necessary legislation by Congress, the Legislature of New Mexico may provide rules for working the mining claim or premises hereby granted, involving easements, drainage, and other necessary means to its complete development.

IN TESTIMONY WHEREOF, the undersigned authorized officer of the Bureau of Land Management, in accordance with the provisions of the Act of June 17, 1948 (62 Stat. 476), has, in the name of the United States, caused these letters to be made Patent, and the Seal of the Bureau to be hereunto affixed.

GIVEN under my hand, in Santa Fe, New Mexico, the SIXTEENTH day of FEBRUARY in the year of our Lord one thousand nine hundred and SIXTY-SEVEN and of the Independence of the United States the one hundred and NINETY-FIRST.

SEAL

By Michael T. Sloan
Manager, New Mexico Land Office.

Patent Number 30-67-0137

CMI09-00080

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SURVEY
1943

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

EASTERN STATES OFFICE
7981 Eastern Avenue
Silver Spring, Maryland 20910

TO WHOM IT MAY CONCERN: SEP 8 1975

I, the undersigned, DO HEREBY CERTIFY THAT the attached reproduction(s) is a (extract) copy of documents on file in this office.

IN TESTIMONY WHEREOF I have hereunto subscribed my name and caused the seal of this office to be affixed, at Silver Spring, Maryland on the above day and year.

Rebecca J. Loritts
(Certifying Officer)

INT: 1246-73

CMI09-00081

M-00000032

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Form 4—1081-a

Santa Fe 054633.

The United States of America,

To all to whom these presents shall come, Greeting:

WHEREAS, In pursuance of the provisions of the Revised Statutes of the United States, Chapter Six, Title Thirty-two, and legislation supplemental thereto, there have been deposited in the General Land Office of the United States the Plat and Field Notes of Survey and the Certificate of the Register of the Land Office at Santa Fe, New Mexico, accompanied by other evidence whereby it appears that the Hercules Molybdenum Corporation,

has made entered and paid for the Buena Vista No. 1, Buena Vista No. 2, Buena Vista No. 3, Buena Vista No. 4, Buena Vista No. 6, Buena Vista No. 7, Torbert No. 1, and Renegade lode mining claims,

designated as Survey No. 1943, embracing a portion of, approximately, Sections twenty-five, thirty-five, and thirty-six in Township twenty-nine north of Range thirteen east of the New Mexico Meridian, in the Red River Mining District, Taos County, New Mexico,

and bounded, described, and platted as follows: Beginning for the description of the Buena Vista No. 1 lode claim, at corner No. 1, in erosion basin and not established from which the Standard Quarter corner to Section thirty-six in Township twenty-nine north of Range thirteen east of the New Mexico Meridian, bears south thirty-five degrees twenty-five minutes east three thousand eight hundred forty-three and seventeen-hundredths feet distant;

Thence, first course, north fifty-three degrees east one hundred ninety-four and seventy-seven-hundredths feet intersect line 4 - 1 of the Phyllis No. 7 lode claim, Survey No. 1943, at south twenty degrees east forty and ninety-eight-hundredths feet from corner No. 4; three hundred thirty-five and twelve-hundredths feet intersect line 3 - 4 of said Phyllis No. 7 lode claim, at north seventy degrees east one hundred

CMI09-00082

RECORD OF PATENTS: Patent Number 1013380

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Santa Fe 054633.

thirty-four and seventeen-hundredths feet from corner No. 4; four hundred ninety-eight and twenty-one-hundredths feet to witness corner to said corner No. 1, a porphyry stone 18 x 8 x 6 inches, marked BV1- WC1 - 1943; one thousand five hundred feet to corner No. 2, a porphyry stone 16 x 12 x 6 inches, marked BV1 - 2 - 1943

Thence, second course, north thirty-seven degrees west six hundred feet to corner No. 3, a porphyry stone 18 x 18 x 12 inches, marked BV1 - 3 - BV2 - 2 - 1943;

Thence, third course, south fifty-three degrees west nine hundred forty-eight and fifty-seven-hundredths feet to witness corner to corner No 4, a tree stump twelve inches in diameter, two feet high, blazed and marked BV1 - WC4 - BV2 - WC1 - 1943; one thousand five hundred feet to corner No. 4, in erosion basin and not established;

Thence, fourth course, south thirty-seven degrees east three hundred feet to a point from which discovery bears north fifty-three degrees east five hundred feet distant; six hundred feet to corner No. 1, the place of beginning; the survey of the lode claim, as above described, extending one thousand five hundred feet in length along said Buena Vista No. 1 vein or lode;

Beginning, for the description of the Buena Vista No. 2 lode claim, at corner No. 1, identical with corner No. 4 of said Buena Vista No. 1 lode claim, from which said quarter section corner bears south thirty-five degrees thirty-nine minutes east four thousand four hundred forty-two and nine-tenths feet distant;

Thence, first course, north fifty-three degrees east five hundred fifty-one and forty-three-hundredths feet to witness corner to said corner No. 1, identical with witness corner to corner No. 4 of said Buena Vista No. 1 lode claim; one thousand five hundred feet to corner No. 2, identical with corner No. 3 of said Buena Vista No. 1 lode claim;

Thence, second course, north thirty-seven degrees west five hun-

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dred ninety-seven and two-tenths feet to corner No. 3, a porphyry stone 18 x 6 x 6 inches, marked BV2 - 3 - 1943;

Thence, third course, south fifty-three degrees west one thousand fifty-four and fifteen-hundredths feet to witness corner to corner No. 4, a porphyry stone 22 x 12 x 6 inches, marked BV2 - W04 - BV3 - W01 - 1943; one thousand five hundred feet to corner No. 4, in erosion basin and not established;

Thence, fourth course, south thirty-seven degrees east two hundred ninety-seven and two-tenths feet to a point from which discovery bears north fifty-three degrees east five hundred feet distant; five hundred ninety-seven and two-tenths feet to corner No. 1, the place of beginning; the survey of the lode claim, as above described, extending one thousand five hundred feet in length along said Buena Vista No. 2 vein or lode;

Beginning, for the description of the Buena Vista No. 3 lode claim, at corner No. 1, in erosion basin and not established from which said quarter section corner bears south thirty-two degrees fifty-one minutes east five thousand fifty-two and eighty-four-hundredths feet distant;

Thence, first course, north fifty-three degrees east one hundred eighty-five and nineteen-hundredths feet to witness corner to said corner No. 1; identical with witness corner to corner No. 4 of said Buena Vista No. 2 lode claim; one thousand five hundred feet to corner No. 2, a porphyry stone 20 x 6 x 6 inches, marked BV3 - 2 - 1943;

Thence, second course, north thirty-seven degrees west five hundred eighty feet to corner No. 3, a porphyry stone 20 x 12 x 6 inches marked BV3 - 3 - 1943;

Thence, third course, south fifty-three degrees west one thousand five hundred feet to corner No. 4, a porphyry stone 24 x 8 x 12 inches, marked BV3 - 4 - BV4 - 2 - 1943;

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Santa Fe 054633.

Thence, fourth course, south thirty-seven degrees east two hundred ninety-one and nine-hundredths feet to a point from which discovery bears north fifty-three degrees east thirty-four and two-hundredths feet distant; five hundred eighty-feet to corner No. 1, the place of beginning; the survey of the lode claim, as above described, extending one thousand five hundred feet in length along said Buena Vista No. 3 vein or lode;

Beginning, for the description of the Buena Vista No. 4 lode claim, at corner No. 1, in erosion basin and not established, from which said quarter section corner bears south thirty-two degrees fifty minutes east five thousand thirty-two and ninety-four-hundredths feet distant;

Thence, first course, north thirty-seven degrees west three hundred eighty-seven and nine-tenths feet to witness corner to said corner No. 1, a porphyry stone 18 x 6 x 4 inches, marked BV4 - WC1 - 1943; six hundred feet to corner No. 2, identical with corner No. 4 of said Buena Vista No. 3 lode claim;

Thence, second course, south fifty-three degrees west one thousand five hundred feet to corner No. 3, a porphyry stone 18 x 12 x 5 inches, marked BV4 - 3 - 1943;

Thence, third course, south thirty-seven degrees east three hundred feet to a point from which discovery bears north fifty-three degrees east five hundred feet distant; six hundred feet to corner No. 4, a porphyry stone 22 x 12 x 18 inches, marked BV4 - 4 - 1943;

Thence, fourth course, north fifty-three degrees east one thousand five hundred feet to corner No. 1, the place of beginning; the survey of the lode claim, as above described, extending one thousand five hundred feet in length along said Buena Vista No. 4 vein or lode;

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Santa Fe 054633.

Beginning, for the description of the Buena Vista No. 6 lode claim, at corner No. 1, in erosion basin and not established, from which said quarter section corner bears south thirty-five degrees thirty-five minutes east four thousand two hundred thirty-seven and sixty-four-hundredths feet distant;

Thence, first course, south fifty-three degrees west one thousand one hundred seventy-two and twenty-seven-hundredths feet to witness corner to said corner No. 1, a porphyry stone 18 x 12 x 6 inches, marked BV6 - W01 - 1943; one thousand five hundred feet to corner No. 2, on steep slope and not established;

Thence, second course, north thirty-seven degrees west forty-one and five-tenths feet to witness corner to said corner No. 2, a porphyry stone 18 x 12 x 6 inches, marked BV6 - W02 - 1943, with mound of stone; three hundred feet to a point from which discovery bears north fifty-three degrees east one hundred eighty-one and sixty-five-hundredths feet distant; six hundred feet to corner No. 3, on side of deep wash and not established;

Thence, third course, north fifty-three degrees east seven feet to witness corner to said corner No. 3, a porphyry stone 32 x 18 x 12 inches, marked BV6 - W03 - BV7 - W02 - 1943, in mound of stone; three hundred three and thirty-six-hundredths feet to witness corner to corner No. 4, a porphyry stone 24 x 20 x 6 inches, marked BV6 - W04 - BV7 - W01 - 1943; one thousand five hundred feet to corner No. 4, in erosion basin and not established; situate on line 4 - 1 of said Buena Vista No. 2 lode claim;

Thence, fourth course, south thirty-seven degrees east six hundred feet to corner No. 1, the place of beginning; the survey of the lode claim, as above described, extending one thousand five hundred feet in length along said Buena Vista No. 6 vein or lode;

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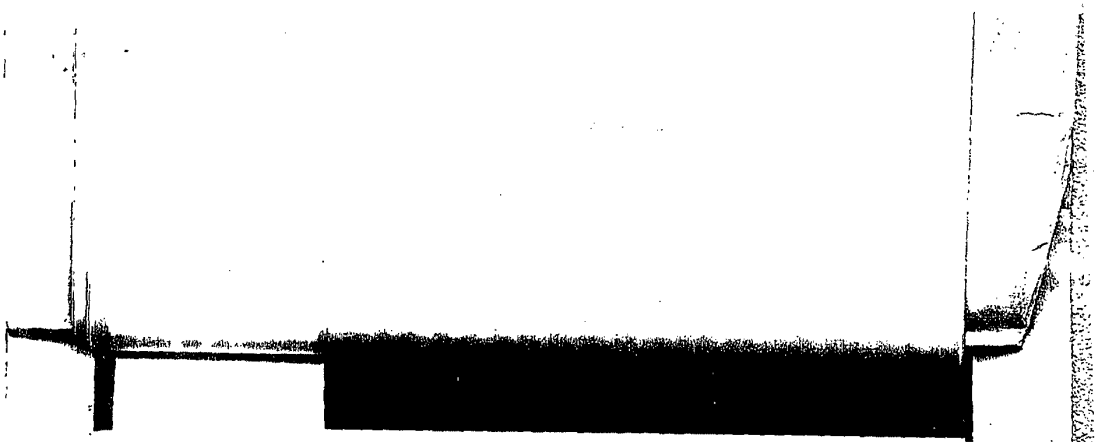

Santa Fe 054633.

Beginning, for the description of the Buena Vista No. 7 lode claim, at corner No. 1, identical with corner No. 4 of said Buena Vista No. 6 lode claim, from which said quarter section corner bears south thirty-five degrees forty-six minutes east four thousand eight hundred thirty-seven and forty-eight-hundredths feet distant;

Thence, first course, south fifty-three degrees west one thousand one hundred ninety-six and sixty-four-hundredths feet to witness corner to said corner No. 1, identical with witness corner to corner No. 4 of said Buena Vista No. 6 lode claim; one thousand four hundred ninety-three feet to witness corner to corner No. 2, identical with witness corner to corner No. 3 of said Buena Vista No. 6 lode claim; one thousand five hundred feet to corner No. 2, identical with corner No. 3 of said Buena Vista No. 6 lode claim;

Thence, second course, north thirty-seven degrees west forty-eight and eighty-five-hundredths feet to a point from which discovery bears north fifty-three degrees east two hundred twenty-nine and five-hundredths feet distant; one hundred eighty-two and forty-seven-hundredths feet to corner No. 3, a porphyry stone 18 x 6 x 6 inches, marked BV7 - 3 - 1943;

Thence, third course, north fifty-three degrees east three hundred seventy-four and twenty-four-hundredths feet to witness corner to corner No. 4, a porphyry stone 18 x 12 x 8 inches, marked BV7- WC4 - 1943, one thousand five hundred feet to corner No. 4, in erosion basin and not established;

Thence, fourth course, south thirty-seven degrees east one hundred eighty-two and forty-seven-hundredths feet to corner No. 1, the place of beginning; the survey of the lode claim, as above described, extending one thousand five hundred feet in length along said Buena Vista No. 7 vein or lode;

1591892-6

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Santa Fe 054633.

Beginning, for the description of the Torbert No. 2 lode claim, at corner No. 1, in erosion basin and not established, from which said quarter section corner bears south thirty degrees five minutes east three thousand eight hundred sixty-one and seventy-two-hundredths feet distant;

Thence, first course, north seventy degrees east one hundred twelve and fifty-three-hundredths feet to witness corner to said corner No. 1, a porphyry stone 18 x 12 x 6 inches, marked T2 - W01 - 1943; one thousand five hundred feet to corner No. 2, an iron pipe one and one-fourth inches in diameter, eighteen inches long, marked T2 - 2 - 1943, with mound of stone;

Thence, second course, north twenty degrees west forty-seven and sixty-eight-hundredths feet to a point from which discovery bears south seventy degrees west one hundred ninety-three and eight-tenths feet distant; three hundred forty-seven and sixty-eight-hundredths feet to corner No. 3, a stone 24 x 18 x 6 inches, marked T2 - 3 - 1943;

Thence, third course, south seventy degrees west four hundred fifteen and fifteen-hundredths feet intersect line 2 - 3 of said Buena Vista No. 1 lode claim; one thousand four hundred fifty-six and ninety-four-hundredths feet to witness corner to corner No. 4, a porphyry stone 16 x 12 x 6 inches, marked T2 - W04 - 1943; one thousand five hundred feet to corner No. 4, in erosion basin and not established;

Thence, fourth course, south twenty degrees east three hundred forty-seven and sixty-eight-hundredths feet to corner No. 1, the place of beginning; the survey of the lode claim, as above described, extending one thousand five hundred feet in length along said Torbert No. 2 vein or lode;

Beginning, for the description of the Renegade lode claim, at corner No. 1, a porphyry stone 18 x 8 x 8 inches, marked R - 1 - 1943

7-26-1951

CMI09-00088

M-00000039

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[redacted]

Santa Fe 054633.

from which said quarter section corner bears south thirty-four degrees twenty-four minutes east three thousand three hundred sixty-five feet distant;

Thence, first course, south seventy degrees west one thousand thirty-four feet intersect line 4 - 1 of Survey No. 1910, the Sargent No. 7 lode claim, at south twenty degrees east twenty-eight feet from corner No. 4; one thousand five hundred feet to corner No. 2, in wash and not established;

Thence, second course, north twenty degrees west twenty-eight feet to witness corner to said corner No. 2, a porphyry stone 24 x 12 x 6 inches, marked R - W02 - 1943, in mound of stones; also intersect line 3 - 4 of said Survey No. 1910, at south seventy degrees west four hundred sixty-six feet from corner No. 4; four hundred fifty-six and nineteen-hundredths feet intersect line 1 - 2 of said Buena Vista No. 6 lode claim; five hundred ten and sixty-four-hundredths feet to corner No. 3, a porphyry stone 24 x 12 x 6 inches, marked R - 3, 1943;

Thence, third course, north seventy degrees east one thousand five hundred feet to corner No. 4, on steep slope and not established;

Thence, fourth course, south twenty degrees east ninety-four and eighty-three-hundredths feet to witness corner to said corner No. 4, an iron pipe one and one-fourth inches in diameter, thirty-six inches long, marked R- W04 - 1943; three hundred feet to a point from which discovery shaft bears south seventy degrees west twenty-five feet distant; five hundred ten and sixty-four-hundredths feet to corner No. 1 the place of beginning; the survey of the lode claim, as above described, extending one thousand five hundred feet in length along said Renegade vein or lode;-expressly excepting and excluding from these presents all that portion of the ground hereinbefore described, em-

CMI09-00089

008920

[redacted]

Santa Fe 054633.

braced in said mining claim or Survey No. 1910 and said Phyllis No. 7 lode claim Survey N . 1843, and also all veins, lodes, and ledges, throughout their entire depth, the tops or apexes of which lie inside of such excluded ground; the premises herein granted, containing one hundred thirty-three acres and two hundred eighty-six thousandths of an acre.

1591892-9

CMI09-00090

1013380

M-00000041

008921

Form 4—1082-E

Santa Fe 054633.

NOW KNOW YE, That there is therefore, pursuant to the laws aforesaid, hereby granted by the United States unto the said

Hercules Molybdenum Corporation

the said mining premises hereinbefore described, and not expressly excepted from these presents, and all that portion of the said vein, lode, or ledge, and of all other veins, lodes, and ledges throughout their entire depth, the tops or apexes of which lie inside of the surface boundary lines of said granted premises in said survey extended downward vertically, although such veins, lodes, or ledges in their downward course may so far depart from a perpendicular as to extend outside the vertical side lines of said premises: Provided, That the right of possession to such outside parts of said veins, lodes, or ledges shall be confined to such portions thereof as lie between vertical planes drawn downward through the end lines of said survey so continued in their own direction that such planes will intersect such exterior parts of said veins, lodes, or ledges: And provided further, That nothing herein contained shall authorize the grantee herein to enter upon the surface of a claim owned or possessed by another.

TO HAVE AND TO HOLD said mining premises, together with all the rights, privileges, immunities, and appurtenances of whatsoever nature thereunto belonging, unto the said grantee above named and to its successors and assigns forever; subject, nevertheless, to the above-mentioned and to the following conditions and stipulations:

FIRST. That the premises hereby granted shall be held subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes, and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local laws, customs, and decisions of the courts. And there is reserved from the lands hereby granted a right of way thereon for ditches or canals constructed by the authority of the United States.

SECOND. That in the absence of necessary legislation by Congress, the Legislature of New Mexico may provide rules for working the mining claim or premises hereby granted, involving easements, drainage, and other necessary means to its complete development.

IN TESTIMONY WHEREOF, I, Calvin Coolidge, President of the United States of America, have caused these letters to be made Patent, and the Seal of the General Land Office to be hereunto affixed.

GIVEN under my hand, at the City of Washington, the TENTH day of MARCH in the year of our Lord one thousand nine hundred and TWENTY-EIGHT and of the Independence of the United States the one hundred and FIFTY-SECOND

(SEAL)

By the President: Calvin Coolidge

By Dixie B. Pugh, Secretary,

M. P. LeRoy

Recorder of the General Land Office.

1591892-10

RECORD OF PATENTS: Patent Number 1013380

6—2204

CMI09-00091

M-00000042

10

008922

Form 1860–9
(March 1965)
(formerly 4–1043)
New Mexico 4836

The United States of America

To all to whom these presents shall come, Greeting:

WHEREAS

Molybdenum Corporation of America

is entitled to a Land Patent pursuant to the general mining laws, R. S. 2325; 30 U.S.C. 29 and R. S. 2337, as amended; 30 U.S.C. 42(a) (1964), for the lands embraced within Andesite Nos. 1, 4, 17, Molybdite Nos. 6, 7, 8, 9, 10, Aplite Nos. 1, 4, 5, 8, Rhyolite Nos. 3, 5, 6, 7, 8, Summit Nos. 4, 5, 7, 8, Lonesome No. 1, Lode Mining Claims and Moly Millsites Nos. 20, 21, 22, 23, 24, 25, 26, 29, 30 and 31, designated and described as follows:

Mineral Survey Number 2254 A and B, embracing portions of

T. 28 N., R. 13 E.,
Sec. 1, Part unsurveyed;
Sec. 2, Part unsurveyed.

T. 29 N., R. 13 E.,
Sec. 35, Part unsurveyed;
Sec. 36, Part unsurveyed.

in New Mexico Principal Meridian, New Mexico and within the Red River Mining District, Taos County, New Mexico, the said lode mining claims and millsite claims being more particularly described in the official field notes and depicted on the official plat, which notes and plats are expressly made a part of this patent and copies of which are attached hereto; but excepting and excluding from said claims all of that portion of the ground within the boundaries of the Sargent No. 7, lode claim, Survey No. 1910; Renegade Lode; Survey No. 1943; Buena Vista Nos. 1, 4, 6, 7, Survey No. 1943, and also, excepting and excluding from said purchase, the portions of Moly Millsite Nos. 20, 21, 22 and 23 which lie southeast of the northwest boundary of State Highway Right-of-Way permit No. S-1529(4); the premises herein granted contain 454.601 acres.

CMI09-00092

Patent Number 30-70-0048

M-00000049

GPO 847-946

008923

Form 1860–10
(March 1965)
(formerly 4–1044)

New Mexico 4836

NOW KNOW YE, that there is, therefore, granted by the UNITED STATES unto the above named claimant the land above described; TO HAVE AND TO HOLD the said land with all the rights, privileges, immunities, and appurtenances, of whatsoever nature, thereunto belonging, unto the said claimant, its successor in interest, forever; and

EXCEPTING AND RESERVING TO THE UNITED STATES a right-of-way thereon for ditches and canals constructed by the authority of the United States, Act of August 30, 1890 (26 Stat. 391; 43 U.S.C. 945).

CMI09-00093

IN TESTIMONY WHEREOF, the undersigned authorized officer of the Bureau of Land Management, in accordance with the provisions of the Act of June 17, 1948 (62 Stat. 476), has, in the name of the United States, caused these letters to be made Patent, and the Seal of the Bureau to be hereunto affixed.

[SEAL]

GIVEN under my hand, in Santa Fe, New Mexico, the SIXTH day of MAY in the year of our Lord one thousand nine hundred and SEVENTY and of the Independence of the United States the one hundred and NINETY-FOURTH.

By Fred E. Padilla
Acting Manager, New Mexico Land Office.

Patent Number 30-70-0048

M-00000050

008924

Survey 2255

Form 1860–9
(March 1965)
(formerly 4–1043)
New Mexico 942

The United States of America

To all to whom these presents shall come, Greeting:

W H E R E A S

Molybdenum Corporation of America

is entitled to a Land Patent pursuant to the general mining laws, R. S. 2337, as amended; 30 U.S.C. 42(a) (1964), for the land embraced within the Molybdenum Millsites Nos. 1, 2, 3, 4, 5, 6, 8, 9, 11, 12, 13, 14, 15 and 32, designated and described as follows:

Mineral Survey Number 2255, embracing portions of

T. 28 N., R. 13 E.,
Sec. 1, within the NE¼;

T. 29 N., R. 13 E.,
Sec. 36, within the SE¼;

T. 28 N., R. 14 E.,
Sec. 6, within the NW¼;

T. 29 N., R. 14 E.,
Sec. 31, within the SW¼.

all New Mexico Principal Meridian, New Mexico and within the Red River Mining District, Taos County, New Mexico, the said millsite claims being more particularly described in the official field notes and depicted on the official plat, which notes and plat are expressly made a part of this patent and copies of which are attached hereto and containing 64.319 acres;

NOW KNOW YE, that there is, therefore, granted by the UNITED STATES unto the above named claimant the lands above described; TO HAVE AND TO HOLD the said lands with all the rights, privileges, immunities, and appurtenances, of whatsoever nature, thereunto belonging, unto the said claimant, its successor in interest, forever; Subject, however, to any vested and accrued rights therein; and

CMI09-00094

M-00000051

Patent Number 30-67-0159

GPO 847-848

008925

Form 1860–10
(March 1965)
(formerly 4–1044)
New Mexico 942

EXCEPTING AND RESERVING TO THE UNITED STATES:

1. A right-of-way thereon for ditches and canals constructed by the authority of the United States. Act of August 30, 1890, 26 Stat. 391; 43 U.S.C. 945;

2. The right to itself, its permittees or licensees, to enter upon, occupy and use, any part or all of said lands for the purposes set forth in and subject to the conditions and limitations of section 24 of the Federal Power Act of June 10, 1920, 41 Stat. 1075, as amended (16 U.S.C. 818), and subject to the stipulation that, if and when, the lands are required in whole or in part, for power development purposes, any structures or improvements placed thereon which shall be found to obstruct or interfere with such development shall, without expense to the United States, its permittees or licensees, be removed or relocated insofar as is necessary to eliminate interference with power development.

STATE OF NEW MEXICO)
COUNTY OF TAOS) ss.

This instrument was filed for record on the 25th day of May A.D. 1967 at 8:40 o'clock A.M. and duly recorded in Book M-38 Page 570 and 571. Rec 5-25-67

Aurora Montoya
County Clerk and Recorded

By T Moodie Deputy

IN TESTIMONY WHEREOF, the undersigned authorized officer of the Bureau of Land Management, in accordance with the provisions of the Act of June 17, 1948 (62 Stat. 476), has, in the name of the United States, caused these letters to be made Patent, and the Seal of the Bureau to be hereunto affixed.

GIVEN under my hand, in Santa Fe, New Mexico, the TENTH day of MAY in the year of our Lord one thousand nine hundred and SIXTY-SEVEN and of the Independence of the United States the one hundred and NINETY-FIRST.

[SEAL]

By _____
Manager, New Mexico Land Office.

CMI09-00095

Patent Number 30-67-0159

M-00000052

008926

Highway
Right-of-Way

New Mexico
State Highway Department
DISTRICT No. 5

Address all correspondence to:
DISTRICT HIGHWAY ENGINEER

Edmundo R. Lucero

P.O. Box 4127 Coronado Station
Santa Fe, New Mexico 87502

Phone Number
(505) 983-0221

May 23, 1977

Molycorp, Inc.
Questa, New Mexico 87556

RE: Utility Permit No. 5-7540

Gentlemen:

Attached is your approved file copy of the above-captioned "Application for Permit to install Utility Facilities within Public Right of Way," subject to the following:

1. Proper compaction is required on backfilling of trench. Tests to insure 95% compaction to be furnished by you.

2. You are responsible for making arrangements to patch pavement with hot mix immediately after backfill is completed.

3. If patch fails, you will be required to recompact and repatch.

4. Traffic Control Devices are to conform with "Manual on Uniform Traffic Control Devices for Streets and Highways" 1971 Edition.

It is necessary that you contact our Patrol Foreman Elirio Rael in Questa, telephone number 586-0430 and coordinate the installation with him to its satisfactory completion. Also submit a letter to this office after installation of the facilities.

Yours very truly,

Edmundo R. Lucero
District V Highway Engineer

By: Sammy L. Ortiz/ra

Sammy L. Ortiz
Surveyor

SLO:ra
Attachments
cc: Utility Unit, General Office
Elirio Rael, Patrol Foreman
Files

CMI09-00096

M-00000053

008927

Rev. 8/22/68

APPLICATION FOR PERMIT TO INSTALL UTILITY FACILITIES WITHIN PUBLIC RIGHT OF WAY

TO: NEW MEXICO STATE HIGHWAY DEPARTMENT
P. O. BOX 1149
SANTA FE, NEW MEXICO 87501

Permit No. S-7540 Amended 7/30/65 and 11/1/65 Permits

- [XX] New Installation
- [ ] Renewal Permit
- [ ] Relocation
- [ ] Remain in Place

1. Pursuant to New Mexico Statutes Annotated, 1953 Compilation, Sections 55-7-19 and 55-2-7, the undersigned Molycorp, Inc.

Address: Questa, New Mexico 87556

herein makes application to use highway rights of way to install:

Size and Type of Facility 3 additional ~~10~~ inch tailing lines

in the following location: N. M. Project No. 12, S. R. No. ____

Hwy. Station 1304+00 to Hwy. Station ~~290' NE of~~ ~~station 1300 + 10~~ TAOS

County, Section Taos, Section 31, Township 29 N, Range 13 E

2. For the purpose of this application "within" shall be construed as meaning "on, over, under, across or along."

a. "Engineer" shall be construed as meaning the State Highway Engineer of the New Mexico State Highway Department or his representative.

b. "Applicant" shall be construed as meaning the individual, firm, corporation, association, governmental subdivision, or other organization making application, or the successors of any of the above.

c. "Facility" shall be construed as meaning, but not limited to, any publicly, privately, cooperatively, municipally or governmentally owned facility used for carriage, distribution or transmission of water, gas or electricity, oil and products derived therefrom, sewage, steam or other products carried by means of pipelines, conduits, wires, culverts, ditches, conveyors or other methods.

d. If application is for a parallel installation, justification as to why private right may not be utilized must be furnished.

Applicant proposes to relocate, install or leave facility crossing ~~XXX~~ within the ____ right of way line. The proposed installation shall be:

Crossing	Subsurface	Pavement cut
(Crossing or Parallel)	(Subsurface or Overhead)	(Boring, Jacking or Pavement Cut)

a. If Applicant requests installation by pavement cut, complete justification therefore shall be submitted by attachment.

b. Where application for pavement cut is justified, the application may be held in abeyance pending receipt of cash bond in an amount to be fixed by the Engineer.

4. There is attached hereto a diagrammatic dimensioned drawing showing the location of existing and/or proposed installation referenced to roadway and right of way, right of way lines, any access control lines, distance of proposed installation above or below grade, highway stationing, identification of materials to be used and any other pertinent data. If application is for parallel installation, nature of adjacent land use shall be shown. Proposed installations on or in bridges or other structures, or for the installation of any structures, will require detailed structural drawings.

5. Applicant desires this permit to be in affect for 25 years. Permit will not be issued for a period longer than 25 years, must be renewed upon expiration and the burden of timely renewal is on the Applicant. The Applicant shall formally notify the Engineer of actual commencement and completion of construction of the installation. The Applicant shall also formally notify the Engineer of removal or abandonment of the facility, or relinquishment of the permit.

6. The signing of the application by the Engineer and returning it to the Applicant shall validate this application as a permit. The granting of this permit shall not be construed as granting any easement or property right.

7. To comply with the Bureau of Public Roads PPM 30-4, servicing of facilities will not be permitted within the access control lines on any controlled access project. Should an emergency occur, the Applicant shall notify the Engineer and shall provide such flagmen, flashers, warning or other safety devices as required by the Engineer. All routine maintenance shall be performed from outside any access control lines.

8. The relocation or installation of facilities within public right of way shall be in strict conformance with all provisions of this application, drawing and the Instructions for Utility Permits, as they may be modified by the Engineer, and no departure therefrom may be made without the written consent of the Engineer. All facilities shall be so placed that they will not interfere with nor endanger any roadway features nor other existing facilities. All construction of facilities shall be subject to the inspection and approval of the Engineer. All such work shall be performed so that danger, inconvenience and delay to the traveling public will be held to a minimum. Protection and handling of traffic during the installation are the responsibility of the Applicant and must be approved by the Engineer.

9. The Applicant will, except as otherwise ordered by the Engineer, restore the public right of way, and all bridges or other structures thereon or adjacent thereto which have been altered or affected by facility installation performed hereunder, in accordance with sound construction practices and the Engineer's specifications, and shall cause the work to be done in a workmanlike manner. If any damage is caused to the highway right of way or to any bridge, structure or improvement thereon or adjacent thereto by reason of the installation, maintenance, alteration or removal of such facilities or other appurtenances, the Applicant will reimburse the Engineer the full amount thereof promptly upon demand by the Engineer; provided, however, that the obligation imposed under this paragraph shall not apply in the event the damage resulted from causes beyond the control of the Applicant. All such facilities located within the right of way shall at all times be kept in such repair so as not to damage the highway, inconvenience or endanger the traveling public and shall be kept free from advertisements, posters and the like.

M-00000054

CMI09-00097

008928

Rev. 8/22/58

APPLICATION FOR PERMIT TO INSTALL UTILITY FACILITIES WITHIN PUBLIC RIGHT OF WAY

TO: NEW MEXICO STATE HIGHWAY DEPARTMENT
P. O. BOX 1149
SANTA FE, NEW MEXICO 87501

Permit No. 5-7540 Amended 7/30/65 and 11/1/65 Permits

[XX] New Installation
[ ] Renewal Permit
[ ] Relocation
[ ] Remain in Place

1. Pursuant to New Mexico Statutes Annotated, 1953 Compilation, Sections 55-7-19 and 55-2-7, the undersigned Molycorp, Inc.

Address: Questa, New Mexico 87556

herein makes application to use highway rights of way to install:

Size and Type of Facility 3 additional ~~10~~-inch tailing lines

in the following location: N. M. Project No. 12, S. R. No.

Hwy. Station 1304+00 to Hwy. Station ~~200' NE of~~, ~~station 1300 + 10~~ TAOS

County, Section Taos, Section 31, Township 29 N, Range 13 E

2. For the purpose of this application "within" shall be construed as meaning "on, over, under, across or along."

a. "Engineer" shall be construed as meaning the State Highway Engineer of the New Mexico State Highway Department or his representative.

b. "Applicant" shall be construed as meaning the individual, firm, corporation, association, governmental subdivision, or other organization making application, or the successors of any of the above.

c. "Facility" shall be construed as meaning, but not limited to, any publicly, privately, cooperatively, municipally or governmentally owned facility used for carriage, distribution or transmission of water, gas or electricity, oil and products derived therefrom, sewage, steam or other products carried by means of pipelines, conduits, wires, culverts, ditches, conveyors or other methods.

d. If application is for a parallel installation, justification as to why private right may not be utilized must be furnished.

Applicant proposes to relocate, install or leave facility crossing ~~XXX~~within the _____ right of way line. The proposed installation shall be:

Crossing	Subsurface	Pavement cut
(Crossing or Parallel)	(Subsurface or Overhead)	(Boring, Jacking or Pavement Cut)

a. If Applicant requests installation by pavement cut, complete justification therefore shall be submitted by attachment.

b. Where application for pavement cut is justified, the application may be held in abeyance pending receipt of cash bond in an amount to be fixed by the Engineer.

4. There is attached hereto a diagrammatic dimensioned drawing showing the location of existing and/or proposed installation referenced to roadway and right of way, right of way lines, any access control lines, distance of proposed installation above or below grade, highway stationing, identification of materials to be used and any other pertinent data. If application is for parallel installation, nature of adjacent land use shall be shown. Proposed installations on or in bridges or other structures, or for the installation of any structures, will require detailed structural drawings.

5. Applicant desires this permit to be in affect for 25 years. Permit will not be issued for a period longer than 25 years, must be renewed upon expiration and the burden of timely renewal is on the Applicant. The Applicant shall formally notify the Engineer of actual commencement and completion of construction of the installation. The Applicant shall also formally notify the Engineer of removal or abandonment of the facility, or relinquishment of the permit.

6. The signing of the application by the Engineer and returning it to the Applicant shall validate this application as a permit. The granting of this permit shall not be construed as granting any easement or property right.

7. To comply with the Bureau of Public Roads PPM 30-4, servicing of facilities will not be permitted within the access control lines on any controlled access project. Should an emergency occur, the Applicant shall notify the Engineer and shall provide such flagmen, flashers, warning or other safety devices as required by the Engineer. All routine maintenance shall be performed from outside any access control lines.

8. The relocation or installation of facilities within public right of way shall be in strict conformance with all provisions of this application, drawing and the Instructions for Utility Permits, as they may be modified by the Engineer, and no departure therefrom may be made without the written consent of the Engineer. All facilities shall be so placed that they will not interfere with nor endanger any roadway features nor other existing facilities. All construction of facilities shall be subject to the inspection and approval of the Engineer. All such work shall be performed so that danger, inconvenience and delay to the traveling public will be held to a minimum. Protection and handling of traffic during the installation are the responsibility of the Applicant and must be approved by the Engineer.

9. The Applicant will, except as otherwise ordered by the Engineer, restore the public right of way, and all bridges or other structures thereon or adjacent thereto which have been altered or affected by facility installation performed hereunder, in accordance with sound construction practices and the Engineer's specifications, and shall cause the work to be done in a workmanlike manner. If any damage is caused to the highway right of way or to any bridge, structure or improvement thereon or adjacent thereto by reason of the installation, maintenance, alteration or removal of such facilities or other appurtenances, the Applicant will reimburse the Engineer the full amount thereof promptly upon demand by the Engineer; provided, however, that the obligation imposed under this paragraph shall not apply in the event the damage resulted from causes beyond the control of the Applicant. All such facilities located within the right of way shall at all times be kept in such repair so as not to damage the highway, inconvenience or endanger the traveling public and shall be kept free from advertisements, posters and the like.

M-00000055

CMI09-00098

008929

10. The Applicant will at all times indemnify and save harmless the Engineer from any and all claims of every kind or character caused by or incident to the installation, alteration, removal or condition of these facilities in the right of way and will promptly reimburse the Engineer for any and all expenses incurred by the Engineer in resisting any such claim or claims. Nothing herein shall be construed to mean that the Applicant hereunder will indemnify and save harmless the Engineer from any claim caused by or incident to any neglect, carelessness or breach of duty on the part of the Engineer.

11. Should the Applicant at any time fail to promptly and fully perform any of the obligations imposed hereby, and after thirty (30) days written notice thereof, the Engineer may, at his option (a) cause the obligations to be fully carried out and performed, and the Applicant will promptly reimburse the Engineer for all costs and expenses incident thereto, (b) may summarily order the removal of such facility and if the Applicant fails to comply within a reasonable time, the Engineer may direct the removal of the facility with all costs and expenses thereto to be borne by Applicant.

12. If by reason of any change in the location, construction, grade or by any other matter affecting the highway upon which any facility is located because of changing traffic conditions or otherwise, it shall become advisable in the opinion of the Engineer that said facility be removed, relocated or otherwise modified, the Applicant, upon written notice from the Engineer, shall remove, relocate or modify such facility without undue delay in such manner as the Engineer may direct or approve, at the Applicant's expense and at no cost to the Engineer, unless at the time of such removal, relocation or modification, the State law authorizes payment or reimbursement for such removal, relocation or modification. All facilities located on public right of way under the dual jurisdiction of the State and a subordinate governmental entity shall comply with all applicable rules and regulations of such entity properly and lawfully in force and including but not limited to provisions of local franchises not in conflict with the rules and regulations of the Engineer. The Engineer makes no warranty either express or implied as to the continued existence of any highway in any particular location and expressly assumes no obligation with regard to the facility upon change, vacation or abandonment of any highway or portions thereof.

13. Neither the making of this application nor anything herein contained shall constitute a waiver on the part of the Applicant of any rights or claims had or made by some with respect to the occupancy of the streets and highways under the Constitution and Laws of the State of New Mexico, nor shall anything herein contained in anywise prejudice or impair any rights or claims existing independent of this application with respect to the construction, operation and maintenance of the Applicant's facilities in the State of New Mexico.

14. Each copy of the application must be signed by the Applicant as an individual owner or by any official designated to execute such documents.

This application is hereby granted subject to all provisions herein and to the following special provisions, changes or amendments:

Applicant Molycorp, Inc.

By [signature]

Title Attorney in Fact

M-00000056

Approval of this permit is hereby given this 23 day of May, 19 77

NEW MEXICO STATE HIGHWAY DEPARTMENT

By [signature]

CMI09-00099

DEPARTMENTAL NOTICE

FROM Molybdenum Corporation of America

CITY Questa, New Mexico

DATE 4/21/77

TO (DEPT. OR OFFICE)

INDIVIDUAL G. Anderson

SUBJECT: Questa Tails Line Highway Crossing

Attached is Drawing 144-147 showing a plan of the tailings lines highway crossing just south of Questa. The drawing is presented in order to better see some of the difficulties that will be encountered if Molycorp is forced to bore under the highway in order to replace the worn out tails lines.

Boring could be accomplished by setting up directly over the tails lines. The boring machine would set up so that the casings, which the lines would be pushed through, would have an invert elevation approximately one foot above the tops of the existing lines. This would give the boring crew some leeway in vertical alignment so that their auger would not hook a coupling and break apart an existing tails line. Boring would be done from the south side of the highway which would require less excavation for the boring machine. Also, the tails lines would be operated during the boring operations since the total mill downtime would be a financial disaster.

Boring over the lines would mean that the new and higher tails pipe grade would cut through the existing irrigation ditches. If the lines were dipped under the ditches, after crossing the highway, there would be low spots in the lines so that the lines couldn't be drained back to the dump sump when a line is taken down for maintenance. The low points would sand up and make starting up a line impossible or very difficult, with a very good possibility of blowing the line apart. Also, the sharper than usual deflections required to dip under the ditches would cause severe wear in the pipe joints in question. These joints would require continuous maintenance which would require a continuous excavation program on both sides of the highway.

A second boring alternate would be to set up the boring machine on the existing pipeline invert just west of the existing lines. The width of the boring machine dictates the minimum distance that a new line can be placed next to an existing line if one wants to put the new line on the same grade as the existing line. This means that a new No. 3 line would lay approximately six feet west of the existing No. 1 line. This would then mean that the right-of-way on both sides of the highway, on private land, would have to be re-established both legally and physically. The legal aspects of the move could take months or be next to impossible if the parties in question feel that they have Molycorp over a barrel. A six feet offset would mean relocating approximately ,000 feet of the line south of the highway, and a sharper turn to the north of the highway where the lines swing down Embargo Road.

It is recommended that Molycorp discuss, with the State Highway Department, the possibility of digging up the highway at the present location and installing three (3) new pipes on the existing pipeline grade. The ditch across the highway (one lane at a time) would straddle the No. 2 line and extend far enough west so that two more lines could be laid on the west side of the No. 1 line. The No. 2 line would be taken down on the day in question and be replaced with new pipe. Two more pipes would then be laid beside the No. 1 line. These pipes would not have to be hooked up till after both lanes have been resurfaced. The same procedure would be repeated with the other lane. After the highway has been restored to its original resurfaced condition all the lines would be shifted to the west and the existing No. 1 and 3 lines abandoned. The ends of the abandoned pipes would be capped. All pipes would be buried on both shoulders of the road.

CMI09-00100

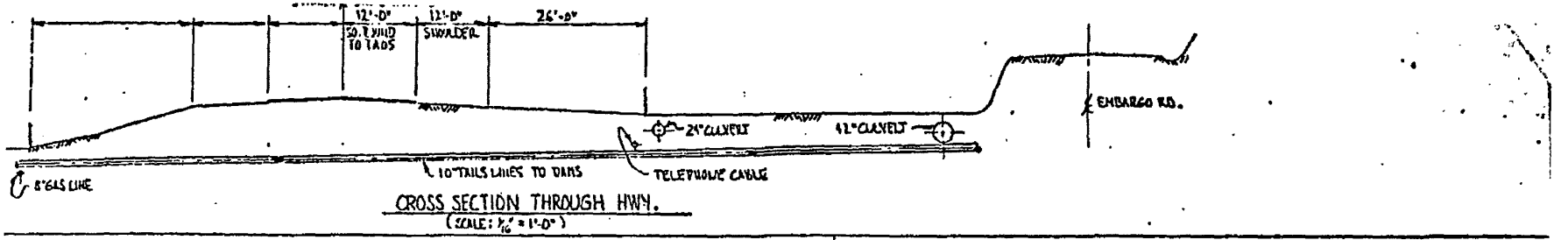
M-0000057

008931

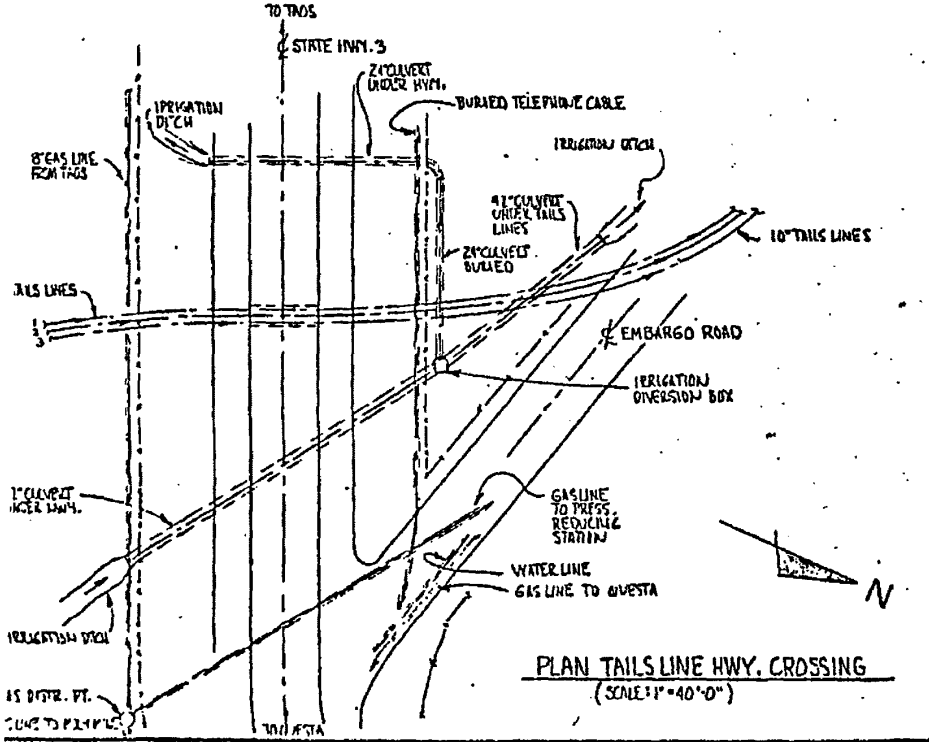
The slight shift in right-of-way would still be within Molycorp's leasing
eements with the land owners and the shift in pipeline alignment on both sides of
highway would be cut to a minimum. The shift in alignment to the west would make
easier and less expensive from an operating standpoint since only the No. 2 line
ld be taken down twice in 5 days rather than taking down all three lines twice in
e days. In fact, for mill operating reasons, it might not be possible to take all
es down in the same week if Molycorp had to install new pipes in the lines on
same grade and alignment. This would extend the job another week which would
help the traffic flow at the construction site.

Kenison

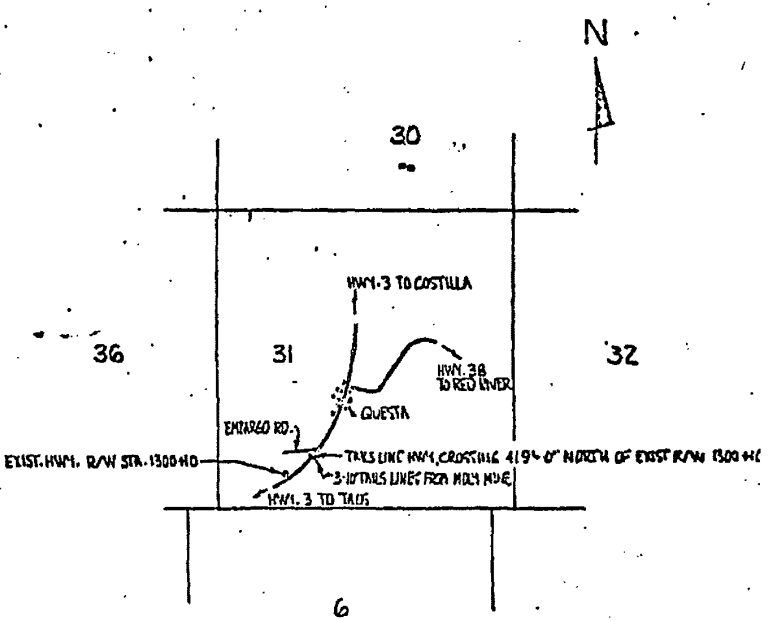
R. Sacrison
A. Filyk
R. Sega
R. Stainbrook
G. Segura
A. Greslin



CROSS SECTION THROUGH HWY.
(SCALE: 1/4" = 1'-0")



PLAN TAILS LINE HWY. CROSSING
(SCALE: 1" = 40'-0")



LOCATION PLAN
(SCALE: 1" = 2000'-0")

NO	MADE BY	DATE	DESCRIPTION
①			
②			
③			
④			

DATE 4-20-77
DRAWN BY RENISON
TRACED BY
CHECKED BY
APPROVED

Molycorp
QUESTA, NEW MEXICO

TAILS LINE HWY. 3 CROSSING
SOUTH OF QUESTA

SCALE: AS NOTED
DWG. NO. 144-147
ACCT. NO.

M-00000059

CMI09-00102

Highway
Right-of-Way Sec 35 Dermot Septr BLM Rgty Way

Flume Fide in

IN REPLY REFER TO

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
STATE OFFICE
P. O. Box 1449
Santa Fe, New Mexico 87501

NM 11029
Right-of-Way
943a

cc Al Bussler
R Sanson
What does this pertain to

March 19, 1975

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

DECISION

Molybdenum Corp. of America
c/o Stillinger & Lunt
50 Sena Plaza
Santa Fe, NM 87501

: Right-of-Way
: NM 11029

Proof of Construction Required

On October 21, 1970, right-of-way grant NM 11029 was approved under the Act of February 15, 1901 (31 Stat. 790; 43 U.S.C. 959) covering the SE¼NW¼, Sec. 2, T. 28 N., R. 12 E., N. Mex. Prin. Mer., New Mexico.

A period of 5 years from date of approval of the right-of-way is allowed for construction and upon completion of construction, proof thereof should be submitted to this office as provided by 43 CFR 2802.2-2.

Our records indicate that proof of construction of this right-of way is not on file and therefore grantee is allowed 30 days from receipt of notice hereof within which to comply, failing in which further action will be taken as the facts may warrant.

The right of appeal to the Board of Land Appeals, Office of the Secretary is allowed in accordance with the regulations in 43 CFR Part 4.400-402 and 4.411-414 (formerly Part 1840). See enclosed Form 1842-1 and Circular 2276. If an appeal is taken, the notice of appeal must be timely filed in this office so that the case file can be transmitted to the Board. To avoid summary dismissal of the appeal, there must be strict compliance with the regulations.

Stella V. Gonzales
Stella V. Gonzales
Chief, Lands Section

Enclosures
Form 1842-1
Circular 2276
CFR Pages 276 & 277

M-00000085

CMI09-00103

008934

United States Department of Agriculture Forest Service	a. Record no. (1-2)	b. Region (3-4)	c. Forest (5-6)
SPECIAL USE PERMIT Act of June 4, 1897 This permit is revocable and nontransferable (Ref. FSM 2710)	70	03	02
	d. District (7-8)	e. User number (9-12)	f. Kind of use (13-15)
	07	4027	822
	g. State (16-17)	h. County (18-20)	k. Card no. (21)
	35	055	1

Permission is hereby granted to Molybdenum Corporation of America

of Questa, New Mexico 87556,
hereinafter called the permittee, to use subject to the conditions set out below, the following described lands or improvements: A site in T28N, R13E, Section 4, as shown on drawing designated "Molybdenum Corporation of America Radio-Electronic Site" dated 12/64, on file in Forest Supervisor's Office, Carson National Forest, the location of said site being subject to modification as provided in Clause 28 hereof.

This permit covers 0.09 acres ~~and/or xxxxxxxxxxxxxxxxxx~~ miles and is issued for the purpose of: (1) Constructing, maintaining, and renting space in a building of dimensions 8'x 10' to house electronic equipment plus antenna support structure, driveway, and parking area; (2) installing, maintaining, and renting that certain electronic equipment which is in accordance with the technical data set forth on forms 2700-10 attached hereto and hereby made a part hereof; and (3) operating electronic transmission equipment for which a station authorization has been issued by FCC to the permittee.

This permit supersedes permit issued to Molybdenum Corporation of America on 4/26/65.

1. Construction or occupancy and use under this permit shall begin within N/A months, and construction, if any, shall be completed within N/A months, from the date of the permit. This use shall be actually exercised at least 365 days each year, unless otherwise authorized in writing.

2. In consideration for this use, the permittee shall pay to the Forest Service, U.S. Department of Agriculture, the sum of _____ Dollars ($ _____) for the period from _____ 19___, to _____, 19___, and thereafter annually on SEE CLAUSE #18 _____ Dollars ($ _____):
Provided, however, Charges for this use may be made or readjusted whenever necessary to place the charges on a basis commensurate with the value of use authorized by this permit.

3. This permit is accepted subject to the conditions set forth herein, and to conditions 18 to 43 attached hereto and made a part of this permit.

	NAME OF PERMITTEE	SIGNATURE OF AUTHORIZED OFFICER	DATE
PERMITTEE	Molycorp, Inc	TITLE General Manager	3/14/75
	NAME AND SIGNATURE	TITLE	DATE
ISSUING OFFICER	W. R. SNYDER	Forest Supervisor	2/13/75

(CONTINUED ON REVERSE)

2700-4 (7/71)

CMI09-00104

M-00000086

008935

18. In consideration for this use, the permittee shall pay to the Forest Service, United States Department of Agriculture, the sum of one hundred dollars ($100.00) for the period from January 1, 1976, to December 31, 1976. Thereafter, the annual fee will be:

a. Whichever is the greater of one hundred dollars ($100) or 0.2 percent of the value of electronic shelter, electronic mounting facilities, and electronic equipment located on the permitted site as of the last day of the permit year just ending;

b. 5.0 percent of rent received or to be received from building tenants for the year just ending; and

c. Whichever is the greater of twenty-five dollars ($25) per licensee or 5.0 percent of rents and service charges received or to be received for the year just ending from licensees using the permittee-owned equipment,

Provided, however, That charges for this use may be made or readjusted by the Forest Service whenever necessary, to place the charges on a basis commensurate with the value of said use.

Upon completion of the construction of the facilities authorized by this permit, the permittee will give the Forest Service a statement of his total investment on said site--exclusive of roads, powerlines, and telephone lines, certified by the permittee or his certified public accountant as being complete and correct. If the total investment does not exceed fifty thousand dollars ($50,000), the certification need only state that fact. If it exceeds fifty thousand dollars ($50,000), the certification must be itemized and must show the exact amounts of the items and the exact total investment. Any change in the facilities which results in a total investment in excess of fifty thousand dollars ($50,000) or adjustment of total investment already exceeding fifty thousand dollars ($50,000) will be reported to the Forest Service within thirty (30) days of completion of such change in the form of a revised statement of total investment, duly itemized and certified as aforesaid. The value of improvements, such as buildings, antenna supports, and other structures, will be the cost of materials and construction on the site. The value of equipment is its purchase price and does not include installation costs. Adjustments in investment will be made only if there is an increase or decrease in the value of the investment resulting from additions or removals. They will not be made for appreciation or depreciation.

The permittee will furnish a certified statement, within fifteen (15) days after the end of the permit year, showing amount of rent and service charges received or to be received from tenants or other users of the premises or equipment for the permit year just ended.

Any necessary changes in the fee will be made by the Forest Service as of the beginning of the permit year upon receipt of the required statement.

Payment shall be made by the permittee within fifteen (15) days of billing by the Forest Service.

19. Provided, however, that the method of fee determination and/or the annual flat fee may be adjusted when determined necessary by the Forest Service in order to place the charges on a basis commensurate with the value of use authorized by this permit.

20. A service charge in addition to the regular fees shall be made for failure to meet the fee payment due date or any of the dates specified for submission of statements required for fee calculation. The service charge shall be one (1.0) percent per month of the fee from the date statement and fees were due or $15, whichever is greater. If a due date falls on a nonworkday, the service charge will not apply until the end of the next workday.

21. During the performance of this permit, the permittee agrees:

a. In connection with the performance of work under this permit, including construction, maintenance, and operation of the facility, the permittee shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.

b. The permittee and his employees shall not discriminate by segregation or otherwise against any person on the basis of race, color, religion, sex, or national origin by curtailing or refusing to furnish accommodations, facilities, services, or use privileges offered to the public generally.

c. The permittee shall include and require compliance with the above nondiscrimination provisions in any subcontract made with respect to the operations under this permit.

d. Signs setting forth this policy of nondiscrimination to be furnished by the Forest Service will be conspicuously displayed at the public entrance to the premises, and at other exterior or interior locations as directed by the Forest Service.

22. The permitee shall perform all work with explosives in such a manner as not to endanger life or property. All storage places for explosives and flammable material shall be marked "DANGEROUS." The method of storing and handling explosives and flammable materials shall conform to all Federal, State, and local laws and regulations.

23. The permittee shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of National Forest lands under this permit.

24. The permitted area will be maintained to present a clean, neat, and orderly appearance. Trash, debris, unusable machinery, improvements, etc., will be disposed of currently. Building materials, firewood, etc., will be neatly stacked.

25. The permittee shall dispose of refuse resulting from this use, including waste materials, garbage, and rubbish of all kinds, in the following manner, and shall guard the purity of streams and living waters: Any refuse shall be retained in vehicles and disposed of on private lands.

26. Avalanches, rising waters, high winds, falling limbs or trees, and other hazards are natural phenomenons in the forest that present risks which the permittee assumes. The permittee has the responsibility of inspecting his site, lot, right-of-way, and immediate adjoining area for dangerous trees, hanging limbs, and other evidence of hazardous conditions and, after securing permission from the Forest Service, of removing such hazards.

27. The permittee shall prepare site plans to show the location of all buildings, service areas, roads, and structures. Such plan shall be on a scale of 1" + 10' with 20 foot contour intervals. The permittee is encouraged to consult with the Forest Service during the preparation of the site plan to ensure that it is adequate to gain multiple use compliance. No construction shall be undertaken by the permittee prior to site plan approval.

28. This permit is contingent upon the installation layout and development plans as submitted by the permittee and approved as a part of this permit for this specific location. Any and all subsequent relocations, alterations, revisions, additions, construction, or reconstruction of housing and mounting facilities, including antenna towers or masts, shall require advance notification and approval of the Forest Service and advance modification of this permit.

29. All electrical wiring will be installed and maintained in strict compliance with the safety rules dealing with electrical supply and communication lines which are set forth in the National Electric Safety Code and also with all applicable local codes. Upon the completion of the installation covered by this permit, the permittee shall deliver a written certification to the Forest Service that all of said safety requirements for wiring have been met.

30. No waste or byproducts shall be discharged if it contains any substances in concentrations which will result in substantial harm to fish and wildlife, or to human water supplies.

Storage facilities for materials capable of causing water pollution, if accidentally discharged, shall be located so as to prevent any spillage into waters, or channels leading into water, that would result in substantial harm to fish and wildlife or to human water supplies.

31. The permittee shall protect the scenic esthetic values of the area under this permit, and the adjacent land, as far as possible with the authorized use, during construction, operation, and maintenance of the improvements.

32. The permittee shall be responsible for the prevention and control of soil erosion and gullying on the area covered by this permit and lands adjacent thereto, and shall provide preventive measures as required by specifications attached to and made a part of this permit.

33. Unless sooner terminated or revoked by the Regional Forester, in accordance with the provisions of the permit, this permit shall expire and become void on December 31, 1985, but a new permit to occupy and use the same National Forest land may be granted provided the permittee will comply with the then-existing laws and regulations governing the occupancy and use of National Forest lands and shall have notified the Regional Forester not less than six months prior to said date that such new permit is desired.

34. The permittee shall do everything reasonably within its power and shall require its employees, contractors, and employees of contractors to do everything reasonably within their power, both independently and upon request of the Forest Service to prevent and suppress fires on or near the lands to be occupied under this permit.

35. Nothing in this permit shall be construed to imply permission to build or maintain any structure not specifically named on the face of this permit, or approved by the Forest Service in the form of a new permit or permit amendment. Additional structures requiring specific approval shall include, but are not limited to: signs, fences, nameplates, mailboxes, newspaper boxes, boathouses, docks, pipelines, and television antenna.

36. This permit is issued on the condition that the permittee has secured, or will secure, the consent of any person having valid claim to the land.

37. The permittee agrees to permit the free and unrestricted access to and upon the premises at all times for all lawful and proper purposes not inconsistent with the intent of the permit or with the reasonable exercise and enjoyment by the permittee of the privileges thereof.

38. No signs or advertising devices shall be erected on the area covered by this permit, or highways leading thereto, without prior approval by the Forest Service as to location, design, size, color, and message. Erected signs shall be maintained or renewed as necessary to neat and presentable standards.

39. The permittee, in the exercise of the privileges granted by this permit, shall require that his (its) employees, sublessees, contractors, subcontractors, or renters and their employees comply with all applicable conditions of this permit and that the conditions of this permit be made a part of all subleases, contracts, subcontracts, or rental agreements.

40. This permit shall not be exclusive. The Forest Service reserves the right to use or permit others to use any part of the permitted area for any purpose, provided such use does not interfere with the rights and privileges hereby authorized.

41. This permit is contingent upon the existence of applicable FCC (Federal Communications Commission) or DTM/IRAC (Director of Telecommunications Management/Interdepartment Radio Advisory Committee) authorizations and operation of the equipment covered in strict compliance with applicable requirements of FCC or IRAC and the technical data set forth on form 2700-10. Said forms are to be attached and made a part of this permti.

The permittee will supply the Forest Service with amended forms 2700-10 whenever necessary to reflect changes or additions, which must receive prior approval of the FCC or DTM/IRAC following prescribed procedures.

42. All improvements constructed under this permit shall be equipped with lightning protection equal to that prescribed by the Forest Service for its structures.

43. The permittee, if a corporation, shall notify the Forest Service within fifteen (15) days of changes listed below:

a. Names of officers appointed or terminated.

b. Names of stockholders who acquire stock shares causing their ownership to exceed 50 percent of shares issued or who otherwise acquire controlling interest in the corporation.

Molycorp, Inc.
A Unocal Company
P.O. Box 469
Questa, New Mexico 87556
Telephone (505) 586-0212

Highway Right-of-Way

UNOCAL 76

MOLYCORP

July 16, 1992

New Mexico State Highway
and Transportation Department
P.O. Box 1149
Santa Fe, New Mexico 87504-1149

Attn.: Lester R. Cisneros, Railroad
and Utilities Section Mgr.

Ref.: TPA-1529 (11), NM 38
Construction Contract

Dear Sir:

Enclosed are four copies each of the 12 permit applications for the continuing/existing installation of Molycorp 3-14" tails lines and a single 12" water line within public right of way. The applications cover right of way on NM 38 between Hwy. station 105+00 and station 318+66.50. Included also are milars showing the approximate location of the existing lines within the highway right of way.

Molycorp's relocation plan is as follows:

1. Between Hwy. stations 105+00 and 138+00, and the highway crossings at stations 130+57.61, 223+16.61 and 288+62.91, the three (3) tails lines will be removed from the construction areas until the contractor is finished. At that time Molycorp will re-install the lines to conform with the realigned and widened highway. The tails lines and water line between all other highway stations will be left in place unless the contractor requires additional space while performing his work.

If you have any questions concerning Molycorp's permit applications to leave the tails lines within public right of way, please phone the writer at 586-7601.

Yours truly,

David R. Shoemaker
Mine Manager

CMI09-00110

M-00000060

008941

Rev. 9-11-78

APPLICATION FOR PERMIT TO INSTALL UTILITY FACILITIES WITHIN PUBLIC RIGHT OF WAY

TO: NEW MEXICO STATE HIGHWAY DEPARTMENT
P. O. BOX 1149
SANTA FE, NEW MEXICO 87503

Permit No. 92-1-88
☐ New Installation
☐ Renewal Permit
☐ Relocation
☒ Remain in Place

1. Pursuant to New Mexico Statutes Annotated, 1953 Compilation, Sections 55-7-19 and 55-2-7, the undersigned Molycorp, Inc.
Address: P. O. Box 469, Questa, NM 87556
herein makes application to use highway rights of way to install:
Size and Type of Facility 3 - 14" tails lines side by side (existing)
in the following location: N. M. Project No. RS-1529 (11), S. R. No. 38
Hwy. Station 105 + 00 to Hwy. Station 130 + 57.61,
County, Section Taos, 33, Township 29N, Range 13E

2. For the purpose of this application "within" shall be construed as meaning "on, over, under, across or along."

a. "Engineer" shall be construed as meaning the District Highway Engineer of the New Mexico State Highway Department or his representative.

b. "Applicant" shall be construed as meaning the individual, firm, corporation, association, governmental subdivision, or other organization making application, or the successors of any of the above.

c. "Facility" shall be construed as meaning, but not limited to, and publicly, privately, cooperatively, municipally or governmentally owned facility used for carriage, distribution or transmission of water, gas or electricity, oil and products derived therefrom, sewage, steam or other projects carried by means of pipelines, conduits, wires, culverts, ditches, conveyors or other methods.

d. If application is for a parallel installation, justification as to why private right may not be utilized must be furnished. None available & prohibitive terrain

3. Applicant proposes to ~~[illegible]~~ or leave facility 30 feet within the south right of way line. The proposed installation shall be:

Parallel	Subsurface (if possible)	No
(Crossing or Parallel)	(Subsurface or Overhead)	(Boring, Jacking or Pavement Cut)

a. If Applicant requests installation by pavement cut, complete justification therefore shall be submitted by attachment.

b. Where application for pavement cut is justified, the application may be held in abeyance pending receipt of cash bond in an amount to be fixed by the Engineer.

4. There is attached hereto a diagrammatic dimensioned drawing showing the location of existing and/or proposed installation referenced to roadway and right of way, right of way lines, any access control lines, distance of proposed installation above or below grade, highway stationing, identification of materials to be used and any other pertinent data. If application is for parallel installation, nature of adjacent land use shall be shown. Proposed installations on or in bridges or other structures, or for the installation of any structures, will require detailed structural drawings.

5. Applicant desires this permit to be in affect for 25 years. Permit will not be issued for a period longer than 25 years, must be renewed upon expiration and the burden of timely renewal is on the Applicant. The Applicant shall formally notify the engineer of actual commencement and completion of construction of the installation. The Applicant shall also formally notify the Engineer of removal or abandonment of the facility, or relinquishment of the permit.

6. The signing of the application by the Engineer and returning it to the Applicant shall validate this application as a permit. The granting of this permit shall not be construed as granting any easement or property right.

7. Servicing of facilities will not be permitted within the access control lines on any controlled access project. Should an emergency occur, the Applicant shall notify the Engineer and shall provide such flagmen, flashers, warning or other safety devices as required by the Engineer. All routine maintenance shall be performed from outside any access control lines.

8. The relocation or installation of facilities within public right of way shall be in strict conformance with all provisions of this application, drawing and the Instructions for Utility Permits, as they may be modified by the Engineer, and no departure therefrom may be made without the written consent of the Engineer. All facilities shall be so placed that they will not interfere with nor endanger any roadway features nor other existing facilities. All construction of facilities shall be subject to the inspection and approval of the Engineer. All such work shall be performed so that danger, inconvenience and delay to the traveling public will be held to a minimum. Protection and handling of traffic during the installation are the responsibility of the Applicant and must be approved by the Engineer.

9. The Applicant will, except as otherwise ordered by the Engineer, restore the public right of way, and all bridges or other structures thereon or adjacent thereto which have been altered or affected by facility installation performed hereunder, in accordance with sound construction practices and the Engineer's specifications, and shall cause the work to be done in a workmanlike manner. If any damage is caused to the highway right of way or to any bridge, structure or improvement thereon or adjacent thereto by reason of the installation, maintenance, alteration or removal of such facilities or other appurtenances, the Applicant will reimburse the Engineer the full amount thereof promptly upon demand by the Engineer; provided, however, that the obligation imposed under this paragraph shall not apply in the event the damage resulted from causes beyond the control of

the Applicant. All such facilities located within the right of way shall at all times be kept in such repair so as not to damage the highway, inconvenience or endanger the traveling public and shall be kept free from advertisement, posters and the like.

10. The Applicant will at all times indemnify and save harmless the Engineer from any and all claims of every kind of character caused by or incident to the installation, alteration, removal or condition of these facilities in the right of way and will promptly reimburse the Engineer for any and all expenses incurred by the Engineer in resisting any such claim or claims. Nothing herein shall be construed to mean that the Applicant hereunder will indemnify and save harmless the Engineer from any claim caused by or incident to any neglect, carelessness or breach of duty on the part of the Engineer.

11. Should the Applicant at any time fail to promptly and fully perform any of the obligations imposed hereby and after thirty (30) days written notice thereof, the Engineer may, at his option (a) cause the obligations to be fully carried out and performed, and the Applicant will promptly reimburse the Engineer for all costs and expenses incident thereto, (b) may summarily order the removal of such facility and if the Applicant fails to comply within a reasonable time, the Engineer may direct the removal of the facility with all costs and expenses thereto to be borne by Applicant.

12. If by reason of any change in the location, construction, grade or by any other matter affecting the highway upon which any facility is located because of changing traffic conditions or otherwise, it shall become advisable in the opinion of the Engineer that said facility be removed, relocated or otherwise modified, the Applicant, upon written notice from the Engineer, shall remove, relocate or modify such facility without undue delay in such manner as the Engineer may direct or approve, at the Applicant's expense and at no cost to the Engineer. All facilities located on public right of way under the dual jurisdiction of the State and a subordinate governmental entity shall comply with all applicable rules and regulations of such entity properly and lawfully in force and including but not limited to provisions of local franchises not in conflict with the rules and regulations of the Engineer. The Engineer makes no warranty either express or implied as to the continued existence of any highway in any particular location and expressly assumes no obligation with regard to the facility upon change, vacation or abandonment of any highway or portions thereof.

13. Neither the making of this application nor anything herein contained shall constitute a waiver on the part of the Applicant of any rights or claims had or made by some with respect to the occupancy of the streets and highways under the Constitution and Laws of the State of New Mexico, nor shall anything herein contained in anywise prejudice or impair any rights or claims existing independent of this application with respect to the construction, operation and maintenance of the Applicant's facilities in the State of New Mexico

14. Each copy of the application must be signed by the Applicant as an individual owner or by any official designated to execute such documents.

This application is hereby granted subject to all provisions herein and to the following special provisions, changes or amendments:

Instructions for Utility Permits should be read and applied.

Paragraph 5 reads in part as follows: Upon receipt of the approved permit, the applicant shall notify the District Engineer in writing of the date of starting the proposed installation. THE APPLICANT SHALL ALSO NOTIFY THE DISTRICT ENGINEER IN WRITING UPON THE COMPLETION OF THE INSTALLATION.

The applicant shall also be responsible for securing archeological clearances as well as providing an approved Traffic Control Plan to the District Engineer in accordance with the Manual on Uniform Traffic Control Devices (MUTCD) prior to the installation.

Applicant Molycorp, Inc. CMI09-00112

By David R. Shoemaker

Title Mine Manager M-00000062

Approval of this permit is hereby given this 23rd day of February, 19 94

NEW MEXICO STATE HIGHWAY DEPARTMENT

008943

Rev. 9-11-73

APPLICATION FOR PERMIT TO INSTALL UTILITY FACILITIES WITHIN PUBLIC RIGHT OF WAY

TO: NEW MEXICO STATE HIGHWAY DEPARTMENT
P. O. BOX 1149
SANTA FE, NEW MEXICO 87503

Permit No. 93-175
☐ New Installation
☐ Renewal Permit
☐ Relocation
☒ Remain in Place

1. Pursuant to New Mexico Statutes Annotated, 1953 Compilation, Sections 55-7-19 and 55-2-7, the undersigned Molycorp, Inc.

Address: P. O. Box 469, Questa, NM 87556

herein makes application to use highway rights of way to install:

Size and Type of Facility 3 - 14" tails lines side by side (existing)

in the following location: N. M. Project No. RS-1529 (11), S. R. No. 38

Hwy. Station 130 + 57.61 to Hwy. Station -

County, Section Taos, 33 Township 29N, Range 13E

2. For the purpose of this application "within" shall be construed as meaning "on, over, under, across or along."

a. "Engineer" shall be construed as meaning the District Highway Engineer of the New Mexico State Highway Department or his representative.

b. "Applicant" shall be construed as meaning the individual, firm, corporation, association, governmental subdivision, or other organization making application, or the successors of any of the above.

c. "Facility" shall be construed as meaning, but not limited to, and publicly, privately, cooperatively, municipally or governmentally owned facility used for carriage, distribution or transmission of water, gas or electricity, oil and products derived therefrom, sewage, steam or other projects carried by means of pipelines, conduits, wires, culverts, ditches, conveyors or other methods.

d. If application is for a parallel installation, justification as to why private right may not be utilized must be furnished.

3. Applicant proposes to ~~xxxxxxxxxx~~ or leave facility - feet within the - right of way line. The proposed installation shall be:

Crossing	Subsurface in existing concrete box	No
(Crossing or Parallel)	(Subsurface or Overhead)	(Boring, Jacking or Pavement Cut)

a. If Applicant requests installation by pavement cut, complete justification therefore shall be submitted by attachment.

b. Where application for pavement cut is justified, the application may be held in abeyance pending receipt of cash bond in an amount to be fixed by the Engineer.

4. There is attached hereto a diagrammatic dimensioned drawing showing the location of existing and/or proposed installation referenced to roadway and right of way, right of way lines, any access control lines, distance of proposed installation above or below grade, highway stationing, identification of materials to be used and any other pertinent data. If application is for parallel installation, nature of adjacent land use shall be shown. Proposed installations on or in bridges or other structures, or for the installation of any structures, will require detailed structural drawings.

5. Applicant desires this permit to be in affect for 25 years. Permit will not be issued for a period longer than 25 years, must be renewed upon expiration and the burden of timely renewal is on the Applicant. The Applicant shall formally notify the engineer of actual commencement and completion of construction of the installation. The Applicant shall also formally notify the Engineer of removal or abandonment of the facility, or relinquishment of the permit.

6. The signing of the application by the Engineer and returning it to the Applicant shall validate this application as a permit. The granting of this permit shall not be construed as granting any easement or property right.

7. Servicing of facilities will not be permitted within the access control lines on any controlled access project. Should an emergency occur, the Applicant shall notify the Engineer and shall provide such flagmen, flashers, warning or other safety devices as required by the Engineer. All routine maintenance shall be performed from outside any access control lines.

8. The relocation or installation of facilities within public right of way shall be in strict conformance with all provisions of this application, drawing and the Instructions for Utility Permits, as they may be modified by the Engineer, and no departure therefrom may be made without the written consent of the Engineer. All facilities shall be so placed that they will not interfere with nor endanger any roadway features nor other existing facilities. All construction of facilities shall be subject to the inspection and approval of the Engineer. All such work shall be performed so that danger, inconvenience and delay to the traveling public will be held to a minimum. Protection and handling of traffic during the installation are the responsibility of the Applicant and must be approved by the Engineer.

9. The Applicant will, except as otherwise ordered by the Engineer, restore the public right of way, and all bridges or other structures thereon or adjacent thereto which have been altered or affected by facility installation performed hereunder, in accordance with sound construction practices and the Engineer's specifications, and shall cause the work to be done in a workmanlike manner. If any damage is caused to the highway right of way or to any bridge, structure or improvement thereon or adjacent thereto by reason of the installation, maintenance, alteration or removal of such facilities or other appurtenances, the Applicant will reimburse the Engineer the full amount thereof promptly upon demand by the Engineer: provided, however, that the obligation imposed under this paragraph shall not apply in the event the damage resulted from causes beyond the control of

the Applicant. All such facilities located within the right of way shall at all times be kept in such repair so as not to damage the highway, inconvenience or endanger the traveling public and shall be kept free from advertisement, posters and the like.

10. The Applicant will at all times indemnify and save harmless the Engineer from any and all claims of every kind of character caused by or incident to the installation, alteration, removal or condition of these facilities in the right of way and will promptly reimburse the Engineer for any and all expenses incurred by the Engineer in resisting any such claim or claims. Nothing herein shall be construed to mean that the Applicant hereunder will indemnify and save harmless the Engineer from any claim caused by or incident to any neglect, carelessness or breach of duty on the part of the Engineer.

11. Should the Applicant at any time fail to promptly and fully perform any of the obligations imposed hereby and after thirty (30) days written notice thereof, the Engineer may, at his option (a) cause the obligations to be fully carried out and performed, and the Applicant will promptly reimburse the Engineer for all costs and expenses incident thereto, (b) may summarily order the removal of such facility and if the Applicant fails to comply within a reasonable time, the Engineer may direct the removal of the facility with all costs and expenses thereto to be borne by Applicant.

12. If by reason of any change in the location, construction, grade or by any other matter affecting the highway upon which any facility is located because of changing traffic conditions or otherwise, it shall become advisable in the opinion of the Engineer that said facility be removed, relocated or otherwise modified, the Applicant, upon written notice from the Engineer, shall remove, relocate or modify such facility without undue delay in such manner as the Engineer may direct or approve, at the Applicant's expense and at no cost to the Engineer. All facilities located on public right of way under the dual jurisdiction of the State and a subordinate governmental entity shall comply with all applicable rules and regulations of such entity properly and lawfully in force and including but not limited to provisions of local franchises not in conflict with the rules and regulations of the Engineer. The Engineer makes no warranty either express or implied as to the continued existence of any highway in any particular location and expressly assumes no obligation with regard to the facility upon change, vacation or abandonment of any highway or portions thereof.

13. Neither the making of this application nor anything herein contained shall constitute a waiver on the part of the Applicant of any rights or claims had or made by some with respect to the occupancy of the streets and highways under the Constitution and Laws of the State of New Mexico, nor shall anything herein contained in anywise prejudice or impair any rights or claims existing independent of this application with respect to the construction, operation and maintenance of the Applicant's facilities in the State of New Mexico

14. Each copy of the application must be signed by the Applicant as an individual owner or by any official designated to execute such documents.

This application is hereby granted subject to all provisions herein and to the following special provisions, changes or amendments:

Instructions for Utility Permits should be read and applied.

Paragraph 5 reads in part as follows: Upon receipt of the approved permit, the applicant shall notify the District Engineer in writing of the date of starting the proposed installation. THE APPLICANT SHALL ALSO NOTIFY THE DISTRICT ENGINEER IN WRITING UPON THE COMPLETION OF THE INSTALLATION.

The applicant shall also be responsible for securing archeological clearances as well as providing an approved Traffic Control Plan to the District Engineer in accordance with the Manual on Uniform Traffic Control Devices (MUTCD) prior to the installation.

Applicant Molycorp, Inc.

By David R. Shoemaker

Title Mine Manager

M-00000064

Approval of this permit is hereby given this 23rd day of February, 1994

NEW MEXICO STATE HIGHWAY DEPARTMENT

By [signature]

CMI09-00114

008945

Rev. 9-11-78

APPLICATION FOR PERMIT TO INSTALL UTILITY FACILITIES WITHIN PUBLIC RIGHT OF WAY

TO: NEW MEXICO STATE HIGHWAY DEPARTMENT
P. O. BOX 1149
SANTA FE, NEW MEXICO 87503

Permit No. 93-176
☐ New Installation
☐ Renewal Permit
☐ Relocation
☒ Remain in Place

1. Pursuant to New Mexico Statutes Annotated, 1953 Compilation, Sections 55-7-19 and 55-2-7, the undersigned Molycorp, Inc.

Address: P. O. Box 469, Questa, NM 87556

herein makes application to use highway rights of way to install:

Size and Type of Facility 3 - 14" tails lines side by side (existing)

in the following location: N. M. Project No. RS-1529 (11), S. R. No. 38

Hwy. Station 130 + 57.61 to Hwy. Station 138 + 00

County, Section Taos, 33, Township 28N, 29N, Range 13E

2. For the purpose of this application "within" shall be construed as meaning "on, over, under, across or along."

a. "Engineer" shall be construed as meaning the District Highway Engineer of the New Mexico State Highway Department or his representative.

b. "Applicant" shall be construed as meaning the individual, firm, corporation, association, governmental subdivision, or other organization making application, or the successors of any of the above.

c. "Facility" shall be construed as meaning, but not limited to, and publicly, privately, cooperatively, municipally or governmentally owned facility used for carriage, distribution or transmission of water, gas or electricity, oil and products derived therefrom, sewage, steam or other projects carried by means of pipelines, conduits, wires, culverts, ditches, conveyors or other methods. None available & prohibitive terrain

d. If application is for a parallel installation, justification as to why private right may not be utilized must be furnished.

3. Applicant proposes to ~~relocate, install~~ or leave facility 10 feet within the north right of way line. The proposed installation shall be:

Parallel	Subsurface (if feasible)	No
(Crossing or Parallel)	(Subsurface or Overhead)	(Boring, Jacking or Pavement Cut)

a. If Applicant requests installation by pavement cut, complete justification therefore shall be submitted by attachment.

b. Where application for pavement cut is justified, the application may be held in abeyance pending receipt of cash bond in an amount to be fixed by the Engineer.

4. There is attached hereto a diagrammatic dimensioned drawing showing the location of existing and/or proposed installation referenced to roadway and right of way, right of way lines, any access control lines, distance of proposed installation above or below grade, highway stationing, identification of materials to be used and any other pertinent data. If application is for parallel installation, nature of adjacent land use shall be shown. Proposed installations on or in bridges or other structures, or for the installation of any structures, will require detailed structural drawings.

5. Applicant desires this permit to be in affect for 25 years. Permit will not be issued for a period longer than 25 years, must be renewed upon expiration and the burden of timely renewal is on the Applicant. The Applicant shall formally notify the engineer of actual commencement and completion of construction of the installation. The Applicant shall also formally notify the Engineer of removal or abandonment of the facility, or relinquishment of the permit.

6. The signing of the application by the Engineer and returning it to the Applicant shall validate this application as a permit. The granting of this permit shall not be construed as granting any easement or property right.

7. Servicing of facilities will not be permitted within the access control lines on any controlled access project. Should an emergency occur, the Applicant shall notify the Engineer and shall provide such flagmen, flashers, warning or other safety devices as required by the Engineer. All routine maintenance shall be performed from outside any access control lines.

8. The relocation or installation of facilities within public right of way shall be in strict conformance with all provisions of this application, drawing and the Instructions for Utility Permits, as they may be modified by the Engineer, and no departure therefrom may be made without the written consent of the Engineer. All facilities shall be so placed that they will not interfere with nor endanger any roadway features nor other existing facilities. All construction of facilities shall be subject to the inspection and approval of the Engineer. All such work shall be performed so that danger, inconvenience and delay to the traveling public will be held to a minimum. Protection and handling of traffic during the installation are the responsibility of the Applicant and must be approved by the Engineer.

9. The Applicant will, except as otherwise ordered by the Engineer, restore the public right of way, and all bridges or other structures thereon or adjacent thereto which have been altered or affected by facility installation performed hereunder, in accordance with sound construction practices and the Engineer's specifications, and shall cause the work to be done in a workmanlike manner. If any damage is caused to the highway right of way or to any bridge, structure or improvement thereon or adjacent thereto by reason of the installation, maintenance, alteration or removal of such facilities or other appurtenances, the Applicant will reimburse the Engineer the full amount thereof promptly upon demand by the Engineer; provided, however, that the obligation imposed under this paragraph shall not apply in the event the damage resulted from causes beyond the control of

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CMI09-00115

008946

the Applicant. All such facilities located within the right of way shall at all times be kept in such repair so as not to damage the highway, inconvenience or endanger the traveling public and shall be kept free from advertisement, posters and the like.

10. The Applicant will at all times indemnify and save harmless the Engineer from any and all claims of every kind of character caused by or incident to the installation, alteration, removal or condition of these facilities in the right of way and will promptly reimburse the Engineer for any and all expenses incurred by the Engineer in resisting any such claim or claims. Nothing herein shall be construed to mean that the Applicant hereunder will indemnify and save harmless the Engineer from any claim caused by or incident to any neglect, carelessness or breach of duty on the part of the Engineer.

11. Should the Applicant at any time fail to promptly and fully perform any of the obligations imposed hereby and after thirty (30) days written notice thereof, the Engineer may, at his option (a) cause the obligations to be fully carried out and performed, and the Applicant will promptly reimburse the Engineer for all costs and expenses incident thereto, (b) may summarily order the removal of such facility and if the Applicant fails to comply within a reasonable time, the Engineer may direct the removal of the facility with all costs and expenses thereto to be borne by Applicant.

12. If by reason of any change in the location, construction, grade or by any other matter affecting the highway upon which any facility is located because of changing traffic conditions or otherwise, it shall become advisable in the opinion of the Engineer that said facility be removed, relocated or otherwise modified, the Applicant, upon written notice from the Engineer, shall remove, relocate or modify such facility without undue delay in such manner as the Engineer may direct or approve, at the Applicant's expense and at no cost to the Engineer. All facilities located on public right of way under the dual jurisdiction of the State and a subordinate governmental entity shall comply with all applicable rules and regulations of such entity properly and lawfully in force and including but not limited to provisions of local franchises not in conflict with the rules and regulations of the Engineer. The Engineer makes no warranty either express or implied as to the continued existence of any highway in any particular location and expressly assumes no obligation with regard to the facility upon change, vacation or abandonment of any highway or portions thereof.

13. Neither the making of this application nor anything herein contained shall constitute a waiver on the part of the Applicant of any rights or claims had or made by some with respect to the occupancy of the streets and highways under the Constitution and Laws of the State of New Mexico, nor shall anything herein contained in anywise prejudice or impair any rights or claims existing independent of this application with respect to the construction, operation and maintenance of the Applicant's facilities in the State of New Mexico

14. Each copy of the application must be signed by the Applicant as an individual owner or by any official designated to execute such documents.

This application is hereby granted subject to all provisions herein and to the following special provisions, changes or amendments:

Instructions for Utility Permits should be read and applied.

Paragraph 5 reads in part as follows: Upon receipt of the approved permit, the applicant shall notify the District Engineer in writing of the date of starting the proposed installation. THE APPLICANT SHALL ALSO NOTIFY THE DISTRICT ENGINEER IN WRITING UPON THE COMPLETION OF THE INSTALLATION.

The applicant shall also be responsible for securing archeological clearances as well as providing an approved Traffic Control Plan to the District Engineer in accordance with the Manual on Uniform Traffic Control Devices (MUTCD) prior to the installation.

Applicant Molycorp, Inc.

By David R. Shoemaker

Title Mine Manager

M-00000066

Approval of this permit is hereby given this 23rd day of February, 19 94

NEW MEXICO STATE HIGHWAY DEPARTMENT

By [signature]

CMI09-00116

Rev. 9-11-78

APPLICATION FOR PERMIT TO INSTALL UTILITY FACILITIES WITHIN PUBLIC RIGHT OF WAY

TO: NEW MEXICO STATE HIGHWAY DEPARTMENT
P. O. BOX 1149
SANTA FE, NEW MEXICO 87503

Permit No. 93-177
☐ New Installation
☐ Renewal Permit
☐ Relocation
☒ Remain in Place

1. Pursuant to New Mexico Statutes Annotated, 1953 Compilation, Sections 55-7-19 and 55-2-7, the undersigned Molycorp, Inc.

Address: P. O. Box 469, Questa, NM 87556

herein makes application to use highway rights of way to install:

Size and Type of Facility 3 - 14" tails lines side by side (existing)

in the following location: N. M. Project No. RS-1529 (11), S. R. No. 38

Hwy. Station 155 + 00 to Hwy. Station 183 +56

County, Section Taos, 33 & 3, Township 28N, Range 13E

2. For the purpose of this application "within" shall be construed as meaning "on, over, under, across or along."

a. "Engineer" shall be construed as meaning the District Highway Engineer of the New Mexico State Highway Department or his representative.

b. "Applicant" shall be construed as meaning the individual, firm, corporation, association, governmental subdivision, or other organization making application, or the successors of any of the above.

c. "Facility" shall be construed as meaning, but not limited to, and publicly, privately, cooperatively, municipally or governmentally owned facility used for carriage, distribution or transmission of water, gas or electricity, oil and products derived therefrom, sewage, steam or other projects carried by means of pipelines, conduits, wires, culverts, ditches, conveyors or other methods.

d. If application is for a parallel installation, justification as to why private right may not be utilized must be furnished. None available & prohibitive terrain

3. Applicant proposes to ~~XXXXXXXX XXXXX~~ or leave facility 25 feet within the north right of way line. The proposed installation shall be:

Parallel	Surface (existing)	NO
(Crossing or Parallel)	(Subsurface or Overhead)	(Boring, Jacking or Pavement Cut)

a. If Applicant requests installation by pavement cut, complete justification therefore shall be submitted by attachment.

b. Where application for pavement cut is justified, the application may be held in abeyance pending receipt of cash bond in an amount to be fixed by the Engineer.

4. There is attached hereto a diagrammatic dimensioned drawing showing the location of existing and/or proposed installation referenced to roadway and right of way, right of way lines, any access control lines, distance of proposed installation above or below grade, highway stationing, identification of materials to be used and any other pertinent data. If application is for parallel installation, nature of adjacent land use shall be shown. Proposed installations on or in bridges or other structures, or for the installation of any structures, will require detailed structural drawings.

5. Applicant desires this permit to be in affect for 25 years. Permit will not be issued for a period longer than 25 years, must be renewed upon expiration and the burden of timely renewal is on the Applicant. The Applicant shall formally notify the engineer of actual commencement and completion of construction of the installation. The Applicant shall also formally notify the Engineer of removal or abandonment of the facility, or relinquishment of the permit.

6. The signing of the application by the Engineer and returning it to the Applicant shall validate this application as a permit. The granting of this permit shall not be construed as granting any easement or property right.

7. Servicing of facilities will not be permitted within the access control lines on any controlled access project. Should an emergency occur, the Applicant shall notify the Engineer and shall provide such flagmen, flashers, warning or other safety devices as required by the Engineer. All routine maintenance shall be performed from outside any access control lines.

8. The relocation or installation of facilities within public right of way shall be in strict conformance with all provisions of this application, drawing and the Instructions for Utility Permits, as they may be modified by the Engineer, and no departure therefrom may be made without the written consent of the Engineer. All facilities shall be so placed that they will not interfere with nor endanger any roadway features nor other existing facilities. All construction of facilities shall be subject to the inspection and approval of the Engineer. All such work shall be performed so that danger, inconvenience and delay to the traveling public will be held to a minimum. Protection and handling of traffic during the installation are the responsibility of the Applicant and must be approved by the Engineer.

9. The Applicant will, except as otherwise ordered by the Engineer, restore the public right of way, and all bridges or other structures thereon or adjacent thereto which have been altered or affected by facility installation performed hereunder, in accordance with sound construction practices and the Engineer's specifications, and shall cause the work to be done in a workmanlike manner. If any damage is caused to the highway right of way or to any bridge, structure or improvement thereon or adjacent thereto by reason of the installation, maintenance, alteration or removal of such facilities or other appurtenances, the Applicant will reimburse the Engineer the full amount thereof promptly upon demand by the Engineer: provided, however, that the obligation imposed under this paragraph shall not apply in the event the damage resulted from causes beyond the control of

the Applicant. All such facilities located within the right of way shall at all times be kept in such repair so as not to damage the highway, inconvenience or endanger the traveling public and shall be kept free from advertisement, posters and the like.

10. The Applicant will at all times indemnify and save harmless the Engineer from any and all claims of every kind of character caused by or incident to the installation, alteration, removal or condition of these facilities in the right of way and will promptly reimburse the Engineer for any and all expenses incurred by the Engineer in resisting any such claim or claims. Nothing herein shall be construed to mean that the Applicant hereunder will indemnify and save harmless the Engineer from any claim caused by or incident to any neglect, carelessness or breach of duty on the part of the Engineer.

11. Should the Applicant at any time fail to promptly and fully perform any of the obligations imposed hereby and after thirty (30) days written notice thereof, the Engineer may, at his option (a) cause the obligations to be fully carried out and performed, and the Applicant will promptly reimburse the Engineer for all costs and expenses incident thereto, (b) may summarily order the removal of such facility and if the Applicant fails to comply within a reasonable time, the Engineer may direct the removal of the facility with all costs and expenses thereto to be borne by Applicant.

12. If by reason of any change in the location, construction, grade or by any other matter affecting the highway upon which any facility is located because of changing traffic conditions or otherwise, it shall become advisable in the opinion of the Engineer that said facility be removed, relocated or otherwise modified, the Applicant, upon written notice from the Engineer, shall remove, relocate or modify such facility without undue delay in such manner as the Engineer may direct or approve, at the Applicant's expense and at no cost to the Engineer. All facilities located on public right of way under the dual jurisdiction of the State and a subordinate governmental entity shall comply with all applicable rules and regulations of such entity properly and lawfully in force and including but not limited to provisions of local franchises not in conflict with the rules and regulations of the Engineer. The Engineer makes no warranty either express or implied as to the continued existence of any highway in any particular location and expressly assumes no obligation with regard to the facility upon change, vacation or abandonment of any highway or portions thereof.

13. Neither the making of this application nor anything herein contained shall constitute a waiver on the part of the Applicant of any rights or claims had or made by some with respect to the occupancy of the streets and highways under the Constitution and Laws of the State of New Mexico, nor shall anything herein contained in anywise prejudice or impair any rights or claims existing independent of this application with respect to the construction, operation and maintenance of the Applicant's facilities in the State of New Mexico

14. Each copy of the application must be signed by the Applicant as an individual owner or by any official designated to execute such documents.

This application is hereby granted subject to all provisions herein and to the following special provisions, changes or amendments:

Instructions for Utility Permits should be read and applied.

Paragraph 5 reads in part as follows: Upon receipt of the approved permit, the applicant shall notify the District Engineer in writing of the date of starting the proposed installation. THE APPLICANT SHALL ALSO NOTIFY THE DISTRICT ENGINEER IN WRITING UPON THE COMPLETION OF THE INSTALLATION.

The applicant shall also be responsible for securing archeological clearances as well as providing an approved Traffic Control Plan to the District Engineer in accordance with the Manual on Uniform Traffic Control Devices (MUTCD) prior to the installation.

Applicant Molycorp, Inc.

By David R. Shoemaker

Title Mine Manager

Approval of this permit is hereby given this 23rd day of February, 1994

M-00000068

NEW MEXICO STATE HIGHWAY DEPARTMENT

By Ted Springer

CMI09-00118

008949

Rev. 9-11-78

APPLICATION FOR PERMIT TO INSTALL UTILITY FACILITIES WITHIN PUBLIC RIGHT OF WAY

TO: NEW MEXICO STATE HIGHWAY DEPARTMENT
P. O. BOX 1149
SANTA FE, NEW MEXICO 87503

Permit No. 93-178
☐ New Installation
☐ Renewal Permit
☐ Relocation
☒ Remain in Place

1. Pursuant to New Mexico Statutes Annotated, 1953 Compilation, Sections 55-7-19 and 55-2-7, the undersigned Molycorp, Inc.

Address: P. O. Box 469, Questa, NM 87556

herein makes application to use highway rights of way to install:

Size and Type of Facility 3 - 14" tails lines side by side (existing)

in the following location: N. M. Project No. RS-1529 (11), S. R. No. 38,

Hwy. Station 206 + 76 to Hwy. Station 223 + 16.61,

County, Section Taos, 3, Township 28N, Range 13E

2. For the purpose of this application "within" shall be construed as meaning "on, over, under, across or along."

a. "Engineer" shall be construed as meaning the District Highway Engineer of the New Mexico State Highway Department or his representative.

b. "Applicant" shall be construed as meaning the individual, firm, corporation, association, governmental subdivision, or other organization making application, or the successors of any of the above.

c. "Facility" shall be construed as meaning, but not limited to, and publicly, privately, cooperatively, municipally or governmentally owned facility used for carriage, distribution or transmission of water, gas or electricity, oil and products derived therefrom, sewage, steam or other projects carried by means of pipelines, conduits, wires, culverts, ditches, conveyors or other methods.

d. If application is for a parallel installation, justification as to why private right None available & prohibitive terrain may not be utilized must be furnished.

3. Applicant proposes to ~~xxxxxxxxxx~~ or leave facility 15 ± feet within the north right of way line. The proposed installation shall be:

Parallel	Surface (existing)	No
(Crossing or Parallel)	(Subsurface or Overhead)	(Boring, Jacking or Pavement Cut)

a. If Applicant requests installation by pavement cut, complete justification therefore shall be submitted by attachment.

b. Where application for pavement cut is justified, the application may be held in abeyance pending receipt of cash bond in an amount to be fixed by the Engineer.

4. There is attached hereto a diagrammatic dimensioned drawing showing the location of existing and/or proposed installation referenced to roadway and right of way, right of way lines, any access control lines, distance of proposed installation above or below grade, highway stationing, identification of materials to be used and any other pertinent data. If application is for parallel installation, nature of adjacent land use shall be shown. Proposed installations on or in bridges or other structures, or for the installation of any structures, will require detailed structural drawings.

5. Applicant desires this permit to be in affect for 25 years. Permit will not be issued for a period longer than 25 years, must be renewed upon expiration and the burden of timely renewal is on the Applicant. The Applicant shall formally notify the engineer of actual commencement and completion of construction of the installation. The Applicant shall also formally notify the Engineer of removal or abandonment of the facility, or relinquishment of the permit.

6. The signing of the application by the Engineer and returning it to the Applicant shall validate this application as a permit. The granting of this permit shall not be construed as granting any easement or property right.

7. Servicing of facilities will not be permitted within the access control lines on any controlled access project. Should an emergency occur, the Applicant shall notify the Engineer and shall provide such flagmen, flashers, warning or other safety devices as required by the Engineer. All routine maintenance shall be performed from outside any access control lines.

8. The relocation or installation of facilities within public right of way shall be in strict conformance with all provisions of this application, drawing and the Instructions for Utility Permits, as they may be modified by the Engineer, and no departure therefrom may be made without the written consent of the Engineer. All facilities shall be so placed that they will not interfere with nor endanger any roadway features nor other existing facilities. All construction of facilities shall be subject to the inspection and approval of the Engineer. All such work shall be performed so that danger, inconvenience and delay to the traveling public will be held to a minimum. Protection and handling of traffic during the installation are the responsibility of the Applicant and must be approved by the Engineer.

9. The Applicant will, except as otherwise ordered by the Engineer, restore the public right of way, and all bridges or other structures thereon or adjacent thereto which have been altered or affected by facility installation performed hereunder, in accordance with sound construction practices and the Engineer's specifications, and shall cause the work to be done in a workmanlike manner. If any damage is caused to the highway right of way or to any bridge, structure or improvement thereon or adjacent thereto by reason of the installation, maintenance, alteration or removal of such facilities or other appurtenances, the Applicant will reimburse the Engineer the full amount thereof promptly upon demand by the Engineer; provided, however, that the obligation imposed under this paragraph shall not apply in the event the damage resulted from causes beyond the control of

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the Applicant. All such facilities located within the right of way shall at all times be kept in such repair so as not to damage the highway, inconvenience or endanger the traveling public and shall be kept free from advertisement, posters and the like.

10. The Applicant will at all times indemnify and save harmless the Engineer from any and all claims of every kind of character caused by or incident to the installation, alteration, removal or condition of these facilities in the right of way and will promptly reimburse the Engineer for any and all expenses incurred by the Engineer in resisting any such claim or claims. Nothing herein shall be construed to mean that the Applicant hereunder will indemnify and save harmless the Engineer from any claim caused by or incident to any neglect, carelessness or breach of duty on the part of the Engineer.

11. Should the Applicant at any time fail to promptly and fully perform any of the obligations imposed hereby and after thirty (30) days written notice thereof, the Engineer may, at his option (a) cause the obligations to be fully carried out and performed, and the Applicant will promptly reimburse the Engineer for all costs and expenses incident thereto, (b) may summarily order the removal of such facility and if the Applicant fails to comply within a reasonable time, the Engineer may direct the removal of the facility with all costs and expenses thereto to be borne by Applicant.

12. If by reason of any change in the location, construction, grade or by any other matter affecting the highway upon which any facility is located because of changing traffic conditions or otherwise, it shall become advisable in the opinion of the Engineer that said facility be removed, relocated or otherwise modified, the Applicant, upon written notice from the Engineer, shall remove, relocate or modify such facility without undue delay in such manner as the Engineer may direct or approve, at the Applicant's expense and at no cost to the Engineer. All facilities located on public right of way under the dual jurisdiction of the State and a subordinate governmental entity shall comply with all applicable rules and regulations of such entity properly and lawfully in force and including but not limited to provisions of local franchises not in conflict with the rules and regulations of the Engineer. The Engineer makes no warranty either express or implied as to the continued existence of any highway in any particular location and expressly assumes no obligation with regard to the facility upon change, vacation or abandonment of any highway or portions thereof.

13. Neither the making of this application nor anything herein contained shall constitute a waiver on the part of the Applicant of any rights or claims had or made by some with respect to the occupancy of the streets and highways under the Constitution and Laws of the State of New Mexico, nor shall anything herein contained in anywise prejudice or impair any rights or claims existing independent of this application with respect to the construction, operation and maintenance of the Applicant's facilities in the State of New Mexico

14. Each copy of the application must be signed by the Applicant as an individual owner or by any official designated to execute such documents.

This application is hereby granted subject to all provisions herein and to the following special provisions, changes or amendments:

Instructions for Utility Permits should be read and applied.

Paragraph 5 reads in part as follows: Upon receipt of the approved permit, the applicant shall notify the District Engineer in writing of the date of starting the proposed installation. THE APPLICANT SHALL ALSO NOTIFY THE DISTRICT ENGINEER IN WRITING UPON THE COMPLETION OF THE INSTALLATION.

The applicant shall also be responsible for securing archeological clearances as well as providing an approved Traffic Control Plan to the District Engineer in accordance with the Manual on Uniform Traffic Control Devices (MUTCD) prior to the installation.

Applicant Molycorp, Inc.

By David R. Shoemaker

Title Mine Manager

Approval of this permit is hereby given this 23rd day of February, 19 94 M-00000070

NEW MEXICO STATE HIGHWAY DEPARTMENT

By [signature]

CMI09-00120

008951

Rev. 9-11-78

APPLICATION FOR PERMIT TO INSTALL UTILITY FACILITIES WITHIN PUBLIC RIGHT OF WAY

TO: NEW MEXICO STATE HIGHWAY DEPARTMENT
P. O. BOX 1149
SANTA FE, NEW MEXICO 87503

Permit No. 93-179
☐ New Installation
☐ Renewal Permit
☐ Relocation
☒ Remain in Place

1. Pursuant to New Mexico Statutes Annotated, 1953 Compilation, Sections 55-7-19 and 55-2-7, the undersigned Molycorp, Inc.

Address: P. O. Box 469, Questa, NM 87556

herein makes application to use highway rights of way to install:

Size and Type of Facility 3 - 14" tails lines side by side (existing)

in the following location: N. M. Project No. RS-1529 (11), S. R. No. 38,

Hwy. Station 223 + 16.61 to Hwy. Station -, -

County, Section Taos, 3, Township 28N, Range 13E

2. For the purpose of this application "within" shall be construed as meaning "on, over, under, across or along."

a. "Engineer" shall be construed as meaning the District Highway Engineer of the New Mexico State Highway Department or his representative.

b. "Applicant" shall be construed as meaning the individual, firm, corporation, association, governmental subdivision, or other organization making application, or the successors of any of the above.

c. "Facility" shall be construed as meaning, but not limited to, and publicly, privately, cooperatively, municipally or governmentally owned facility used for carriage, distribution or transmission of water, gas or electricity, oil and products derived therefrom, sewage, steam or other projects carried by means of pipelines, conduits, wires, culverts, ditches, conveyors or other methods.

d. If application is for a parallel installation, justification as to why private right may not be utilized must be furnished.

3. Applicant proposes to ~~[illegible]~~ or leave facility - feet within the - right of way line. The proposed installation shall be:

Crossing	Subsurface in existing concrete box	No
(Crossing or Parallel)	(Subsurface or Overhead)	(Boring, Jacking or Pavement Cut)

a. If Applicant requests installation by pavement cut, complete justification therefore shall be submitted by attachment.

b. Where application for pavement cut is justified, the application may be held in abeyance pending receipt of cash bond in an amount to be fixed by the Engineer.

4. There is attached hereto a diagrammatic dimensioned drawing showing the location of existing and/or proposed installation referenced to roadway and right of way, right of way lines, any access control lines, distance of proposed installation above or below grade, highway stationing, identification of materials to be used and any other pertinent data. If application is for parallel installation, nature of adjacent land use shall be shown. Proposed installations on or in bridges or other structures, or for the installation of any structures, will require detailed structural drawings.

5. Applicant desires this permit to be in affect for 25 years. Permit will not be issued for a period longer than 25 years, must be renewed upon expiration and the burden of timely renewal is on the Applicant. The Applicant shall formally notify the engineer of actual commencement and completion of construction of the installation. The Applicant shall also formally notify the Engineer of removal or abandonment of the facility, or relinquishment of the permit.

6. The signing of the application by the Engineer and returning it to the Applicant shall validate this application as a permit. The granting of this permit shall not be construed as granting any easement or property right.

7. Servicing of facilities will not be permitted within the access control lines on any controlled access project. Should an emergency occur, the Applicant shall notify the Engineer and shall provide such flagmen, flashers, warning or other safety devices as required by the Engineer. All routine maintenance shall be performed from outside any access control lines.

8. The relocation or installation of facilities within public right of way shall be in strict conformance with all provisions of this application, drawing and the Instructions for Utility Permits, as they may be modified by the Engineer, and no departure therefrom may be made without the written consent of the Engineer. All facilities shall be so placed that they will not interfere with nor endanger any roadway features nor other existing facilities. All construction of facilities shall be subject to the inspection and approval of the Engineer. All such work shall be performed so that danger, inconvenience and delay to the traveling public will be held to a minimum. Protection and handling of traffic during the installation are the responsibility of the Applicant and must be approved by the Engineer.

9. The Applicant will, except as otherwise ordered by the Engineer, restore the public right of way, and all bridges or other structures thereon or adjacent thereto which have been altered or affected by facility installation performed hereunder, in accordance with sound construction practices and the Engineer's specifications, and shall cause the work to be done in a workmanlike manner. If any damage is caused to the highway right of way or to any bridge, structure or improvement thereon or adjacent thereto by reason of the installation, maintenance, alteration or removal of such facilities or other appurtenances, the Applicant will reimburse the Engineer the full amount thereof promptly upon demand by the Engineer: provided, however, that the obligation imposed under this paragraph shall not apply in the event the damage resulted from causes beyond the control of

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CMI09-00121

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the Applicant. All such facilities located within the right of way shall at all times be kept in such repair so as not to damage the highway, inconvenience or endanger the traveling public and shall be kept free from advertisement, posters and the like.

10. The Applicant will at all times indemnify and save harmless the Engineer from any and all claims of every kind of character caused by or incident to the installation, alteration, removal or condition of these facilities in the right of way and will promptly reimburse the Engineer for any and all expenses incurred by the Engineer in resisting any such claim or claims. Nothing herein shall be construed to mean that the Applicant hereunder will indemnify and save harmless the Engineer from any claim caused by or incident to any neglect, carelessness or breach of duty on the part of the Engineer.

11. Should the Applicant at any time fail to promptly and fully perform any of the obligations imposed hereby and after thirty (30) days written notice thereof, the Engineer may, at his option (a) cause the obligations to be fully carried out and performed, and the Applicant will promptly reimburse the Engineer for all costs and expenses incident thereto, (b) may summarily order the removal of such facility and if the Applicant fails to comply within a reasonable time, the Engineer may direct the removal of the facility with all costs and expenses thereto to be borne by Applicant.

12. If by reason of any change in the location, construction, grade or by any other matter affecting the highway upon which any facility is located because of changing traffic conditions or otherwise, it shall become advisable in the opinion of the Engineer that said facility be removed, relocated or otherwise modified, the Applicant, upon written notice from the Engineer, shall remove, relocate or modify such facility without undue delay in such manner as the Engineer may direct or approve, at the Applicant's expense and at no cost to the Engineer. All facilities located on public right of way under the dual jurisdiction of the State and a subordinate governmental entity shall comply with all applicable rules and regulations of such entity properly and lawfully in force and including but not limited to provisions of local franchises not in conflict with the rules and regulations of the Engineer. The Engineer makes no warranty either express or implied as to the continued existence of any highway in any particular location and expressly assumes no obligation with regard to the facility upon change, vacation or abandonment of any highway or portions thereof.

13. Neither the making of this application nor anything herein contained shall constitute a waiver on the part of the Applicant of any rights or claims had or made by some with respect to the occupancy of the streets and highways under the Constitution and Laws of the State of New Mexico, nor shall anything herein contained in anywise prejudice or impair any rights or claims existing independent of this application with respect to the construction, operation and maintenance of the Applicant's facilities in the State of New Mexico

14. Each copy of the application must be signed by the Applicant as an individual owner or by any official designated to execute such documents.

This application is hereby granted subject to all provisions herein and to the following special provisions, changes or amendments:

Instructions for Utility Permits should be read and applied.

Paragraph 5 reads in part as follows: Upon receipt of the approved permit, the applicant shall notify the District Engineer in writing of the date of starting the proposed installation. THE APPLICANT SHALL ALSO NOTIFY THE DISTRICT ENGINEER IN WRITING UPON THE COMPLETION OF THE INSTALLATION.

The applicant shall also be responsible for securing archeological clearances as well as providing an approved Traffic Control Plan to the District Engineer in accordance with the Manual on Uniform Traffic Control Devices (MUTCD) prior to the installation.

Servicing of facilities will not be permitted within the access control limits

Applicant Molycorp, Inc.

By David R. Shoemaker

Title Mine Manager

Approval of this permit is hereby given this 23rd day of February, 19 94 M-00000072

NEW MEXICO STATE HIGHWAY DEPARTMENT

By

CMI09-00122

008953

Rev. 9-11-78

APPLICATION FOR PERMIT TO INSTALL UTILITY FACILITIES WITHIN PUBLIC RIGHT OF WAY

TO: NEW MEXICO STATE HIGHWAY DEPARTMENT
P. O. BOX 1149
SANTA FE, NEW MEXICO 87503

Permit No. 93-180
☐ New Installation
☐ Renewal Permit
☐ Relocation
☒ Remain in Place

1. Pursuant to New Mexico Statutes Annotated, 1953 Compilation, Sections 55-7-19 and 55-2-7, the undersigned Molycorp, Inc.

Address: P. O. Box 469, Questa, NM 87556

herein makes application to use highway rights of way to install:

Size and Type of Facility 3 - 14" tails lines side by side (existing)

in the following location: N. M. Project No. RS-1529 (11), S. R. No. 38,

Hwy. Station 223 + 16.61 to Hwy. Station 225 + 17.

County, Section Taos, 2, Township 28N, Range 13E

2. For the purpose of this application "within" shall be construed as meaning "on, over, under, across or along."

a. "Engineer" shall be construed as meaning the District Highway Engineer of the New Mexico State Highway Department or his representative.

b. "Applicant" shall be construed as meaning the individual, firm, corporation, association, governmental subdivision, or other organization making application, or the successors of any of the above.

c. "Facility" shall be construed as meaning, but not limited to, and publicly, privately, cooperatively, municipally or governmentally owned facility used for carriage, distribution or transmission of water, gas or electricity, oil and products derived therefrom, sewage, steam or other projects carried by means of pipelines, conduits, wires, culverts, ditches, conveyors or other methods.

d. If application is for a parallel installation, justification as to why private right may not be utilized must be furnished. none available & prohibitive terrain

3. Applicant proposes to relocate, install or leave facility 15± feet within the south right of way line. The proposed installation shall be:

Parallel	Surface (existing)	No
(Crossing or Parallel)	(Subsurface or Overhead)	(Boring, Jacking or Pavement Cut)

a. If Applicant requests installation by pavement cut, complete justification therefore shall be submitted by attachment.

b. Where application for pavement cut is justified, the application may be held in abeyance pending receipt of cash bond in an amount to be fixed by the Engineer.

4. There is attached hereto a diagrammatic dimensioned drawing showing the location of existing and/or proposed installation referenced to roadway and right of way, right of way lines, any access control lines, distance of proposed installation above or below grade, highway stationing, identification of materials to be used and any other pertinent data. If application is for parallel installation, nature of adjacent land use shall be shown. Proposed installations on or in bridges or other structures, or for the installation of any structures, will require detailed structural drawings.

5. Applicant desires this permit to be in affect for 25 years. Permit will not be issued for a period longer than 25 years, must be renewed upon expiration and the burden of timely renewal is on the Applicant. The Applicant shall formally notify the engineer of actual commencement and completion of construction of the installation. The Applicant shall also formally notify the Engineer of removal or abandonment of the facility, or relinquishment of the permit.

6. The signing of the application by the Engineer and returning it to the Applicant shall validate this application as a permit. The granting of this permit shall not be construed as granting any easement or property right.

7. Servicing of facilities will not be permitted within the access control lines on any controlled access project. Should an emergency occur, the Applicant shall notify the Engineer and shall provide such flagmen, flashers, warning or other safety devices as required by the Engineer. All routine maintenance shall be performed from outside any access control lines.

8. The relocation or installation of facilities within public right of way shall be in strict conformance with all provisions of this application, drawing and the Instructions for Utility Permits, as they may be modified by the Engineer, and no departure therefrom may be made without the written consent of the Engineer. All facilities shall be so placed that they will not interfere with nor endanger any roadway features nor other existing facilities. All construction of facilities shall be subject to the inspection and approval of the Engineer. All such work shall be performed so that danger, inconvenience and delay to the traveling public will be held to a minimum. Protection and handling of traffic during the installation are the responsibility of the Applicant and must be approved by the Engineer.

9. The Applicant will, except as otherwise ordered by the Engineer, restore the public right of way, and all bridges or other structures thereon or adjacent thereto which have been altered or affected by facility installation performed hereunder, in accordance with sound construction practices and the Engineer's specifications, and shall cause the work to be done in a workmanlike manner. If any damage is caused to the highway right of way or to any bridge, structure or improvement thereon or adjacent thereto by reason of the installation, maintenance, alteration or removal of such facilities or other appurtenances, the Applicant will reimburse the Engineer the full amount thereof promptly upon demand by the Engineer: provided, however, that the obligation imposed under this paragraph shall not apply in the event the damage resulted from causes beyond the control of

the Applicant. All such facilities located within the right of way shall at all times be kept in such repair so as not to damage the highway, inconvenience or endanger the traveling public and shall be kept free from advertisement, posters and the like.

10. The Applicant will at all times indemnify and save harmless the Engineer from any and all claims of every kind of character caused by or incident to the installation, alteration, removal or condition of these facilities in the right of way and will promptly reimburse the Engineer for any and all expenses incurred by the Engineer in resisting any such claim or claims. Nothing herein shall be construed to mean that the Applicant hereunder will indemnify and save harmless the Engineer from any claim caused by or incident to any neglect, carelessness or breach of duty on the part of the Engineer.

11. Should the Applicant at any time fail to promptly and fully perform any of the obligations imposed hereby and after thirty (30) days written notice thereof, the Engineer may, at his option (a) cause the obligations to be fully carried out and performed, and the Applicant will promptly reimburse the Engineer for all costs and expenses incident thereto, (b) may summarily order the removal of such facility and if the Applicant fails to comply within a reasonable time, the Engineer may direct the removal of the facility with all costs and expenses thereto to be borne by Applicant.

12. If by reason of any change in the location, construction, grade or by any other matter affecting the highway upon which any facility is located because of changing traffic conditions or otherwise, it shall become advisable in the opinion of the Engineer that said facility be removed, relocated or otherwise modified, the Applicant, upon written notice from the Engineer, shall remove, relocate or modify such facility without undue delay in such manner as the Engineer may direct or approve, at the Applicant's expense and at no cost to the Engineer. All facilities located on public right of way under the dual jurisdiction of the State and a subordinate governmental entity shall comply with all applicable rules and regulations of such entity properly and lawfully in force and including but not limited to provisions of local franchises not in conflict with the rules and regulations of the Engineer. The Engineer makes no warranty either express or implied as to the continued existence of any highway in any particular location and expressly assumes no obligation with regard to the facility upon change, vacation or abandonment of any highway or portions thereof.

13. Neither the making of this application nor anything herein contained shall constitute a waiver on the part of the Applicant of any rights or claims had or made by some with respect to the occupancy of the streets and highways under the Constitution and Laws of the State of New Mexico, nor shall anything herein contained in anywise prejudice or impair any rights or claims existing independent of this application with respect to the construction, operation and maintenance of the Applicant's facilities in the State of New Mexico

14. Each copy of the application must be signed by the Applicant as an individual owner or by any official designated to execute such documents.

This application is hereby granted subject to all provisions herein and to the following special provisions, changes or amendments:

Instructions for Utility Permits should be read and applied.

Paragraph 5 reads in part as follows: Upon receipt of the approved permit, the applicant shall notify the District Engineer in writing of the date of starting the proposed installation. THE APPLICANT SHALL ALSO NOTIFY THE DISTRICT ENGINEER IN WRITING UPON THE COMPLETION OF THE INSTALLATION.

The applicant shall also be responsible for securing archeological clearances as well as providing an approved Traffic Control Plan to the District Engineer in accordance with the Manual on Uniform Traffic Control Devices (MUTCD) prior to the installation.

Applicant Molycorp, Inc.

By David R. Shoemaker

Title Mine Manager

Approval of this permit is hereby given this 23rd day of February, 19 94 M-00000074

NEW MEXICO STATE HIGHWAY DEPARTMENT

By [signature]

CMI09-00124

008955

Rev. 9-11-75

APPLICATION FOR PERMIT TO INSTALL UTILITY FACILITIES WITHIN PUBLIC RIGHT OF WAY

TO: NEW MEXICO STATE HIGHWAY DEPARTMENT
P. O. BOX 1149
SANTA FE, NEW MEXICO 87503

Permit No. 93-181
☐ New Installation
☐ Renewal Permit
☐ Relocation
☒ Remain in Place

1. Pursuant to New Mexico Statutes Annotated, 1953 Compilation, Sections 55-7-19 and 55-2-7, the undersigned Molycorp, Inc.

Address: P. O. Box 469, Questa, NM 87556

herein makes application to use highway rights of way to install:

Size and Type of Facility 3 - 14" tails lines & 1 - 12" water line side by side (existing)

in the following location: N. M. Project No. RS-1529 (11), S. R. No. 38,

Hwy. Station 267 + 81 to Hwy. Station 288 + 62.91,

County, Section Taos, 8 & 9, Township 28N, Range 13E

2. For the purpose of this application "within" shall be construed as meaning "on, over, under, across or along."

a. "Engineer" shall be construed as meaning the District Highway Engineer of the New Mexico State Highway Department or his representative.

b. "Applicant" shall be construed as meaning the individual, firm, corporation, association, governmental subdivision, or other organization making application, or the successors of any of the above.

c. "Facility" shall be construed as meaning, but not limited to, and publicly, privately, cooperatively, municipally or governmentally owned facility used for carriage, distribution or transmission of water, gas or electricity, oil and products derived therefrom, sewage, steam or other projects carried by means of pipelines, conduits, wires, culverts, ditches, conveyors or other methods.

d. If application is for a parallel installation, justification as to why private right None available & prohibitive terrain may not be utilized must be furnished.

3. Applicant proposes to ~~remove, install~~ or leave facility 25 feet within the south right of way line. The proposed installation shall be:

Parallel	Subsurface & surface (existing)	No
(Crossing or Parallel)	(Subsurface or Overhead)	(Boring, Jacking or Pavement Cut)

a. If Applicant requests installation by pavement cut, complete justification therefore shall be submitted by attachment.

b. Where application for pavement cut is justified, the application may be held in abeyance pending receipt of cash bond in an amount to be fixed by the Engineer.

4. There is attached hereto a diagrammatic dimensioned drawing showing the location of existing and/or proposed installation referenced to roadway and right of way, right of way lines, any access control lines, distance of proposed installation above or below grade, highway stationing, identification of materials to be used and any other pertinent data. If application is for parallel installation, nature of adjacent land use shall be shown. Proposed installations on or in bridges or other structures, or for the installation of any structures, will require detailed structural drawings.

5. Applicant desires this permit to be in affect for 25 years. Permit will not be issued for a period longer than 25 years, must be renewed upon expiration and the burden of timely renewal is on the Applicant. The Applicant shall formally notify the engineer of actual commencement and completion of construction of the installation. The Applicant shall also formally notify the Engineer of removal or abandonment of the facility, or relinquishment of the permit.

6. The signing of the application by the Engineer and returning it to the Applicant shall validate this application as a permit. The granting of this permit shall not be construed as granting any easement or property right.

7. Servicing of facilities will not be permitted within the access control lines on any controlled access project. Should an emergency occur, the Applicant shall notify the Engineer and shall provide such flagmen, flashers, warning or other safety devices as required by the Engineer. All routine maintenance shall be performed from outside any access control lines.

8. The relocation or installation of facilities within public right of way shall be in strict conformance with all provisions of this application, drawing and the Instructions for Utility Permits, as they may be modified by the Engineer, and no departure therefrom may be made without the written consent of the Engineer. All facilities shall be so placed that they will not interfere with nor endanger any roadway features nor other existing facilities. All construction of facilities shall be subject to the inspection and approval of the Engineer. All such work shall be performed so that danger, inconvenience and delay to the traveling public will be held to a minimum. Protection and handling of traffic during the installation are the responsibility of the Applicant and must be approved by the Engineer.

9. The Applicant will, except as otherwise ordered by the Engineer, restore the public right of way, and all bridges or other structures thereon or adjacent thereto which have been altered or affected by facility installation performed hereunder, in accordance with sound construction practices and the Engineer's specifications, and shall cause the work to be done in a workmanlike manner. If any damage is caused to the highway right of way or to any bridge, structure or improvement thereon or adjacent thereto by reason of the installation, maintenance, alteration or removal of such facilities or other appurtenances, the Applicant will reimburse the Engineer the full amount thereof promptly upon demand by the Engineer: provided, however, that the obligation imposed under this paragraph shall not apply in the event the damage resulted from causes beyond the control of

M-00000075

CMI09-00125

008956

the Applicant. All such facilities located within the right of way shall at all times be kept in such repair so as not to damage the highway, inconvenience or endanger the traveling public and shall be kept free from advertisement, posters and the like.

10. The Applicant will at all times indemnify and save harmless the Engineer from any and all claims of every kind of character caused by or incident to the installation, alteration, removal or condition of these facilities in the right of way and will promptly reimburse the Engineer for any and all expenses incurred by the Engineer in resisting any such claim or claims. Nothing herein shall be construed to mean that the Applicant hereunder will indemnify and save harmless the Engineer from any claim caused by or incident to any neglect, carelessness or breach of duty on the part of the Engineer.

11. Should the Applicant at any time fail to promptly and fully perform any of the obligations imposed hereby and after thirty (30) days written notice thereof, the Engineer may, at his option (a) cause the obligations to be fully carried out and performed, and the Applicant will promptly reimburse the Engineer for all costs and expenses incident thereto, (b) may summarily order the removal of such facility and if the Applicant fails to comply within a reasonable time, the Engineer may direct the removal of the facility with all costs and expenses thereto to be borne by Applicant.

12. If by reason of any change in the location, construction, grade or by any other matter affecting the highway upon which any facility is located because of changing traffic conditions or otherwise, it shall become advisable in the opinion of the Engineer that said facility be removed, relocated or otherwise modified, the Applicant, upon written notice from the Engineer, shall remove, relocate or modify such facility without undue delay in such manner as the Engineer may direct or approve, at the Applicant's expense and at no cost to the Engineer. All facilities located on public right of way under the dual jurisdiction of the State and a subordinate governmental entity shall comply with all applicable rules and regulations of such entity properly and lawfully in force and including but not limited to provisions of local franchises not in conflict with the rules and regulations of the Engineer. The Engineer makes no warranty either express or implied as to the continued existence of any highway in any particular location and expressly assumes no obligation with regard to the facility upon change, vacation or abandonment of any highway or portions thereof.

13. Neither the making of this application nor anything herein contained shall constitute a waiver on the part of the Applicant of any rights or claims had or made by some with respect to the occupancy of the streets and highways under the Constitution and Laws of the State of New Mexico, nor shall anything herein contained in anywise prejudice or impair any rights or claims existing independent of this application with respect to the construction, operation and maintenance of the Applicant's facilities in the State of New Mexico

14. Each copy of the application must be signed by the Applicant as an individual owner or by any official designated to execute such documents.

This application is hereby granted subject to all provisions herein and to the following special provisions, changes or amendments: Instructions for Utility Permits should be read and applied.

Paragraph 5 reads in part as follows: Upon receipt of the approved permit, the applicant shall notify the District Engineer in writing of the date of starting the proposed installation. THE APPLICANT SHALL ALSO NOTIFY THE DISTRICT ENGINEER IN WRITING UPON THE COMPLETION OF THE INSTALLATION.

The applicant shall also be responsible for securing archeological clearances as well as providing an approved Traffic Control Plan to the District Engineer in accordance with the Manual on Uniform Traffic Control Devices (MUTCD) prior to the installation.

Applicant Molycorp, Inc.

By David R. Shoemaker

Title Mine Manager

Approval of this permit is hereby given this 23rd day of February, 19 94 M-00000076

NEW MEXICO STATE HIGHWAY DEPARTMENT

By [signature]

CMI09-00126

008957

Rev. 9-11-79

APPLICATION FOR PERMIT TO INSTALL UTILITY FACILITIES WITHIN PUBLIC RIGHT OF WAY

TO: NEW MEXICO STATE HIGHWAY DEPARTMENT
P. O. BOX 1149
SANTA FE, NEW MEXICO 87503

Permit No. 93-182
☐ New Installation
☐ Renewal Permit
☐ Relocation
☒ Remain in Place

1. Pursuant to New Mexico Statutes Annotated, 1953 Compilation, Sections 55-7-19 and 55-2-7, the undersigned Molycorp, Inc.

Address: P. O. Box 469, Questa, NM 87556

herein makes application to use highway rights of way to install:

Size and Type of Facility 3 - 14" tails lines side by side (existing)

in the following location: N. M. Project No. RS-1529 (11), S. R. No. 38

Hwy. Station 288 + 62.91 to Hwy. Station -

County, Section Taos, 9 Township 28N, Range 13E

2. For the purpose of this application "within" shall be construed as meaning "on, over, under, across or along."

a. "Engineer" shall be construed as meaning the District Highway Engineer of the New Mexico State Highway Department or his representative.

b. "Applicant" shall be construed as meaning the individual, firm, corporation, association, governmental subdivision, or other organization making application, or the successors of any of the above.

c. "Facility" shall be construed as meaning, but not limited to, and publicly, privately, cooperatively, municipally or governmentally owned facility used for carriage, distribution or transmission of water, gas or electricity, oil and products derived therefrom, sewage, steam or other projects carried by means of pipelines, conduits, wires, culverts, ditches, conveyors or other methods.

d. If application is for a parallel installation, justification as to why private right may not be utilized must be furnished.

3. Applicant proposes to ~~relocate, install~~ or leave facility - feet within the - right of way line. The proposed installation shall be:

Crossing	Subsurface in existing 9' oval culvert	No
(Crossing or Parallel)	(Subsurface or Overhead)	(Boring, Jacking or Pavement Cut)

a. If Applicant requests installation by pavement cut, complete justification therefore shall be submitted by attachment.

b. Where application for pavement cut is justified, the application may be held in abeyance pending receipt of cash bond in an amount to be fixed by the Engineer.

4. There is attached hereto a diagrammatic dimensioned drawing showing the location of existing and/or proposed installation referenced to roadway and right of way, right of way lines, any access control lines, distance of proposed installation above or below grade, highway stationing, identification of materials to be used and any other pertinent data. If application is for parallel installation, nature of adjacent land use shall be shown. Proposed installations on or in bridges or other structures, or for the installation of any structures, will require detailed structural drawings.

5. Applicant desires this permit to be in affect for 25 years. Permit will not be issued for a period longer than 25 years, must be renewed upon expiration and the burden of timely renewal is on the Applicant. The Applicant shall formally notify the engineer of actual commencement and completion of construction of the installation. The Applicant shall also formally notify the Engineer of removal or abandonment of the facility, or relinquishment of the permit.

6. The signing of the application by the Engineer and returning it to the Applicant shall validate this application as a permit. The granting of this permit shall not be construed as granting any easement or property right.

7. Servicing of facilities will not be permitted within the access control lines on any controlled access project. Should an emergency occur, the Applicant shall notify the Engineer and shall provide such flagmen, flashers, warning or other safety devices as required by the Engineer. All routine maintenance shall be performed from outside any access control lines.

8. The relocation or installation of facilities within public right of way shall be in strict conformance with all provisions of this application, drawing and the Instructions for Utility Permits, as they may be modified by the Engineer, and no departure therefrom may be made without the written consent of the Engineer. All facilities shall be so placed that they will not interfere with, nor endanger any roadway features nor other existing facilities. All construction of facilities shall be subject to the inspection and approval of the Engineer. All such work shall be performed so that danger, inconvenience and delay to the traveling public will be held to a minimum. Protection and handling of traffic during the installation are the responsibility of the Applicant and must be approved by the Engineer.

9. The Applicant will, except as otherwise ordered by the Engineer, restore the public right of way, and all bridges or other structures thereon or adjacent thereto which have been altered or affected by facility installation performed hereunder, in accordance with sound construction practices and the Engineer's specifications, and shall cause the work to be done in a workmanlike manner. If any damage is caused to the highway right of way or to any bridge, structure or improvement thereon or adjacent thereto by reason of the installation, maintenance, alteration or removal of such facilities or other appurtenances, the Applicant will reimburse the Engineer the full amount thereof promptly upon demand by the Engineer; provided, however, that the obligation imposed under this paragraph shall not apply in the event the damage resulted from causes beyond the control of

M-00000077

CMI09-00127

008958

the Applicant. All such facilities located within the right of way shall at all times be kept in such repair so as not to damage the highway, inconvenience or endanger the traveling public and shall be kept free from advertisement, posters and the like.

10. The Applicant will at all times indemnify and save harmless the Engineer from any and all claims of every kind of character caused by or incident to the installation, alteration, removal or condition of these facilities in the right of way and will promptly reimburse the Engineer for any and all expenses incurred by the Engineer in resisting any such claim or claims. Nothing herein shall be construed to mean that the Applicant hereunder will indemnify and save harmless the Engineer from any claim caused by or incident to any neglect, carelessness or breach of duty on the part of the Engineer.

11. Should the Applicant at any time fail to promptly and fully perform any of the obligations imposed hereby and after thirty (30) days written notice thereof, the Engineer may, at his option (a) cause the obligations to be fully carried out and performed, and the Applicant will promptly reimburse the Engineer for all costs and expenses incident thereto, (b) may summarily order the removal of such facility and if the Applicant fails to comply within a reasonable time, the Engineer may direct the removal of the facility with all costs and expenses thereto to be borne by Applicant.

12. If by reason of any change in the location, construction, grade or by any other matter affecting the highway upon which any facility is located because of changing traffic conditions or otherwise, it shall become advisable in the opinion of the Engineer that said facility be removed, relocated or otherwise modified, the Applicant, upon written notice from the Engineer, shall remove, relocate or modify such facility without undue delay in such manner as the Engineer may direct or approve, at the Applicant's expense and at no cost to the Engineer. All facilities located on public right of way under the dual jurisdiction of the State and a subordinate governmental entity shall comply with all applicable rules and regulations of such entity properly and lawfully in force and including but not limited to provisions of local franchises not in conflict with the rules and regulations of the Engineer. The Engineer makes no warranty either express or implied as to the continued existence of any highway in any particular location and expressly assumes no obligation with regard to the facility upon change, vacation or abandonment of any highway or portions thereof.

13. Neither the making of this application nor anything herein contained shall constitute a waiver on the part of the Applicant of any rights or claims had or made by some with respect to the occupancy of the streets and highways under the Constitution and Laws of the State of New Mexico, nor shall anything herein contained in anywise prejudice or impair any rights or claims existing independent of this application with respect to the construction, operation and maintenance of the Applicant's facilities in the State of New Mexico

14. Each copy of the application must be signed by the Applicant as an individual owner or by any official designated to execute such documents.

This application is hereby granted subject to all provisions herein and to the following special provisions, changes or amendments:

Instructions for Utility Permits should be read and applied.

Paragraph 5 reads in part as follows: Upon receipt of the approved permit, the applicant shall notify the District Engineer in writing of the date of starting the proposed installation. THE APPLICANT SHALL ALSO NOTIFY THE DISTRICT ENGINEER IN WRITING UPON THE COMPLETION OF THE INSTALLATION.

The applicant shall also be responsible for securing archeological clearances as well as providing an approved Traffic Control Plan to the District Engineer in accordance with the Manual on Uniform Traffic Control Devices (MUTCD) prior to the installation.

Applicant Molycorp, Inc.

By David R. Shoemaker

Title Mine Manager

Approval of this permit is hereby given this 23rd day of February, 1994

M-00000078

NEW MEXICO STATE HIGHWAY DEPARTMENT

By Ted Springer

CMI09-00128

008959

Rev. 9-11-78

APPLICATION FOR PERMIT TO INSTALL UTILITY FACILITIES WITHIN PUBLIC RIGHT OF WAY

TO: NEW MEXICO STATE HIGHWAY DEPARTMENT
P. O. BOX 1149
SANTA FE, NEW MEXICO 87503

Permit No. 93-183
☐ New installation
☐ Renewal Permit
☐ Relocation
☒ Remain in Place

1. Pursuant to New Mexico Statutes Annotated, 1953 Compilation, Sections 55-7-19 and 55-2-7, the undersigned Molycorp, Inc.

Address: P. O. Box 469, Questa, NM 87556

herein makes application to use highway rights of way to install:

Size and Type of Facility 3 - 14" tails lines side by side (existing)

in the following location: N. M. Project No. RS-1529 (11), S. R. No. 38,

Hwy. Station 288 + 62.91 to Hwy. Station 291 + 37.

County, Section Taos, 1, Township 28N, Range 13E

2. For the purpose of this application "within" shall be construed as meaning "on, over, under, across or along."

a. "Engineer" shall be construed as meaning the District Highway Engineer of the New Mexico State Highway Department or his representative.

b. "Applicant" shall be construed as meaning the individual, firm, corporation, association, governmental subdivision, or other organization making application, or the successors of any of the above.

c. "Facility" shall be construed as meaning, but not limited to, and publicly, privately, cooperatively, municipally or governmentally owned facility used for carriage, distribution or transmission of water, gas or electricity, oil and products derived therefrom, sewage, steam or other projects carried by means of pipelines, conduits, wires, culverts, ditches, conveyors or other methods.

d. If application is for a parallel installation, justification as to why private right may not be utilized must be furnished. None available & prohibitive terrain

3. Applicant proposes to ~~[illegible]~~ or leave facility 10 feet within the north right of way line. The proposed installation shall be:

Parallel	Surface (existing)	No
(Crossing or Parallel)	(Subsurface or Overhead)	(Boring, Jacking or Pavement Cut)

a. If Applicant requests installation by pavement cut, complete justification therefore shall be submitted by attachment.

b. Where application for pavement cut is justified, the application may be held in abeyance pending receipt of cash bond in an amount to be fixed by the Engineer.

4. There is attached hereto a diagrammatic dimensioned drawing showing the location of existing and/or proposed installation referenced to roadway and right of way, right of way lines, any access control lines, distance of proposed installation above or below grade, highway stationing, identification of materials to be used and any other pertinent data. If application is for parallel installation, nature of adjacent land use shall be shown. Proposed installations on or in bridges or other structures, or for the installation of any structures, will require detailed structural drawings.

5. Applicant desires this permit to be in affect for 25 years. Permit will not be issued for a period longer than 25 years, must be renewed upon expiration and the burden of timely renewal is on the Applicant. The Applicant shall formally notify the engineer of actual commencement and completion of construction of the installation. The Applicant shall also formally notify the Engineer of removal or abandonment of the facility, or relinquishment of the permit.

6. The signing of the application by the Engineer and returning it to the Applicant shall validate this application as a permit. The granting of this permit shall not be construed as granting any easement or property right.

7. Servicing of facilities will not be permitted within the access control lines on any controlled access project. Should an emergency occur, the Applicant shall notify the Engineer and shall provide such flagmen, flashers, warning or other safety devices as required by the Engineer. All routine maintenance shall be performed from outside any access control lines.

8. The relocation or installation of facilities within public right of way shall be in strict conformance with all provisions of this application, drawing and the Instructions for Utility Permits, as they may be modified by the Engineer, and no departure therefrom may be made without the written consent of the Engineer. All facilities shall be so placed that they will not interfere with nor endanger any roadway features nor other existing facilities. All construction of facilities shall be subject to the inspection and approval of the Engineer. All such work shall be performed so that danger, inconvenience and delay to the traveling public will be held to a minimum. Protection and handling of traffic during the installation are the responsibility of the Applicant and must be approved by the Engineer.

9. The Applicant will, except as otherwise ordered by the Engineer, restore the public right of way, and all bridges or other structures thereon or adjacent thereto which have been altered or affected by facility installation performed hereunder, in accordance with sound construction practices and the Engineer's specifications, and shall cause the work to be done in a workmanlike manner. If any damage is caused to the highway right of way or to any bridge, structure or improvement thereon or adjacent thereto by reason of the installation, maintenance, alteration or removal of such facilities or other appurtenances, the Applicant will reimburse the Engineer the full amount thereof promptly upon demand by the Engineer: provided, however, that the obligation imposed under this paragraph shall not apply in the event the damage resulted from causes beyond the control of

M-00000079

CMI09-00129

008960

the Applicant. All such facilities located within the right of way shall at all times be kept in such repair so as not to damage the highway, inconvenience or endanger the traveling public and shall be kept free from advertisement, posters and the like.

10. The Applicant will at all times indemnify and save harmless the Engineer from any and all claims of every kind of character caused by or incident to the installation, alteration, removal or condition of these facilities in the right of way and will promptly reimburse the Engineer for any and all expenses incurred by the Engineer in resisting any such claim or claims. Nothing herein shall be construed to mean that the Applicant hereunder will indemnify and save harmless the Engineer from any claim caused by or incident to any neglect, carelessness or breach of duty on the part of the Engineer.

11. Should the Applicant at any time fail to promptly and fully perform any of the obligations imposed hereby and after thirty (30) days written notice thereof, the Engineer may, at his option (a) cause the obligations to be fully carried out and performed, and the Applicant will promptly reimburse the Engineer for all costs and expenses incident thereto, (b) may summarily order the removal of such facility and if the Applicant fails to comply within a reasonable time, the Engineer may direct the removal of the facility with all costs and expenses thereto to be borne by Applicant.

12. If by reason of any change in the location, construction, grade or by any other matter affecting the highway upon which any facility is located because of changing traffic conditions or otherwise, it shall become advisable in the opinion of the Engineer that said facility be removed, relocated or otherwise modified, the Applicant, upon written notice from the Engineer, shall remove, relocate or modify such facility without undue delay in such manner as the Engineer may direct or approve, at the Applicant's expense and at no cost to the Engineer. All facilities located on public right of way under the dual jurisdiction of the State and a subordinate governmental entity shall comply with all applicable rules and regulations of such entity properly and lawfully in force and including but not limited to provisions of local franchises not in conflict with the rules and regulations of the Engineer. The Engineer makes no warranty either express or implied as to the continued existence of any highway in any particular location and expressly assumes no obligation with regard to the facility upon change, vacation or abandonment of any highway or portions thereof.

13. Neither the making of this application nor anything herein contained shall constitute a waiver on the part of the Applicant of any rights or claims had or made by some with respect to the occupancy of the streets and highways under the Constitution and Laws of the State of New Mexico, nor shall anything herein contained in anywise prejudice or impair any rights or claims existing independent of this application with respect to the construction, operation and maintenance of the Applicant's facilities in the State of New Mexico

14. Each copy of the application must be signed by the Applicant as an individual owner or by any official designated to execute such documents.

This application is hereby granted subject to all provisions herein and to the following special provisions, changes or amendments:

Instructions for Utility Permits should be read and applied.

Paragraph 5 reads in part as follows: Upon receipt of the approved permit, the applicant shall notify the District Engineer in writing of the date of starting the proposed installation. THE APPLICANT SHALL ALSO NOTIFY THE DISTRICT ENGINEER IN WRITING UPON THE COMPLETION OF THE INSTALLATION.

The applicant shall also be responsible for securing archeological clearances as well as providing an approved Traffic Control Plan to the District Engineer in accordance with the Manual on Uniform Traffic Control Devices (MUTCD) prior to the installation.

Applicant Molycorp, Inc.

By David R. Shoemaker

Title Mine Manager

Approval of this permit is hereby given this 23rd day of February, 19 94

M-00000080

NEW MEXICO STATE HIGHWAY DEPARTMENT

By [signature]

CMI09-00130

008961

Rev. 9-11-78

APPLICATION FOR PERMIT TO INSTALL UTILITY FACILITIES WITHIN PUBLIC RIGHT OF WAY

TO: NEW MEXICO STATE HIGHWAY DEPARTMENT
P. O. BOX 1149
SANTA FE, NEW MEXICO 87503

Permit No. 93-184
☐ New Installation
☐ Renewal Permit
☐ Relocation
☒ Remain in Place

1. Pursuant to New Mexico Statutes Annotated, 1953 Compilation, Sections 55-7-19 and 55-2-7, the undersigned Molycorp, Inc.

Address: P. O. Box 469, Questa, NM 87556

herein makes application to use highway rights of way to install:

Size and Type of Facility 3 - 14" tails lines side by side (existing)

in the following location: N. M. Project No. RS-1529 (11), S. R. No. 38

Hwy. Station 307 + 16 to Hwy. Station 318 + 66.50 ,

County, Section Taos, 1, Township 28N, Range 13E

2. For the purpose of this application "within" shall be construed as meaning "on, over, under, across or along."

a. "Engineer" shall be construed as meaning the District Highway Engineer of the New Mexico State Highway Department or his representative.

b. "Applicant" shall be construed as meaning the individual, firm, corporation, association, governmental subdivision, or other organization making application, or the successors of any of the above.

c. "Facility" shall be construed as meaning, but not limited to, and publicly, privately, cooperatively, municipally or governmentally owned facility used for carriage, distribution or transmission of water, gas or electricity, oil and products derived therefrom, sewage, steam or other projects carried by means of pipelines, conduits, wires, culverts, ditches, conveyors or other methods.

d. If application is for a parallel installation, justification as to why private right None available & prohibitive terrain may not be utilized must be furnished.

3. Applicant proposes to ~~relocate, install~~ or leave facility 10 feet within the north right of way line. The proposed installation shall be:

Parallel	Surface (existing)	No
(Crossing or Parallel)	(Subsurface or Overhead)	(Boring, Jacking or Pavement Cut)

a. If Applicant requests installation by pavement cut, complete justification therefore shall be submitted by attachment.

b. Where application for pavement cut is justified, the application may be held in abeyance pending receipt of cash bond in an amount to be fixed by the Engineer.

4. There is attached hereto a diagrammatic dimensioned drawing showing the location of existing and/or proposed installation referenced to roadway and right of way, right of way lines, any access control lines, distance of proposed installation above or below grade, highway stationing, identification of materials to be used and any other pertinent data. If application is for parallel installation, nature of adjacent land use shall be shown. Proposed installations on or in bridges or other structures, or for the installation of any structures, will require detailed structural drawings.

5. Applicant desires this permit to be in affect for 25 years. Permit will not be issued for a period longer than 25 years, must be renewed upon expiration and the burden of timely renewal is on the Applicant. The Applicant shall formally notify the engineer of actual commencement and completion of construction of the installation. The Applicant shall also formally notify the Engineer of removal or abandonment of the facility, or relinquishment of the permit.

6. The signing of the application by the Engineer and returning it to the Applicant shall validate this application as a permit. The granting of this permit shall not be construed as granting any easement or property right.

7. Servicing of facilities will not be permitted within the access control lines on any controlled access project. Should an emergency occur, the Applicant shall notify the Engineer and shall provide such flagmen, flashers, warning or other safety devices as required by the Engineer. All routine maintenance shall be performed from outside any access control lines.

8. The relocation or installation of facilities within public right of way shall be in strict conformance with all provisions of this application, drawing and the Instructions for Utility Permits, as they may be modified by the Engineer, and no departure therefrom may be made without the written consent of the Engineer. All facilities shall be so placed that they will not interfere with nor endanger any roadway features nor other existing facilities. All construction of facilities shall be subject to the inspection and approval of the Engineer. All such work shall be performed so that danger, inconvenience and delay to the traveling public will be held to a minimum. Protection and handling of traffic during the installation are the responsibility of the Applicant and must be approved by the Engineer.

9. The Applicant will, except as otherwise ordered by the Engineer, restore the public right of way, and all bridges or other structures thereon or adjacent thereto which have been altered or affected by facility installation performed hereunder, in accordance with sound construction practices and the Engineer's specifications, and shall cause the work to be done in a workmanlike manner. If any damage is caused to the highway right of way or to any bridge, structure or improvement thereon or adjacent thereto by reason of the installation, maintenance, alteration or removal of such facilities or other appurtenances, the Applicant will reimburse the Engineer the full amount thereof promptly upon demand by the Engineer: provided, however, that the obligation imposed under this paragraph shall not apply in the event the damage resulted from causes beyond the control of

the Applicant. All such facilities located within the right of way shall at all times be kept in such repair so as not to damage the highway, inconvenience or endanger the traveling public and shall be kept free from advertisement, posters and the like.

10. The Applicant will at all times indemnify and save harmless the Engineer from any and all claims of every kind of character caused by or incident to the installation, alteration, removal or condition of these facilities in the right of way and will promptly reimburse the Engineer for any and all expenses incurred by the Engineer in resisting any such claim or claims. Nothing herein shall be construed to mean that the Applicant hereunder will indemnify and save harmless the Engineer from any claim caused by or incident to any neglect, carelessness or breach of duty on the part of the Engineer.

11. Should the Applicant at any time fail to promptly and fully perform any of the obligations imposed hereby and after thirty (30) days written notice thereof, the Engineer may, at his option (a) cause the obligations to be fully carried out and performed, and the Applicant will promptly reimburse the Engineer for all costs and expenses incident thereto, (b) may summarily order the removal of such facility and if the Applicant fails to comply within a reasonable time, the Engineer may direct the removal of the facility with all costs and expenses thereto to be borne by Applicant.

12. If by reason of any change in the location, construction, grade or by any other matter affecting the highway upon which any facility is located because of changing traffic conditions or otherwise, it shall become advisable in the opinion of the Engineer that said facility be removed, relocated or otherwise modified, the Applicant, upon written notice from the Engineer, shall remove, relocate or modify such facility without undue delay in such manner as the Engineer may direct or approve, at the Applicant's expense and at no cost to the Engineer. All facilities located on public right of way under the dual jurisdiction of the State and a subordinate governmental entity shall comply with all applicable rules and regulations of such entity properly and lawfully in force and including but not limited to provisions of local franchises not in conflict with the rules and regulations of the Engineer. The Engineer makes no warranty either express or implied as to the continued existence of any highway in any particular location and expressly assumes no obligation with regard to the facility upon change, vacation or abandonment of any highway or portions thereof.

13. Neither the making of this application nor anything herein contained shall constitute a waiver on the part of the Applicant of any rights or claims had or made by some with respect to the occupancy of the streets and highways under the Constitution and Laws of the State of New Mexico, nor shall anything herein contained in anywise prejudice or impair any rights or claims existing independent of this application with respect to the construction, operation and maintenance of the Applicant's facilities in the State of New Mexico

14. Each copy of the application must be signed by the Applicant as an individual owner or by any official designated to execute such documents.

This application is hereby granted subject to all provisions herein and to the following special provisions, changes or amendments:

Instructions for Utility Permits should be read and applied.

Paragraph 5 reads in part as follows: Upon receipt of the approved permit, the applicant shall notify the District Engineer in writing of the date of starting the proposed installation. THE APPLICANT SHALL ALSO NOTIFY THE DISTRICT ENGINEER IN WRITING UPON THE COMPLETION OF THE INSTALLATION.

The applicant shall also be responsible for securing archeological clearances as well as providing an approved Traffic Control Plan to the District Engineer in accordance with the Manual on Uniform Traffic Control Devices (MUTCD) prior to the installation.

Applicant Molycorp, Inc.

By David R. Shoemaker

Title Mine Manager

Approval of this permit is hereby given this 23rd day of February, 19 94

M-00000082

NEW MEXICO STATE HIGHWAY DEPARTMENT

By Ted Springer

CMI09-00132

008963

Rev. 9-11-78

APPLICATION FOR PERMIT TO INSTALL UTILITY FACILITIES WITHIN PUBLIC RIGHT OF WAY

TO: NEW MEXICO STATE HIGHWAY DEPARTMENT
P. O. BOX 1149
SANTA FE, NEW MEXICO 87503

Permit No. 93-185
☐ New Installation
☐ Renewal Permit
☐ Relocation
☒ Remain in Place

1. Pursuant to New Mexico Statutes Annotated, 1953 Compilation, Sections 55-7-19 and 55-2-7, the undersigned Molycorp, Inc.

Address: P. O. Box 469, Questa, NM 87556

herein makes application to use highway rights of way to install:

Size and Type of Facility 12" water line existing

in the following location: N. M. Project No. RS-1529 (11), S. R. No. 38,

Hwy. Station 288 + 62.91 to Hwy. Station 318 + 66.50,

County, Section Taos, 1, Township 28N, Range 13E

2. For the purpose of this application "within" shall be construed as meaning "on, over, under, across or along."

a. "Engineer" shall be construed as meaning the District Highway Engineer of the New Mexico State Highway Department or his representative.

b. "Applicant" shall be construed as meaning the individual, firm, corporation, association, governmental subdivision, or other organization making application, or the successors of any of the above.

c. "Facility" shall be construed as meaning, but not limited to, and publicly, privately, cooperatively, municipally or governmentally owned facility used for carriage, distribution or transmission of water, gas or electricity, oil and products derived therefrom, sewage, steam or other projects carried by means of pipelines, conduits, wires, culverts, ditches, conveyors or other methods.

← None available & prohibitive terrain →

d. If application is for a parallel installation, justification as to why private right may not be utilized must be furnished.

3. Applicant proposes to ~~xxxxxxxxxx~~ or leave facility 25 ± feet within the south right of way line. The proposed installation shall be:

Parallel	Subsurface (existing)	No
(Crossing or Parallel)	(Subsurface or Overhead)	(Boring, Jacking or Pavement Cut)

a. If Applicant requests installation by pavement cut, complete justification therefore shall be submitted by attachment.

b. Where application for pavement cut is justified, the application may be held in abeyance pending receipt of cash bond in an amount to be fixed by the Engineer.

4. There is attached hereto a diagrammatic dimensioned drawing showing the location of existing and/or proposed installation referenced to roadway and right of way, right of way lines, any access control lines, distance of proposed installation above or below grade, highway stationing, identification of materials to be used and any other pertinent data. If application is for parallel installation, nature of adjacent land use shall be shown. Proposed installations on or in bridges or other structures, or for the installation of any structures, will require detailed structural drawings.

5. Applicant desires this permit to be in affect for 25 years. Permit will not be issued for a period longer than 25 years, must be renewed upon expiration and the burden of timely renewal is on the Applicant. The Applicant shall formally notify the engineer of actual commencement and completion of construction of the installation. The Applicant shall also formally notify the Engineer of removal or abandonment of the facility, or relinquishment of the permit.

6. The signing of the application by the Engineer and returning it to the Applicant shall validate this application as a permit. The granting of this permit shall not be construed as granting any easement or property right.

7. Servicing of facilities will not be permitted within the access control lines on any controlled access project. Should an emergency occur, the Applicant shall notify the Engineer and shall provide such flagmen, flashers, warning or other safety devices as required by the Engineer. All routine maintenance shall be performed from outside any access control lines.

8. The relocation or installation of facilities within public right of way shall be in strict conformance with all provisions of this application, drawing and the Instructions for Utility Permits, as they may be modified by the Engineer, and no departure therefrom may be made without the written consent of the Engineer. All facilities shall be so placed that they will not interfere with nor endanger any roadway features nor other existing facilities. All construction of facilities shall be subject to the inspection and approval of the Engineer. All such work shall be performed so that danger, inconvenience and delay to the traveling public will be held to a minimum. Protection and handling of traffic during the installation are the responsibility of the Applicant and must be approved by the Engineer.

9. The Applicant will, except as otherwise ordered by the Engineer, restore the public right of way, and all bridges or other structures thereon or adjacent thereto which have been altered or affected by facility installation performed hereunder, in accordance with sound construction practices and the Engineer's specifications, and shall cause the work to be done in a workmanlike manner. If any damage is caused to the highway right of way or to any bridge, structure or improvement thereon or adjacent thereto by reason of the installation, maintenance, alteration or removal of such facilities or other appurtenances, the Applicant will reimburse the Engineer the full amount thereof promptly upon demand by the Engineer; provided, however, that the obligation imposed under this paragraph shall not apply in the event the damage resulted from causes beyond the control of

CMI09-00133

M-00000083

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the Applicant. All such facilities located within the right of way shall at all times be kept in such repair so as not to damage the highway, inconvenience or endanger the traveling public and shall be kept free from advertisement, posters and the like.

10. The Applicant will at all times indemnify and save harmless the Engineer from any and all claims of every kind of character caused by or incident to the installation, alteration, removal or condition of these facilities in the right of way and will promptly reimburse the Engineer for any and all expenses incurred by the Engineer in resisting any such claim or claims. Nothing herein shall be construed to mean that the Applicant hereunder will indemnify and save harmless the Engineer from any claim caused by or incident to any neglect, carelessness or breach of duty on the part of the Engineer.

11. Should the Applicant at any time fail to promptly and fully perform any of the obligations imposed hereby and after thirty (30) days written notice thereof, the Engineer may, at his option (a) cause the obligations to be fully carried out and performed, and the Applicant will promptly reimburse the Engineer for all costs and expenses incident thereto, (b) may summarily order the removal of such facility and if the Applicant fails to comply within a reasonable time, the Engineer may direct the removal of the facility with all costs and expenses thereto to be borne by Applicant.

12. If by reason of any change in the location, construction, grade or by any other matter affecting the highway upon which any facility is located because of changing traffic conditions or otherwise, it shall become advisable in the opinion of the Engineer that said facility be removed, relocated or otherwise modified, the Applicant, upon written notice from the Engineer, shall remove, relocate or modify such facility without undue delay in such manner as the Engineer may direct or approve, at the Applicant's expense and at no cost to the Engineer. All facilities located on public right of way under the dual jurisdiction of the State and a subordinate governmental entity shall comply with all applicable rules and regulations of such entity properly and lawfully in force and including but not limited to provisions of local franchises not in conflict with the rules and regulations of the Engineer. The Engineer makes no warranty either express or implied as to the continued existence of any highway in any particular location and expressly assumes no obligation with regard to the facility upon change, vacation or abandonment of any highway or portions thereof.

13. Neither the making of this application nor anything herein contained shall constitute a waiver on the part of the Applicant of any rights or claims had or made by some with respect to the occupancy of the streets and highways under the Constitution and Laws of the State of New Mexico, nor shall anything herein contained in anywise prejudice or impair any rights or claims existing independent of this application with respect to the construction, operation and maintenance of the Applicant's facilities in the State of New Mexico

14. Each copy of the application must be signed by the Applicant as an individual owner or by any official designated to execute such documents.

This application is hereby granted subject to all provisions herein and to the following special provisions, changes or amendments:

Instructions for Utility Permits should be read and applied.

Paragraph 5 reads in part as follows: Upon receipt of the approved permit, the applicant shall notify the District Engineer in writing of the date of starting the proposed installation. THE APPLICANT SHALL ALSO NOTIFY THE DISTRICT ENGINEER IN WRITING UPON THE COMPLETION OF THE INSTALLATION.

The applicant shall also be responsible for securing archeological clearances as well as providing an approved Traffic Control Plan to the District Engineer in accordance with the Manual on Uniform Traffic Control Devices (MUTCD) prior to the installation.

Applicant Molycorp, Inc.

By David R. Shoemaker

Title Mine Manager

Approval of this permit is hereby given this 23rd day of February, 19 94

M-00000084

NEW MEXICO STATE HIGHWAY DEPARTMENT

By [signature]

CMI09-00134

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6-11-65
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WARRANTY DEED

M. J. SINGLETON and HELEN A. SINGLETON, his wife, for consideration paid, grant to MOLYBDENUM CORPORATION OF AMERICA, a Delaware corporation, the following described real estate located in Taos County, New Mexico, to-wit:

> Commencing at the Southwesterly corner of this tract, being a steel pin set for the Southwest corner of Tr. 53, Map 10, Survey No. 7, N.M.R.S.; THENCE N. 55° 36' E. 1481.3 feet to the Northeasterly corner of this tract where a stake and stone monument for the Southeast corner of S.H.C. 5309, Tr. 1 is set; THENCE N. 36° 00' W., 80.0 feet to a point being the Northwesterly corner of this tract; THENCE S. 55° 36' W. 1454.1 feet to the Southwesterly corner of this tract; THENCE S. 17° 04' E. to the Southeasterly corner and the point and place of beginning, said tract being part of S.H.C. 5309, Tr. 1, and part of Tr. 53, Map 10, Survey No. 7, N.M.R.S., and being located in Section 32, Township 29 North, Range 13 East, N.M.P.M., and containing 2.696 acres, and all as shown upon a plat prepared by Irvin L. Sackett, New Mexico Land Surveyor No. 1435 on April 20, 1965, and entitled "Plat of part of M.J. Singleton property, Questa, Taos County, N. Mex."
>
> Subject to a right-of-way of egress and ingress for vehicles over, across and through the presently existing road to the South boundary of this tract, and a similar easement over, across and through the road to be constructed through the above described tract in a Northeasterly Southwesterly direction for vehicular traffic, together with a similar right-of-way over a road to be constructed by the grantee near the Northeasterly corner of this tract connecting with said Northeasterly Southwesterly road and crossing the South ditch.

with warranty covenants.

WITNESS our hands and seals this 9 day of June, 1965.

M. J. Singleton

Helen A. Singleton

STATE OF New Mexico
County of Taos, ss.

The foregoing instrument was acknowledged before me this 9th day of June, 1965, by M. J. Singleton and Helen A. Singleton, his wife.

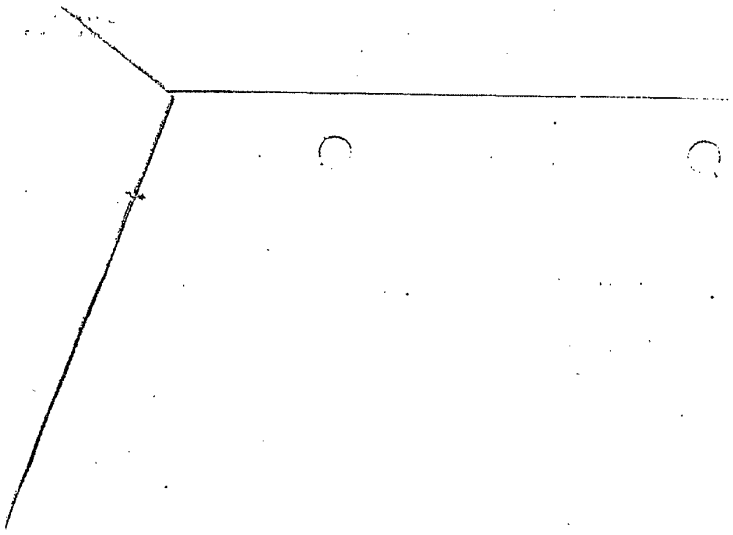
My Commission expires:
My Commission expires July 26, 1967

Notary Public

CMI09-00135

M-00000092

008966



Compared from [illegible]

To [illegible]

Indexed [illegible]

[illegible] OF [illegible])
[illegible] OF [illegible]) [illegible]

This instrument was filed for record on the 17th day of [illegible] [illegible] P. [illegible] 'clock [illegible] M. [illegible] duly recorded in book A-99 page 201 [illegible]

[illegible] Clerk & Recorder

[illegible] Deputy

CMI09-00136

M-00000093

[illegible]

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WARRANTY DEED

M. J. SINGLETON and HELEN A. SINGLETON, his wife, for consideration paid, grant to MOLYBDENUM CORPORATION OF AMERICA, a Delaware corporation, the following described land located in Taos County, New Mexico, to-wit:

A certain portion of land lying in Taos County, State of New Mexico, Section 32, Township 29 North, Range 13 East, Seventh Standard Parallel North of the New Mexico Principal Meridian, and more particularly described as follows:

Starting at Brass Cap G.L.O.S. P.C. 5311-56 thence N. 46° 40' E., 647.1 feet to Corner No. 1 and the point and place of beginning; thence N. 58° 23' E., 954.1 feet to Corner No. 2; thence S. 55° 41' W., 965.3 feet to Corner No. 3; thence N. 19° 05' W., 46.4 feet to Corner No. 1, the point of beginning. The above described parcel contains 0.50 acres, more or less.

with warranty covenants.

WITNESS our hands and seals this 22nd day of July, 1969.

M. J. Singleton
M. J. SINGLETON

Helen A. Singleton his wife
HELEN A. SINGLETON

STATE OF NEW MEXICO)
: ss.
COUNTY OF TAOS)

The foregoing instrument was acknowledged before me this 22nd day of July, 1969, by M. J. SINGLETON and HELEN A. SINGLETON, his wife.

G. B. Dean
Notary Public

My Commission Expires:

July 24, 1969

M-00000094

CMI09-00137

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51492
9:01 AM
10-23-69

WARRANTY DEED

ANTONIA VARELA, a widow and the sole heir of Jose Varela, for consideration paid, grants unto MOLYBDENUM CORPORATION OF AMERICA, a Delaware corporation, the following described real estate situate in Taos County, New Mexico, to-wit:

> Part of S.H.C. No. 5309, Tr. 1, Questa, Taos County, New Mexico
>
> Beginning at a stone monument of the General Land Office survey, which lies West 399.3 feet from the Standard ¼ Corner of Section 32, T. 29 N., R. 13 E., N.M.P.M., thence West 141.6 feet to a point; thence North 55° 36' E. 380.6 feet to a point; thence South 17° 04' E. 83.8 feet to a point; thence South 55° 36' W. 238.7 feet to the point and place of beginning containing .569 acres and being further described as part of Tr. 52, Map 10, Sur. 7, N.M.R.S., also part of S.H.C. No. 5309, Tr. 1, and lying in the SW¼ Section 32, T. 29 N., R. 13 E., N.M.P.M., all as shown by a "Plat of Part of Jose Varela property Questa, Taos County, New Mexico Scale 1" = 100' 12/2/65 Irvin L. Sackett, Surveyor N.M.L.S. No. 1435"

with warranty covenants.

WITNESS my hand and seal this 28 day of June, 1966.

Antonia Varela

STATE OF NEW MEXICO)
: ss.
COUNTY OF TAOS)

The foregoing instrument was acknowledged before me this 28 day of June, 1966, by Antonia Varela.

Robert R. Tiffany
Notary Public

My commission expires:
July 26 1967

STATE OF NEW MEXICO } ss.
COUNTY OF TAOS }

This instrument was filed for record on the 23 day of October A. D. 1969 at 9:01 O'clock AM and duly recorded in book A-119 Page 90 Re 10-23-69

Curran M. Montoya
County Clerk & Recorder
By Connie Vigil Deputy

CMI09-00138

M-00000095

008969

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53997
10:37 Am
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WARRANTY DEED

ANTONIA VARELA, a widow, for consideration paid, grants to MOLYBDENUM CORPORATION OF AMERICA, a Delaware corporation, the following described land in Taos County, New Mexico, to-wit:

A certain portion of land lying in Taos County, State of New Mexico, Section 32, Township 29 North, Range 13 East, Seventh Standard Parallel North of the New Mexico Principal Meridian, and more particularly described as follows:

Starting at Brass Cap G.L.O.S. P.C. 5311-56 thence N. 15° 49' E., 193.1 feet to Corner No. 1 and the point and place of beginning; thence N. 58° 23' E., 491.0 feet to Corner No. 2; thence S. 19° 05' E., 46.4 feet to Corner No. 3; thence S. 55° 41' W., 376.0 feet to Corner No. 4; thence S. 89° 16' W., 122.7 feet to Corner No. 1, the point of beginning. The above described parcel contains 0.55 acres, more or less.

with warranty covenants.

WITNESS my hand and seal this 13 day of ~~July~~ Feb., 1970.

Antonia Varela
ANTONIA VARELA

STATE OF NEW MEXICO)
: ss.
COUNTY OF TAOS)

The foregoing instrument was acknowledged before me this 13 day of ~~July, 1969~~ February 1970, by ANTONIA VARELA, a widow.

J. B. Bacon
NOTARY PUBLIC

My Commission Expires:

July 24, 1970

CMI09-00139

STATE OF NEW MEXICO)
COUNTY OF TAOS) SS.

This instrument was filed for record on the 6th day of March A. D. 19 70 at 10:37 o'clock A.M. and duly recorded in book A-117 Page 607 Rec. 3.12.70

Doreen N. Martinez
County Clerk & Recorder
Grace Vigil Deputy

M-00000096

008970

8 2096

4-22-65
9:55 AM

WARRANTY DEED

JOSE BRAULIO GOMEZ and FERMINIA M. GOMEZ, his wife, for consideration paid, grant to MOLYBDENUM CORPORATION OF AMERICA, a Delaware Corporation, the following described real estate in Taos County, New Mexico:

S.H.C. No. 5323, Tr. 1 Questa, Taos County, New Mexico

Beginning at the Northeast Corner of Sec. 6, T. 28 N., R. 13 E., N.M.P.M., which point is witnessed by a stone monument marked with five grooves on the East side and one groove on the West side lying South 543.18 feet from said N.E. Cor. also from said N.E. Cor. a brass capped monument of the Compton Survey of 1912 lies N. 89° 59' W 492.36 feet, thence;

N. 89° 59' W., 157.74 feet to the point and place of beginning of this tract which point is Cor. No. 3 of the Compton Survey (re-located), thence;

S. 89° 59' E, 709.5 feet to Cor. No. 4 of the Compton Survey, (re-located), thence;

S. 11° 10' E. 1212.4 feet to Cor. No. 5 of the Compton survey at which point was found a brass capped monument, thence;

S. 60° 37' W., 898.5 feet to the sectional closing corner at which point was found a brass capped monument; thence;

S. 58° 55' W., 472.3 feet to Corner No. 1 of the Compton Survey at which point was found a brass capped monument, thence;

N. 6° 30' E., 1861.2 feet to Corner No. 2 of the Compton Survey (re-located), thence;

N. 56 ° 30' E., 40.9 feet to the point and place of beginning, containing 33.802 Acres and being further described as Tr. 2, Map 15, Sur. 7, N.M.R.S., and also as lying in the NW¼, NW¼, Sec. 5, and E½, NE¼ Sec. 6, T. 28 N., R. 13 E., N.M.P.M., subject to any existing easements. 33.802 acres at 15.00 #507

with warranty covenants.

WITNESS our hands this 19th day of April, 1965.

Jose Braulio Gomez

Ferminia M. Gomez

STATE OF WYOMING
COUNTY OF SWEETWATER, ss.

The foregoing instrument was acknowledged before me this 19 day of April, 1965, by Jose Braulio Gomez and Ferminia Gomez, his wife.

Notary Public

CMI09-00140

My commission expires:

April 24, 1967

M-00000097

Rec. April 22, 1965
BK A-99 pg 397

008971

Cleofus Cisneros Tract

Tract 37, Map 14, Survey 7, more particularly described as follows:

Beginning at Corner No. 3 of S.H.C. 5316, Tr. 1, a brass capped monument in place, the point and place of beginning of this tract; thence N. 62° 00' E., 299.0 feet to a point, Corner No. 4, a brass cap; thence N. 7° 20' E., 1739.1 feet to Corner No. 5, a brass cap; thence N. 9° 25' E., 89.5 feet to a point, a fence corner; thence S. 69° 37' W., 323.8 feet to a point, a fence corner; thence S. 7° 55' W., 108.3 feet to Corner No. 2, a brass cap; thence S. 6° 00' W., 1743.1 feet to the point and place of beginning, containing 11.279 acres and being further described as part of S.H.C. No. 5316, Tr. 1, also as all of Tr. 37, Map 14, Survey 7, N.M.R.S. for Taos County, and lying in Section 6, T. 28 N., R. 13 E., N.M.P.M. Deed recorded in Book A-109, Page 572.

10

54676
1:23 pm
4-15-70

WARRANTY DEED

GUSTAVO RAEL, ALFONSO RAEL, RODOLFO RAEL, and JOSE R. RAEL, also known as REDOLIO RAEL and as LOLO RAEL, dealing in their sole and separate estates, for consideration paid, grant to MOLYBDENUM CORPORATION OF AMERICA, a Delaware Corporation, the following described real estate in Taos County, New Mexico:

> A tract of land located in Taos County, New Mexico, near the Town of Questa and described as follows; beginning at the northeasterly corner of this tract from which corner No. 2 of S.H.C. No. 5328, Tr. 1 bears N. 83° 27½' E., 174.09 ft., thence from said beginning corner N. 87° 29½' W., 48.96 ft. to the northwesterly corner of this tract, thence S. 4° 33' W., 458.24 ft., thence S. 2° 34' W., 334.34 ft., to the southwesterly corner of this tract, thence N. 71° 02' E., along the north bank of Red River 25.23 ft., thence continuing generally along the north bank of the Red River by courses and distances as follows: N. 59° 07' E., 124.89 ft., N. 47° 47½' E., 21.51 ft., N. 61° 58½' E., 111.54 ft., N. 62° 34½' E., 21.48 ft., N. 60° 55' E., 76.19 ft., N. 38° 35½' E., 9.06 ft., N. 22° 53½' E., 50.78 ft., N. 32° 52½' E., 20.45 ft., and N. 43° 25' E., 84.39 ft. to the southeasterly corner of this tract, thence N. 28° 15½' W., and leaving the area along said north bank 127.03 ft. to a corner, thence S. 74° 27' W., 276.47 ft. to a corner, thence N. 0° 15½' E., to the point and place of beginning, all as shown upon a plat drawn by P. LaCome and dated Aug. 11, 1967 scale 1" = 100 ft. and entitled "Outline of a Portion of Rael's Property in Section 6, T. 28 N., R. 13 E., Showing Portion Proposed for Molycorp's Acquisition", and containing 3.04 acres, a copy of which is attached to the last supplemental abstract above mentioned.

with warranty covenants.

WITNESS our hands and seals this 23rd day of December, 1969.

RODOLFO RAEL

GUSTAVO RAEL

JOSE R. RAEL, a/k/a REDOLIO RAEL, a/k/a LOLO RAEL

ALFONSO RAEL

M-00000099

CMI09-00142

008973

STATE OF NEW MEXICO)
: ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this 23rd day of December, 1969, by GUSTAVO RAEL.

Jose R Rael
Notary Public

My Commission Expires:
Feb. 9, 1971

STATE OF NEW MEXICO)
: ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this 23rd day of December, 1969, by ALFONSO RAEL.

Jose R Rael
Notary Public

My Commission Expires:
Feb. 9, 1971

STATE OF ~~NEW MEXICO~~ California)
: ss.
COUNTY OF Merced)

The foregoing instrument was acknowledged before me this 30 day of December, 1969, by RODOLFO RAEL.

OFFICIAL SEAL
MILTON A. LUSTRE
NOTARY PUBLIC - CALIFORNIA
PRINCIPAL OFFICE IN
MERCED COUNTY
My Commission Expires February 18, 1972

Milton A. Lustre
Notary Public

My Commission Expires:
[illegible]

STATE OF NEW MEXICO)
: ss.
COUNTY OF)

M-00000100

The foregoing instrument was acknowledged before me this 23rd day of December, 1969, by JOSE R. RAEL, also known as REDOLIO RAEL, and as LOLO RAEL.

Jose R Rael
Notary Public

CMI09-00143

My Commission Expires:

008974

Solomon, Steinberg & Kurt
Attorney at Law
Suite 50, Sena Plaza —
Santa Fe, N. Mex 87514

STATE OF NEW MEXICO } SS.
COUNTY OF TAOS }

This instrument was filed for record on the 15th day of April A. D. 1970 123 o'clock P. M. and duly recorded in book A-119 pages 814-815 Rec. 4-16-70

Aurora M. Montoya
By Clerk's Recorder
Emma Vigil ... Ctr

Compared from R.V.
To U.S.
Indexed D

CMI09-00144

M-00000101

008975

SF-1 SHORT FORM WARRANTY DEED—Rev. 5-. New Mexico Statutory Form THE VALLIANT CO. ALBUQUERQUE, N. M.

63

WARRANTY DEED

DIANNA R. APODACA, dealing with her sole and separate property, joined by her husband, LEROY APODACA., for consideration paid, grant... to MOLYCORP, INC., whose address is QUESTA, NEW MEXICO, the following described real estate in Taos County, New Mexico:

Lots 29, 30, 31, and 32 of the Questa Heights III addition as the same appears in that certain Plat and Survey filed in Volume II of Page 28, records of Taos County, New Mexico, including the rights in all easements, rights of way and streets adjoining or appuetaining thereto and also including all water rights, if any appurtaining thereto.

with warranty covenants.

WITNESS our hands and seals this 6th day of May June, 19 80

(Seal) Dianna R. Apodaca (Seal)
DIANNA R. APODACA

(Seal) Leroy Apodaca (Seal)
LEROY APODACA

NOTARY PUBLIC STATE OF NEW MEXICO ALICE DIEFENDORF

ACKNOWLEDGMENT FOR NATURAL PERSONS

STATE OF NEW MEXICO }
COUNTY OF BERNALILLO } ss.

The foregoing instrument was acknowledged before me this 6th day of May June, 19 80,

by [illegible]
(Name or Names of Person or Persons Acknowledging)

My commission expires: 6-5-83 (Seal)

[illegible]
Notary Public

NOTARY PUBLIC STATE OF NEW MEXICO ALICE DIEFENDORF

FOR RECORDER'S USE ONLY
STATE OF NEW MEXICO) SS
COUNTY OF TAOS)

This instrument was filed for record on the 13 day of June A.D. 1980 at 1:10 o'clock PM and duly recorded in book A-15 Page 619 Rec 6-27-80

[illegible]
County Clerk & Recorder

By [illegible] Deputy

ACKNOWLEDGMENT FOR CORPORATION

STATE OF NEW MEXICO }
COUNTY OF ..... } ss.

The foregoing instrument was acknowledged before me this ..... day of ....., 19....., by ..... (Name of Officer), ... (Title of Officer) of ..... (Name of Corporation Acknowledging), a ..... (State of Incorporation) corporation, on behalf of said corporation.

My commission expires: ..... (Seal)

..... Notary Public

M-00000102

CMI09-00145

008976

SF - 1 SHORT FORM WARRANTY DEED—Rev. 5-75—New Mexico Statutory Form THE VALLIANT CO. ALBUQUERQUE, N. M.

52157
2:01
6-17-80

CORRECTION WARRANTY DEED

ELIRIO RAEL and ROSE C. RAEL, his wife, for consideration paid, grant,

to MOLYCORP, INC.,

whose address is Questa, NM 87556,

the following described real estate in Taos County, New Mexico:

A certain tract of land in Questa, Taos County, New Mexico, located within the North 1/2 of Section 6, Township 28 North, Range 13 East, N.M.P.M., described as Small Holding Claim 5303, Tract 2 of the 1912 U.S.G.L.O. Survey of the Small Holding Claims in Section 6, Township 28 North, Range 13 East, N.M.P.M., also described as Tracts 38, 39, 41, 42, and 43, Map 14, Survey 7 of the 1941 Taos County Reassessment Survey, also described as Questa Heights III, and more particularly described by metes and bounds as follows:

BEGINNING at a 3/8" rebar found for the SW corner of this tract on the northerly boundary of the Carson National Forest from whence Corner 1 of Small Holding Claim 5315, Tract 1, a 1912 U.S.G.L.O. brass cap monument found bears S. 79° 03' W., 337.6 feet distant, thence leaving said boundary;

N. 05° 51' E., 490.1 feet to a 3/8 inch rebar found thence;
N. 05° 40' E., 1325.8 feet to the NW corner, a 1912 U.S.G.L.O. brass cap monument found for Corner 1 of Small Holding Claim 5303, Tract 2; thence;
N. 65° 52' E., 257.9 feet to Corner 5 of Small Holding Claim 5303, Tract 2, a 1912 U.S.G.L.O. brass cap monument found, thence;
N. 73° 08' E., 270.6 feet to the NE corner, a 1912 U.S.G.L.O. brass cap monument found for Corner 4 of Small Holding Claim 5303, Tract 2, thence;
S. 06° 03' W., 1042.5 feet to a 1/2 inch rebar found thence;
S. 05° 55' W., 699.5 feet to the SE corner, a 1912 U.S.G.L.O. brass cap monument found for Corner 3 of Small Holding Claim 5303, Tract 2, thence;
S. 62° 20' W., 556.5 feet to the point and place of beginning.

This tract contains 19.187 acres, more or less, and is subject to an easement for a public road as shown on this plat.

Bearings of this survey are based on the 1912 U.S.G.L.O. published bearing between Corner 4 and Corner 3 of Small Holding Claim 5303, Tract 2 as evidenced by brass cap monuments found in the field.

Excepting Lots 29, 30, 31 and 32 of the Questa Heights III as the same appears in that certain plat and survey filed in Volume 2 at Page 28, Records of Taos County, New Mexico.

Including all water rights that may be appurtenant thereto. CORRECTING BOOK A-153 pg. 791.
with warranty covenants.

WITNESS our hands and seals this 20th day of June, 19 80.

Elirio Rael (Seal) — ELIRIO RAEL

Rose C. Rael (Seal) — ROSE C. RAEL

(Seal) (Seal)

ACKNOWLEDGMENT FOR NATURAL PERSONS

STATE OF NEW MEXICO }
COUNTY OF TAOS } ss.

The foregoing instrument was acknowledged before me this 20th day of June, 19 80,
by Elirio Rael and Rose C. Rael
(Name or Names of Person or Persons Acknowledging)

My commission expires:
(Seal)

Notary Public

ACKNOWLEDGMENT FOR CORPORATION

STATE OF NEW MEXICO }
COUNTY OF } ss.

The foregoing instrument was acknowledged before me this
day of , 19,
by
(Name of Officer)
(Title of Officer) of
(Name of Corporation Acknowledging)
a
(State or Incorporation)
corporation, on behalf of said corporation.

My commission expires:
(Seal)

Notary Public

FOR RECORDER'S USE ONLY
STATE OF NEW MEXICO } SS
COUNTY OF TAOS }
This instrument was filed for record on the 23 day of June A.D. 19 80 at 2:01 o'clock PM and duly recorded in book A-154 Page 678. Rec 6-17-80
County Clerk & Recorder
By Darlene M. Hunt Deputy

M-00000103

CMI09-00146

008977

Sterling Title
SF - 1 SHORT FORM WARRANTY DEED—Rev. 5-75—New Mexico Statutory Form. THE VALLIANT CO. ALBUQUERQUE, N. M.

4:20
3-26-81

WARRANTY DEED

64

NORBERTO C. ORTEGA and ARABELLA ORTEGA, his wife; NICOMEDES E. ORTEGA and MARTHA ORTEGA, his wife and JUAN BENITO ORTEGA and TEODORA ORGETA, his wife, for consideration paid, grant ... to MOLYCORP, INC.

whose address is Questa, New Mexico

the following described real estate in Taos County, New Mexico:

A certain Tract of Land at Questa, Taos County New Mexico, situated in section 36, T. 29, N. R. 12 E. N.M.P.M., and section 31, T. 29 N. R. 13 E. N.M.P.M., and part of small holding claim 1964 Tr. 2, and part of small holding claim 2124 Tr. 2, and part of small holding claim 2123 Tr. 4, and part of small holding claim 2148 Tr. 1, and part of Tract 42, and part of Tract 41, Map 8, Survey 7, part of Tract 7, Map 11, and part of Tract 8, Map 11, Survey 7 of the New Mexico Reassessment Survey of 1941. And more particularly described as follows:

Commencing at a U.S.G.L.O. Brass Cap, being Corner 1, of Small Holding Claim 5328, Tr. 3,
Thence N 49° 12' 31" E 1240.72 feet to a 3/4" rebar, being the true point of beginning,
Thence N 04° 59' 20" W 591.40 feet to a 3/4" rebar,
Thence N 07° 11' 28" E 714.34 feet to a U.S.G.L.O. Marked Stone,
Thence N 13° 13' 06" E 161.77 feet to a 3/4" rebar,
Thence N 10° 14' 52" E 337.09 feet to a Steel Stake,
Thence N 11° 20' 30" E 571.80 feet to a Steel Stake,
Thence N 10° 21' 23" E 406.63 feet to a Steel Stake,
Thence N 13° 32' 12" E 147.95 feet to a Steel Stake,
Thence N 15° 55' 17" E 245.23 feet to a Steel Stake,
Thence N 15° 49' 44" E 89.86 feet to a Steel Stake,
Thence N 16° 20' 29" E 213.46 feet to a Steel Stake,
Thence N 16° 26' 43" E 329.18 feet to a 3/4" bolt,
Thence S 73° 08' 24" E 260.01 feet to a 3/4" bolt, along the South Side of ABRA ROAD,
Thence S 15° 00' 54" W 449.57 feet to a Steel Stake,
Thence S 14° 50' 14" W 501.34 feet to a Steel Stake,
Thence S 10° 45' 08" W 874.13 feet to a Steel Stake,
Thence S 07° 57' 21" W 1884.24 feet to a Steel Stake,
Thence S 85° 10' 12" W 181.00 feet to the true point of beginning, Along The North Side of EMBARGO ROAD, Containing 25.298 Acres More or Less.

with warranty covenants.

WITNESS our hands and seals this 25th day of March, 19 81

Juan Benito Ortega (Seal) Norbert C. Ortega (Seal)

Juan B. Ortega Seal Mrs. Arabella D. Ortega Seal

Martha Ortega (Seal) Nicomedes E. Ortega (Seal)

ACKNOWLEDGMENT FOR NATURAL PERSONS

STATE OF NEW MEXICO
COUNTY OF Taos } ss.

The foregoing instrument was acknowledged before me this 25 day of March, 19 81,
by Juan Benito & Teodora Ortega, Norbert C. & Arabella Ortega, Nicomedes E. & Martha Ortega, Alexia C. Gonzales
(Name or Names of Person or Persons Acknowledging)

My commission expires:
(Seal) 7/31/1982

Notary Public

FOR RECORDER'S USE ONLY

STATE OF NEW MEXICO)
COUNTY OF TAOS) ss

This instrument was filed for record on the 26 day of March, 1981 at 4:20 o'clock PM and duly recorded in book A-152 page 535. Rec. 3-26-81

Marie Lorraine Dallegos
County Clerk & Recorder

By Katie Lujan Deputy

ACKNOWLEDGMENT FOR CORPORATION

STATE OF NEW MEXICO
COUNTY OF } ss.

The foregoing instrument was acknowledged before me this ..... day of ....., 19....., by ..... (Name of Officer) ..... (Title of Officer) of ..... (Name of Corporation Acknowledging) ..... corporation, on behalf of said corporation.
(State of Incorporation)

My commission expires:
(Seal)

Notary Public

M-00000104

CMI09-00147

008978

8008-44-334

SF-1 SHORT FORM WARRANTY DEED—Rev. 5-76—New Mexico Statutory Form

THE VALLIANT CO. ALBUQUERQUE, N. M.

10-9-81
2:18

WARRANTY DEED

66

ELOY RAEL AND MANUELITA RAEL

, for consideration paid, grant

to MOLYCORP, INC.

,

whose address is Questa, New Mexico

,

the following described real estate in Taos County, New Mexico:

A certain tract of land at Questa, Taos County, New Mexico, and being in Section 6, Township 28 North, Range 13 East, N.M.P.M. and in Small Holding Claim 5318, Tract 2, and more particularly described as follows:

Commencing at a U.S.G.L.O. brass cap (found), being corner 3, S.H.C. 5318 Tr. 2, Section 6 T. 28 N., R. 13 E., N.M.P.M.

Thence S 03°47'24" W 71.26 feet to a 3/4" bolt,
being the true point of beginning,
Thence S 01°53'00" W 438.15 feet to a 3/4" bolt,
Thence S 52°40'13" W 62.30 feet to a 3/4" bolt,
Thence N 88°25'16" W 172.04 feet to a 3/4" bolt,
Thence N 03°25'05" E 21.47 feet to a 3/4" bolt,
Thence S 88°28'10" W 19.47 feet to a 3/4" bolt,
Thence S 85°19'57" W 52.97 feet to a 3/4" bolt,
Thence N 04°37'15" E 460.39 feet to a 3/4" bolt,
Thence S 88°48'54" E 269.85 feet to the true point
of beginning, containing 3.021 acres more or less.

Together with all improvements, rights, tenements, hereditaments and appurtenances belonging thereto, but excepting any water rights which may be appurtenant to the property.

SUBJECT TO taxes for the year 1981.

with warranty covenants.

WITNESS hand and seal this 9th day of October, 19 81

Eloy Rael (Seal)
ELOY RAEL

Manuelita Rael (Seal)
MANUELITA RAEL

(Seal) (Seal)

ACKNOWLEDGMENT FOR NATURAL PERSONS

STATE OF NEW MEXICO }
COUNTY OF Taos } ss.

The foregoing instrument was acknowledged before me this 9th day of October, 19 81,
by ELOY RAEL AND MANUELITA RAEL
(Name or Names of Person or Persons Acknowledging)

My commission expires:
(Seal) 1/31/1982

Olivia C Gonzales
Notary Public

NOTARY PUBLIC

FOR RECORDER'S USE ONLY

STATE OF NEW MEXICO }
COUNTY OF TAOS } ss.

This instrument was filed for record on the 9th day of October A.D. 1981 at 2:18 o'clock P.M. and duly recorded in book A-159 Page 719 Rec 10-15-81

Marie Lorraine Gallegos
County Clerk & Recorder

By Diana Martinez Deputy

ACKNOWLEDGMENT FOR CORPORATION

STATE OF NEW MEXICO }
COUNTY OF } ss.

The foregoing instrument was acknowledged before me this day of , 19 ,
by (Name of Officer),
(Title of Officer) of (Name of Corporation Acknowledging),
a (State of Incorporation) corporation, on behalf of said corporation.

My commission expires:
(Seal)

Notary Public

CMI09-00148

M-00000105

008979

SF - 1 SHORT FORM WARRANTY DEED—Rev. 5-75—New Mexico Statutory Form THE VALLIANT CO. ALBUQUERQUE, N. M.

WARRANTY DEED

70

LOUIS G. GALLEGOS, a single person a/k/a LUIS G. GALLEGOS, a single person

, for consideration paid, grant S

to MOLYCORP, INC.

P.O. Box 469,

whose address is Questa, New Mexico, 87556

the following described real estate in Taos County, New Mexico:

A certain tract of land at Questa, Taos County, New Mexico, and being a portion of Section 6, T. 28 N, R. 13 E, N.M.P.M., and a portion of small Holding Claim No. 5315 Tract 1, and more particularly described as follows:

Commencing at Corner 2, of Small Holding Claim No. 5328 Tr. 2, where is found a U.S.G.L.O. Brass Cap,
Thence N 87°06'07" E 287.58 feet to a 3/4 rebar, being the true point of beginning,
Thence N 61°51'36" E 31.89 feet to a point,
Thence N 62°34'30" E 21.48 feet to a point,
Thence N 60°55'00" E 76.19 feet to a 1" drill steel,
Thence N 38° 5'30" E 9.06 feet to a 1" drill steel,
Thence N 22°55'30" E 50.70 feet to a point.
Thence N 32°52'30" E 20.45 feet to a point.
Thence N 43°25'00" E 84.39 feet to a 1" drill steel,
Thence S 22°10'29" E 212.36 feet to a 1" rebar,
Thence N 75°05'44" E 186.46 feet to an iron fence post,
Thence S 12°42'55" E 205.26 feet to a rebar,
Thence N 86°45'06" W 148.24 feet to a rebar,
Thence N 85°10'14" W 50.02 feet to a rebar,
Thence N 80°02'20" W 53.07 feet to a rebar,
Thence N 75°29'59" W 52.40 feet to a rebar,
Thence N 68°49'58" W 55.86 feet to a rebar,
Thence N 64°46'16" W 74.61 feet to a rebar,
Thence N 53°29'02" W 113.69 feet to the true point of beginning.
CONTAINING 1.696 Acres more or less.
Also being part of Tract 44, Map 14, Survey 7, of the New Mexico Reassessment Survey of 1941.

SUBJECT TO: Easements, rights of way, alleys, as reflected in Survey Plat Entitled Louis Gallegos, as filed for record in Cabinet A at Page 183-A, Records of Taos County, New Mexico.

with warranty covenants.

WITNESS my hand and seal this 17th day of July, 19 81

(Seal) Louis G. Gallegos (Seal)
LOUIS G. GALLEGOS

(Seal) Louis G. Gallegos (Seal)

ACKNOWLEDGMENT FOR NATURAL PERSONS

STATE OF NEW MEXICO }
COUNTY OF TAOS } ss.

The foregoing instrument was acknowledged before me this 17th day of July, 19 81,
by LOUIS G. GALLEGOS, a single person
(Name or Names of Person or Persons Acknowledging)

My commission expires:
(Seal) 9/24/1982

Olivia C. Gonzales
Notary Public

FOR RECORDER'S USE ONLY
STATE OF NEW MEXICO }
COUNTY OF TAOS } SS

This instrument was filed for record on the 17th day of July A.D. 1981 at 2:43 o'clock P.M. and duly recorded in book A-168 Page 758. Rec 7-23-81

Marie Lorraine Gallegos
County Clerk & Recorder

By Diana Martinez Deputy

ACKNOWLEDGMENT FOR CORPORATION

STATE OF NEW MEXICO }
COUNTY OF } ss.

The foregoing instrument was acknowledged before me this
day of , 19 ,
by (Name of Officer)
(Title of Officer) of (Name of Corporation Acknowledging)
(State of Incorporation) corporation, on behalf of said corporation.

My commission expires:
(Seal)

Notary Public

CMI09-00149

M-00000106

008980

SF - USHORT FORM WARRANTY DEED—Rev. 5-75—New Mexico Statutory Form THE VALLIANT CO. ALBUQUERQUE, N. M.

WARRANTY DEED

71

George H. Wisehart and Alicia M. Wisehart, his wife, and John H. Brandenburg H. Rosemary Brandenburg, his wife, for consideration paid, grant to MOLYCORP, INC.

whose address is P.O. Box 469 Questa, NM 87556

the following described real estate in Taos County, New Mexico:

A certain tract of land near Questa, in the County of Taos, State of New Mexico, to-wit:

Beginning at a metal stake set at, or near, the Southwest corner of Small Holding Claim No. 1951, Tract 2, from which an iron post with brass cap, marked and set by the General Land Office for Corner No. 4 of Small Holding Claim No. 5337, Tract 1, and for Corner No. 3 of Small Holding Claim No. 5301, Tract 5, bears S.20°54'West, 854.3 feet distant; Thence, from the Southwest corner of running N.1°13'East, 701.7 feet to a metal stake; thence, N.4°56'East, 157.7 feet to a metal stake; thence, N.22°04'East, 42.4 feet to a metal stake, thence, N.11°57'East, 119.5 feet to a metal stake, thence, N.8°37'East, 327.0 feet to a metal stake; thence, N.9°24'East, 325.0 feet to a metal stake; set for the Southwest corner of this tract; thence, from the southwest corner of this tract N.9°33'East, 388.7 feet to a metal stake, which is also the northeast corner of Small Holding Claim No. 2148, Tract 1; thence S.64°88'West, 30.9 feet to a metal stake; thence, N.30°37'West, 24.9 feet to a metal stake; thence, N.8°00'East, 460.4 feet to a metal stake set for the northwest corner of the lands herein described; thence, S.69°23'East, 279.3 feet to a metal stake; thence, S.68°52'East, 726.3 feet to a metal stake heretofore set for the property to the east, and is the northeast corner of this tract; thence, S.23°23'West, 719.1 feet to a metal stake heretofore

(SEE ATTACHED)

with warranty covenants.

WITNESS our hands and seals this day of February, 1982.

George H. Wisehart (Seal) John H. Brandenburg (Seal)

Alicia Wisehart (Seal) H. Rosemary Brandenburg (Seal)

ACKNOWLEDGMENT FOR NATURAL PERSONS

STATE OF NEW MEXICO }
COUNTY OF TAOS } ss.

The foregoing instrument was acknowledged before me this 19th day of February, 1982, by George and Alicia Wisehart and John H. and Rosemary Brandenburg.
(Name or Names of Person or Persons Acknowledging)

My commission expires: Barbara J. Martinez
(Seal) Notary Public-New Mexico
Notary Bond Filed With Secretary of State
My Commission Expires October 6, 1982

Barbara J. Martinez
Notary Public

FOR RECORDER'S USE ONLY

ACKNOWLEDGMENT FOR CORPORATION

STATE OF NEW MEXICO }
COUNTY OF } ss.

The foregoing instrument was acknowledged before me this
day of, 19,
by
(Name of Officer)
of
(Title of Officer) (Name of Corporation Acknowledging)
a corporation, on behalf of said corporation.
(State of Incorporation)

My commission expires:
(Seal)
Notary Public

M-00000107

CMI09-00150

008981

WARRANTY DEED

GEORGE H. WISEHART and ALICIA M. WISEHART, his wife, and JOHN H. BRANDENBURG H. ROSEMARY BRANDENBURG, his wife, for consideration paid, grant to MOLYCORP, INC., whose address is P.O. Box 469, Questa, NM 87556 the following described real estate in Taos County, New Mexico:

(LEGAL DESCRIPTION CONTINUED)

set for the lands to the east, and is the southeast corner of this tract; thence, N.67°31'West, 603.4 feet to a metal stake; thence, S.12°37'West, 83.8 feet to a metal stake set for the northeast corner of Tract A; thence, N.81°36'West, 167.8 feet to the beginning point and southwest corner of this tract.

Together with the right of ingress and egress along and over a strip of land lying along, west of, adjacent to, and parallel with a fence, more particularly described as follows:

Beginning at a point on the west boundary of the above tract from which the northwest corner of said tract bears N.8°00'East, 30.0 feet; thence, from the point of beginning and running N. 8°00'East, 30.0 feet to a point, the northwest corner of this tract; thence, N.7°59'East, 457.0 feet to the north side of a lane running easterly; thence, N.71°15'West, 42.0 feet to a fence corner; Thence, N.15°05'East, 691.0 feet to the south side of Aura Road.

Together with all water rights appurtenant to the property.

Subject to easements, restrictions, zoning and patent reservations of record.

All as delineated upon that certain plat entitled "LAND SURVEYED FOR L. A. JONES AND JAMES G. LINDSAY IN SECTION 31, TOWNSHIP 29 NORTH, RANGE 13 EAST, TAOS COUNTY, N.M." the surveys for which were completed in the field November 1, 1962 under the supervision of Walter G. Turley, P.E. and L.S. No. 95, and which plat is recorded in Book 2 of Maps and Plats at pages 86-87, Records of Taos County, New Mexico.

Page 2.

STATE OF NEW MEXICO)
COUNTY OF TAOS) SS

This instrument was filed for record on the 19th day of Feb. A.D. 1982 at 4:02 o'clock P.M. and duly recorded in book A-161 Page 310-311.

rec 2-25-82

TAOS COUNTY CLERK & RECORDER SEAL NEW MEXICO

Marie Lorraine Dallegos
County Clerk & Recorder

By [illegible] Deputy

CMI09-00151

M-00000108

008982

SF-1 ~~SHORT FORM~~ WARRANTY DEED—Rev. 5-75—New Mexico Statutory Form THE VALLIANT CO. ALBUQUERQUE, N. M.

1:35
2-19-8

WARRANTY DEED

72

FRANK MARTINEZ, a single person

, for consideration paid, grant

to MOLYCORP, INC. ✓

,

whose address is Box 469

Questa, New Mexico 87557 ,

the following described real estate in TAOS County, New Mexico:

A certain tract of land in Questa, Taos County, New Mexico, located within the N.W. 1/4 of Section 31, Township 29 North, Range 13 East, N.M.P.M., described as part of Small Holding Claim 1481, Tract 5, and part of Small Holding Claim 2123, Tract 4, of the 1896 U.S.G.L.O. Survey of the Small Holding Claims in Section 31, Township 29 North, Range 13 East, N.M.P.M., also described as part of Tracts 9 and 17, Map 11, Survey 7 of the 1941 Taos County Reassessment Survey, and more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch rebar set for the N.E. corner of this tract, from whence A.P. 4, Lot 20, Section 31, Township 29 North, Range 13 East, N.M.P.M., a 1968 U.S. B.L.M. brass cap monument found, bears N. 24° 17' E., 2203.5 feet distant, thence;

S. 05° 50' W., 20.4 feet to a point, thence;
S. 07° 49' W., 80.1 feet to a point, thence;
S. 08° 17' W., 157.4 feet to a point, thence;
S. 08° 08' W., 151.9 feet to a point, thence;
S. 33° 45' E., 27.3 feet to a 1/2 inch rebar set for the S.E. Corner, thence;
S. 61° 22' W., 39.3 feet to a point, thence;
S. 65° 16' W., 43.9 feet to a point, thence;
S. 66° 45' W., 92.2 feet to a point, thence;
S. 67° 42' W., 92.1 feet to a point, thence;
S. 67° 21' W., 46.5 feet to a 1/2 inch rebar found for the S.W. corner, thence;
N. 08° 28' E., 156.5 feet to a point, thence;
N. 09° 08' E., 188.5 feet to a point, thence;
N. 11° 17' E., 290.4 feet to a 1/2 inch rebar set for the N.W.corner, thence;
S. 71° 59' E., 214.8 feet to a point, thence;
S. 74° 07' E. 15.9 feet to the point and place of beginning. Containing 3.006 Acres, more or less, and accrues an easement to Abra Road.

with warranty covenants.

WITNESS my hand and seal this 19th day of February, 19 82.

(Seal) (Seal)

(Seal) Frank M Martinez (Seal)

ACKNOWLEDGMENT FOR NATURAL PERSONS

STATE OF NEW MEXICO)
) ss.
COUNTY OF TAOS)

The foregoing instrument was acknowledged before me this 19th day of February, 19 82,

by PUBLIC Frank Martinez, a single person
(Name or Names of Person or Persons Acknowledging)

My commission expires:
(Seal) 7-31-1982

Alicia C Douglas
Notary Public

FOR RECORDER'S USE ONLY

STATE OF NEW MEXICO)
COUNTY OF TAOS) ss

This instrument was filed for record on the 19 day of Feb A.D. 19 82 at 1:35 o'clock P.M. and duly recorded in book A-161 Page 302. Rec 2-25-82

Marie Lorraine Ballejos
County Clerk & Recorder

By Cindy Duran Deputy

ACKNOWLEDGMENT FOR CORPORATION

STATE OF NEW MEXICO)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this day of , 19 ,

by , (Name of Officer)

(Title of Officer) of (Name of Corporation Acknowledging)

(State of Incorporation) corporation, on behalf of said corporation.

My commission expires:

(Seal)

Notary Public

CMI09-00152

M-00000109

008983

2622-A

11:00
3-24-81

73

WARRANTY DEED

WILLIAM J. COBB AND PATRICIA COBB, his wife, for valuable consideration to them in hand paid, the receipt and adequacy of which are hereby acknowledged, have granted, bargained, sold and conveyed and by these presents do grant, bargain, sell and convey to MOLYCORP, INC., a Delaware corporation, whose address is 461 South Boylston Street, Los Angeles, California 90017, all of the following described real estate in Taos County, New Mexico:

> A tract of land situate in the Northeast Quarter (NE1/4) of Section 6, Township 28 North, Range 13 East, N.M.P.M., comprising S.H.C. No. 5336 Tract 1 and the West portion of S.H.C. 5333 Tract 1, and being more particularly described as follows:
>
> BEGINNING at the Southwest corner of the tract (a U.S.B.L.M. Brass Cap Corner Marker), the same being the Southwest corner of S.H.C. 5336, Tract No. 1, Corner No. 1;
> Thence North 07° 26' East, 1739.50 feet distant to the Northwest corner of the tract;
> Thence North 63° 00' East, 224.21 feet distant to a corner on the north boundary line of this tract;
> Thence North 58° 15' East, 451.07 feet distant to the Northeast corner of the tract;
> Thence South 04° 43' West, 1816.56 feet distant to the Southeast corner of the tract;
> Thence South 68° 55' West, 703.96 feet distant to the place and point of beginning; and containing 23.83 acres, more or less,

with warranty covenants.

WITNESS my hand and seal this 19th day of February, 1981.

William J. Cobb
William J. Cobb

Patricia Cobb
Patricia Cobb

NOTARY PUBLIC COUNTY OF SMITH, TEXAS

STATE OF Texas)
) ss.
COUNTY OF Smith)

The foregoing instument was acknowledged before me this 19th day of February, 1981, by William J. Cobb and Patricia Cobb.

La Nelle King
Notary Public

My commission expires 2-28-81

CMI09-00153

M-00000110

008984

STC

SF-1 SHORT FORM WARRANTY DEED—Rev. 6-75—New Mexico Statutory Form

THE VALLIANT CO. ALBUQUERQUE, N. M.

11:03
12-14-82

WARRANTY DEED

75

JOE E. MANCHEGO and SOPHIA LA FORET MANCHEGO, his wife, for consideration paid, grant

to MOLYCORP, INC.

whose address is P.O. BOX 469, QUESTA, NEW MEXICO 87556

the following described real estate in TAOS County, New Mexico:

A certain tract of land in Questa, Taos County, New Mexico; within the Northeast ¼ of Section 36 Township 29 North, Range 12 East, N.M.P.M.; described as part of SHC 1481, Tract 6, and part of Small Holding Claims 1964, Tract 2, and 2149, Tract 1, of the 1896 USGLO Surveys of the Small Holding Claims in Section 36, Township 29 North, Range 12 East, and Section 31, Township 29 North, Range 13 East, also described as part of Tract 4, Map 11, Survey 7 of the 1941 Taos County Reassessment Survey; and more particularly described by metes and bounds as follows:

BEGINNING AT Corner 1 of SHC 2149, Tract 1, as 3/4 in. rebar found by a USGLO Scribed stone monument found, thence;

N. 86° 14' W., 140.3 ft. to a 3/4 in. rebar found, thence;
N. 09° 47' E., 293.5 ft. to a point, thence;
N. 13° 02' E., 752.6 ft. to the Northwest corner, a point from whence a ½ in. rebar set as a witness corner bears N. 13° 02' E., 27.3 ft. distant, thence;
S. 76° 06' E., 176.7 ft. to a ½ in. rebar set, thence;
S. 76° 06' E., 244.0 ft. to a ½ in. rebar set for the Northeast corner, thence;
S. 13° 36' W., 147.9 ft. to a point, thence;
S. 10° 14' W., 407.0 ft. to a point, thence;
S. 10° 52' W., 235.9 ft. to a point, thence;
S. 11° 49' W., 233.9 ft. to a point, thence;
S. 13° 40' W., 60.2 ft. to a point, thence;
S. 05° 11' W., 27.6 ft. to a point, thence;
S. 11° 58' W., 14.5 ft. to a point, thence;
S. 11° 11' W., 187.2 ft. to a point, thence;
S. 08° 46' W., 149.8 ft. to a point, thence;
S. 13° 03' W., 161.5 ft. to a 3/4 in. rebar found by a USGLO scribed stone monument found, thence;
N. 81° 07' W., 272.6 ft. to a 3/4 in. rebar found for the Southwest corner, thence;
N. 08° 48' E., 628.8 ft. to the POINT AND PLACE OF BEGINNING.

with warranty covenants.

WITNESS our hands and seals this 30th day of November, 19 82

(Seal) Joe E. Manchego (Seal)
JOE E. MANCHEGO

(Seal) Sophia La Foret Manchego (Seal)
SOPHIA LA FORET MANCHEGO

ACKNOWLEDGMENT FOR NATURAL PERSONS

STATE OF Colorado }
COUNTY OF Adams } ss.

The foregoing instrument was acknowledged before me this 30th day of November, 19 82,
by Joe E. Manchego and Sophia La Foret Manchego, his wife.
(Name or Names of Person or Persons Acknowledging)

My commission expires: 2/14/83
(Seal)

CAROL A. LONG NOTARY PUBLIC STATE OF COLORADO

Notary Public
8462 No. Federal Blvd.
Denver, Co. 80221

STATE OF NEW MEXICO }
COUNTY OF TAOS } SS

This instrument was filed for record on the 14 day of December A.D. 19 82 at 11:03 o'clock A.M. and duly recorded in book A-164 Page 540. Rec. 12-16-82

Marie Lorraine Gallegos
County Clerk & Recorder

By Beatrice Medina Deputy

ACKNOWLEDGMENT FOR CORPORATION

STATE OF NEW MEXICO }
COUNTY OF [illegible] } ss.

The foregoing instrument was acknowledged before me this
day of , 19 ,
by
(Name of Officer)
(Title of Officer) of
(Name of Corporation Acknowledging)
a
(State of Incorporation) corporation, on behalf of said corporation.

My commission expires:
(Seal)

Notary Public

CMI09-00154

M-00000111

008985

L
Robinson

LEASE

This lease agreement, made this 30th day of November, 1979, by and between Williams S. Robinson and Erma Robinson, his wife (Lessor), and Molycorp, Inc., (Molycorp).

The parties agree as follows:

1. LEASE. Lessor is the owner of the following real property:

Lot 6, formerly SHC 6038, Tr. 1, Sec. 5, T. 28 N., R. 13 E., N.M.P.M., Taos County, Questa, New Mexico.

In consideration of covenants and agreements herein contained, Lessor does hereby lease and demise to Molycorp the premises described as follows:

A strip of land 60 feet in width for the use of pipelines and a roadway along the pipelines as they are presently installed. The lease to extend 25 feet on the south and 35 feet to the north from the centerline of the pipes.

for the purpose of Molycorp placing, maintaining and using a pipeline on the leased premises. Leased area may not be used for storage of pipes or equipment except what is necessary at the time of repairs or installation of lines.

2. PIPELINE. As used herein, pipeline shall mean one or more pipelines, together with all necessary valves, gates, fittings, appliances and such other equipment as is necessary for the use of the pipeline. Such pipeline may be buried or placed on the surface of the leased premises, in the sole discretion of Molycorp, based upon which

is necessary or practical.

3. TERM. The term of this Lease shall be for a period of twenty-five (25) years from the date hereof, but Molycorp shall have the right to terminate this Lease five (5) years from the date hereof, or at any time thereafter, upon one (1) year's written notice to Lessor.

4. CONSTRUCTION AND MAINTENANCE. Molycorp shall have the right during the period of this Lease to enter upon the leased premises, at any time that is necessary, to construct, maintain, patrol and inspect repair pipelines with the right to excavate and refill ditches and trenches for the installing, burying, repairing, maintaining or removing such pipelines, to construct roads upon the leased premises and the further right to remove trees, bushes, undergrowth and other obstructions interfering with the location, construction, and maintenance of such pipelines. Molycorp shall have the right to grade the surface of the leased premises to such an extent as is necessary to allow Molycorp to construct, repair, inspect and maintain the pipeline. This shall include the right from time to time to trim and cut down and clear away any and all trees and brush now or hereafter on the leased premises which now or hereafter in the opinion of Molycorp may be a hazard to the pipeline, or may interfere with the exercise of Molycorp's rights hereunder. Lessor shall allow Molycorp, in the installation, repair and maintenance of the pipelines, to bring onto the leased premises such trucks, machinery, men and equipment as are necessary to perform such work.

5. INGRESS AND EGRESS. Molycorp shall have the right of ingress to and egress from the leased premises. Molycorp shall further have the right of grading for, constructing, maintaining and using roads on the leased premises. Molycorp shall have the right to install, maintain and use cattle guards through all fences which now

M-00000113

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008987

cross or shall during the term of the Lease cross the leased premises.

6. MARKING THE LEASED PREMISES. Molycorp shall have the right to mark the location of the leased premises and pipeline with suitable markers set in the ground.

7. DAMAGE TO LESSOR'S PROPERTY. Molycorp agrees to repair any ditches, roads, fences or property which are damaged during any installation, maintenance, repair or use of the pipeline, and to reimburse Lessor for any damage proximately caused by Molycorp or its use of pipeline, to lands adjoining the leased premises should Molycorp be unable to effect reasonable repair and restoration. Molycorp shall make arrangement with Lessor to enter Lessor's property to effect restoration or repairs of any such damage. Molycorp shall be required to reimburse Lessor for damages which cannot be reasonably restored or repaired by Molycorp. Molycorp further agrees to grade and reseed, if necessary, any ground damaged by the installation, maintenance, use or repairs of the pipeline.

8. USE BY LESSOR. Lessor reserves the right to use the leased premises for purposes which will not interfere with Molycorp's full enjoyment of the rights hereby granted, provided that Lessor shall not erect or construct any building or any other obstructions on the leased premises. Lessor shall have the right to build roads across the leased premises so long as they are not constructed in a manner which will interfere with Molycorp's use of the leased premises.

9. RENT. Molycorp, for and in consideration of this Lease, agrees to pay Lessor rent as follows:

a. $1267.50 upon execution of this Lease, which amount includes rent for the first year of this Lease.

b. $ 1.50 per year, per lineal foot, unadjusted annual rent, as periodically adjusted pursuant to part c. below, the first rental payment being due and payable on this date one year hence,

CMI09-00157

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and all subsequent payments being due and payable on the same date of each consecutive year thereafter, until this Lease expires, or is terminated by Molycorp, as herein provided.

c. The annual rent paid by Molycorp shall be adjusted periodically to reflect changes in the cost of living as follows:

(1) The cost-of-living adjustment shall be determined on the basis of the Revised Consumer's Price Index for All Items and Major Group Figures for All Urban Consumers (1967 = 100) (and at Molycorp's election, Western Region class D areas) published by the Bureau of Labor Statistics, U.S. Department of Labor, and referred to herein as the "Index."

(2) A cost-of-living adjustment shall be made every year; the initial adjustment to be made reflected in the rental payment due and payable one year from the date hereof. The cost-of-living adjustments shall be based on the percentage increase in the Index figure from the month of execution hereof to the latest month which ends more than 60 days but less than 90 days before the annual rent for the year of adjustment is due and payable.

(3) The percentage increase in the Index calculated above shall be applied to the unadjusted annual rent specified in part b. above. The resulting amount shall be the adjusted annual rent.

10. ARBITRATION. Any controversy, dispute or claim arising out of or relating to this Agreement, or any breach thereof, which cannot be settled between the two parties, shall be settled in accordance with the Rules of the American Arbitration Association and judgment upon the award may be entered in any Court having jurisdiction thereof.

CMI09-00158

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11. TERMINATION. Upon termination of this Lease by expiration of the full term thereof or upon prior termination by Molycorp as herein provided, Molycorp may remove its pipeline and related equipment or leave the same in place by mutual agreement of both Parties. Should Molycorp elect to remove the pipeline and equipment, it shall restore the leased premises to as close to its present condition as is reasonably possible.

12. WARRANTY OF TITLE. a. Owners state that they are in possession of the leased premises conveyed to Molycorp as of the date of this agreement.

b. In the event Molycorp in its sole discretion determines that Owners' title is not adequate for Molycorp's purposes, Molycorp shall have the right in its name or in the name of the Owners to perform such acts and do such things as are necessary to cure any defects in Owners' title including, but not limited to, quieting the title to Owners' land or any part thereof in Owners' name. This is a right granted to Molycorp, but Molycorp shall have no obligation to cure any defects in Owners' title and shall cure such defects only in its sole discretion.

13. LEASE TO RUN WITH THE LAND. This Lease shall run with the land and shall be binding on and shall inure to the benefit of the parties hereto, their heirs, successors, representatives and assigns.

14. NOTICE AND PAYMENT OF RENT. Notices given to either party and payments of rent by Molycorp shall be delivered by United States mail to the parties as follows:

Lessor: Wm S Robinson
Box 156
Questa, N.M. 87556

Molycorp: Molycorp, Inc.
Box 469
Questa, N.M. 87556
ATTN: General Manager

CMI09-00159

M-00000116

008990

15. QUIET ENJOYMENT. So long as Molycorp pays the rent stated herein, Molycorp shall peaceably hold and quietly enjoy the leased premises without interference of Lessor or any person or entity claiming under Lessor.

16. ENTIRE AGREEMENT. This instrument contains the entire and only agreement between the parties, and no oral representations or statements or prior written matter not contained in this instrument shall have any force and effect. This Lease shall not be modified in any way except by writing executed by both parties.

IN WITNESS WHEREOF, the parties have executed this Lease the day and year first above written.

LESSOR:

By W S Robinson

Molycorp, Inc.

By C R Sacrison

STATE OF NEW MEXICO)
: ss.
COUNTY OF TAOS)

The foregoing instrument was acknowledged before me this 30 Th day of November, 1979, by William S. Robinson, Lessor.

Florence Atkinson
Notary Public

My Commission Expires:
12-28-80

STATE OF NEW MEXICO)
: ss.
COUNTY OF TAOS)

The foregoing instrument was acknowledged before me this 30th day of November, 1979, by C.R. Sacrison, Molycorp, Inc.

Florence Atkinson
Notary Public

My Commission Expires:
12-28-80

CMI09-00160

M-00000117

008991

12

40538
8:35 AM.
3-18-68

WARRANTY DEED

Harry H. McCarthy, Trustee, for consideration paid, grants to Molybdenum Corporation of America, a Delaware Corporation, the following described real estate in Taos County, New Mexico:

> Commencing at the Southeasterly corner of this tract from which U.S.G.S. stake with brass cap, set on the 7th Standard Parallel North, for the Southwest corner of S.H.C. 1948, Tr. 3, and the Southeast corner of S.H.C. 1980, Tr. 3, bears by courses and distances as follows: S. 8° 48' W., 806.5 feet; thence S. 74° 38' W., 33 feet; thence S. 1° 33' E., 491.7 feet; thence from said southeasterly corner, the point and place of beginning, S. 83° 02' W., 236.4 feet to the Southwesterly corner; thence N. 8° 48' E., 2290.6 feet to the Northwesterly corner of this tract; thence N. 48° W. 360.0 feet to the most northerly corner; thence S. 8° 48' W., 2504.1 feet to the Southeasterly corner, the point and place of beginning, all as shown upon a certain plat of survey made by Irvin L. Sackett, New Mexico Land Surveyor No. 1435, on April 29, 1965, and entitled "Plat of S.H.C. No. 1947, Tr. 3 and Tr. 15 and Tr. 11, Map 12, Survey 7, N.M.R.S., for Molybdenum Corp. of America."

with warranty covenants.

WITNESS my hand and seal this 30th day of December, 1966.

Harry H. McCarthy
Trustee
Harry H. McCarthy

STATE OF NEBRASKA)
: ss.
COUNTY OF DOUGLAS)

The foregoing instrument was acknowledged before me this 30th day of December, 1966, by Harry H. McCarthy, Trustee.

Alice A. Riddle
Notary Public
Alice A. Riddle

My Commission expires:
Nov. 29, 1968

CMI09-00161

M-00000118

008992

N & WATSON
PENA PLAZA
SANTA FE, N. MEX 87501

STATE OF NEW MEXICO }
COUNTY OF TAOS } SS.

This instrument was filed for record on the 18 day of March A. D. 1968 at 8:35 O'clock A M and duly recorded in book A-108 page 377 Rev. 3-21-68

Clara M. Montoya
County Clerk & Recorder
By Emma Vigil Deputy

CMI09-00162

M-00000119

008993

(Form C P. L. 24-A)

13

No. 5391

CONTRACT

For the Purchase of Public Lands

629776

THIS CONTRACT AND AGREEMENT, made and entered into in duplicate this 7th day of February, 1964, by and between the Commissioner of Public Lands of the State of New Mexico, thereunto by law duly authorized, pursuant to due compliance with all requirements of law and the rules of the State Land Office, party of the first part, and hereinafter called the Commissioner, and Molybdenum Corporation of America of Questa, State of New Mexico 2197.66 1098.73 party of the second part, and hereinafter called the Purchaser: $ 20,[illegible].87

WITNESSETH: For and in consideration of the sum of One Thousand Ninety Eight &73/100 ($1098.73) Dollars, in hand paid, the receipt whereof is hereby duly acknowledged and is further evidenced by the Commissioner's official receipt No. 387920 said amount being one-twentieth of the purchase price of the land hereinafter described, the balance of said purchase price to become due and payable thirty years from the date of this contract, and the further sum of Three Hundred Eighty/ ($ 381.83) Dollars, the receipt whereof is hereby acknowledged, and is further evidenced by Commissioner's official receipt No. 22500, 22501, 370960, 387920, Filing Fee, the same being the payments required for the advertisement and appraisment of said land, and also in the further consideration of the agreement of the purchaser hereby made to pay interest annually in advance hereafter on the successive anniversary dates of this contract, at the rate of four per centum on any balance of the purchase price remaining unpaid, it being agreed that any and all due and unpaid interest shall bear interest at the rate of twelve per centum per annum until paid:

And also in further consideration of the agreements, conditions and representations hereinafter set forth to be well and truly kept and performed, all and singular, by the said Purchaser, the Commissioner agrees to sell and convey to the Purchaser by a good and sufficient deed, subject to the reservations and conditions hereinafter expressed, the following described land:

Lots 4, 5, 6, 7, 8, 9, 10 of Section 36, Township 29 North, Range 12 East, but (LESS AND EXCEPTING THEREFROM: A tract of land which is a portion of Lot 10 in said Section 36, Township 29 North, Range 12 East, NMPM, Taos County, New Mexico being more particularly described as follows: Beginning at an iron stake with brass cap, marked, witnessed and set by the General Land Office for AP3 of PC5320, Tr. 1, the point and place of beginning, thence N. 2° 0' W., 220.6 ft. to a corner fence post, thence S. 70° 57' W., 287.5 ft. to the South Boundry line of PC6039, Tr. 1, thence S. 7° 20' W., 135.4 ft. to a brass cap at AP2 of PC5320, Tr. 1, thence S. 89° 53' E., 297.0 ft. to a brass cap at AP3 of PC5320, Tr. 1, the point and place of beginning containing 1.179 acres) AND the W½

of Section 36, Township 29 North, Range 12 East, N.M.P.M., containing All 439.491 acres, more or less, according to the government survey thereof. SALE NO. 4397 (COMMON SCHOOL LANDS)

CMI09-00163

M-00000120

008994

THE PURCHASER AGREES that the payments to be made as hereinbefore set forth, will be made promptly and on the dates on which they become due, and payable, and that all taxes and assessments that may be levied or assessed on such land shall be paid by said Purchaser; that this contract shall not be sold, assigned or transferred in any manner whatsoever without the written consent of said Commissioner, and in no event shall it be sold, assigned or transferred in any manner whatsoever to any person, corporation or association of persons, who are not qualified to purchase state lands to the extent embraced herein; [redacted] that while the land herein contracted for is believed to be esentially non-mineral land, should mineral be discovered therein it is expressly understood and agreed that this contract is based upon the express condition that the minerals therein shall be and are reserved to the fund or institution to which the land belongs, together with right of way to the Commissioner, or any one acting under his authority, at any and all times to enter upon said land and mine and remove the minerals therefrom without let or hindrance.

IT IS EXPRESSLY UNDERSTOOD AND AGREED by and between the parties hereto that time is the essence of this contract, and that if default is made by the purchaser in any of the payments as provided herein, or if any of the conditions and agreements set out herein are not truly kept and performed by the said purchaser at the time and in the manner as herein provided, then this contract can and may be cancelled at the option of the Commissioner, and all payments, with interest, shall become liquidated damages, upon failure of the purchaser to comply with thirty days' notice of intention to cancel mailed to the address given herein, and all rights of purchaser to acquire the above land shall cease, and his rights in and thereto end, and the Commissioner shall be entitled to immediate and exclusive possession of the herein described premises to repossess and enjoy as though this contract had never been made.

IT IS FURTHER UNDERSTOOD AND AGREED, that possession of lands herein contracted for and held under existing lease at the date hereof, shall not be given the purchaser until October 1st, following date hereof.

THE PURCHASER HEREIN EXPRESSLY RESERVES the right to reduce the unpaid principal herein on any anniversary date hereof, by the payment of not less than one-thirtieth of ninety-five per centum of the purchase price.

IT IS FURTHER UNDERSTOOD AND AGREED by and between the parties aforesaid, that the representations, conditions and agreements herein contained shall extend to and be binding upon the heirs, executors, successors, administrators and assigns of the purchaser.

THIS CONTRACT is issued subject to valid, existing rights, easements, rights of way and reservations.

IN WITNESS WHEREOF, the Commissioner has hereunto set his hand and seal, and caused the official seal of his office to be hereunto affixed, and the Purchaser signs and seals this instrument on this 3rd day of March, 1964.

Emmalee (SEAL)
Commissioner of Public Lands.

ATTEST: K A Walker Asst. Secty

MOLYBDENUM CORPORATION OF AMERICA
By: Wm R Kuntz (SEAL)
President
Purchaser.

STATE OF ..... } ss.
County of .....

On this the ..... day of ..... 19..... personally appeared

Before me .....

.....

to me known to be the person ... who executed the foregoing instrument as purchaser, and acknowledged that

.. h. ..... executed the same as ..... free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in his certificate above written.

TATE OF New York } ss.
ounty of New York

..... Notary Public.

On this the 26th day of February, 1964, personally appeared

Wm R Kuntz, to me known, who being by duly sworn did say that he is the President of Molybdenum Corporation of America and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said Wm R Kuntz acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in certificate above written.

Anne R McLean
Notary Public.

Commission Expires March 30, 1964

ANNE R. McLEAN
NOTARY PUBLIC, STATE of NEW YORK
No. 60-7853815 Westchester County
Term Expires March 30, 19..

CMI09-00164

M-00000121

008995

38324 14
11-1-67
10:40 AM

WARRANTY DEED

WILLIE CARDENAS and CELINA CARDENAS, his wife, for consideration paid, grant to MOLYBDENUM CORPORATION OF AMERICA, a Delaware Corporation, the following described real estate in Taos County, New Mexico:

A part of Small Holding Claim 5183, Tract 1 (Being also a part of Tract 49, Map 13, Survey 7, Reassessment Survey, Taos County, N.M.), and described as follows:

Beginning at a brass cap designated as Corner No. 5 of S.H.C. 5183, Tract 1, Section 1, Township 28 North, Range 12 East, from whence the southeasterly corner of Section 35 and the southwesterly corner of Section 36, both in T. 29 N., R. 12 E. (a common corner) bears S. 89° 54' W. 895 feet distance, which said corner No. 5 is the northeasterly corner of this tract; Thence from said northeasterly corner S. 3° 07' E., 727.8 feet to the southeasterly corner of this tract, a point on the north side of the county road; Thence S. 70° 02' W., along said county road 389.9 feet to a point; Thence continuing along said county road as follows: S. 75° 50' W., 42.5 feet; Thence N. 67° 55' W., 116.3 feet; Thence S. 85° 10' W., 51.4 feet to the southwesterly corner of this tract; Thence N. 7° 37' W. 837.1 feet to the northwesterly corner of this tract, being a point on the Seventh Standard Parallel North, which lies N. 89° 54' E. 256.9 feet from the southwesterly corner of Section 36, T. 29 N., R. 12 E., a common corner above mentioned; Thence from said northwest corner N. 89° 54' E. along said Seventh Standard Parallel North, 638.1 feet to the aforesaid corner No. 5, S.H.C. 5183, Tract 1, the northeasterly corner of this tract and the point and place of beginning, being designated as Tract A, all as shown on that certain plat entitled "Plat of Parts of S.H.C.'s 5183, Tr. 1 & 1981, Tr. 1 for Molybdenum Corp. of America Questa, Taos County, New Mexico", dated 8/25/65 and prepared by Irvin L. Sackett, N.M.L.S. No. 1435, and containing 11.287 acres.

with warranty covenants.

WITNESS our hands and seals this 30th day of October, 1967.

Willie Cardenas

Celina Cardenas

STATE OF NEW MEXICO)
: ss.
COUNTY OF TAOS)

The foregoing instrument was acknowledged before me this 30 day of October, 1967, by WILLIE CARDENAS and CELINA CARDENAS, his wife.

My Commission Expires:

3-1-69

Florence Atkinson
Notary Public

CMI09-00165

M-00000122

008996

15

orig to NY
Copy - File
Jack Watson
Geo Deacon
5/14/69

#47967
5-2-69
9:45 A.M.

WARRANTY DEED

TELESFOR DURAN and TILLIE DURAN, his wife, for consideration paid, grant to MOLYBDENUM CORPORATION OF AMERICA, a Delaware Corporation, the following described real estate in Taos County, New Mexico:

> The easterly portion of Small Holding Claim 1981, Tract 1, Township 28 North, Range 12 East, N.M.P.M. (being also a part of Tract 3, Map 13, Survey No. 7, Reassessment Survey, Taos County, N.M.), and more particularly described as follows:
>
> Beginning at Corner No. 4, S.H.C. 1981, Tract 1, Sec. 1, Tr. 28 N., R. 12 E., which lies South 89° 00' West, 176.2 feet from the southwest corner of Section 36 and the southeast corner of Section 35, both in T. 29 N., R. 12 E., a common corner; Thence from said corner No. 4, S. 6° 25' E., 1075.7 feet to the southeasterly corner of this tract; Thence S. 89° 00' W, 173.5 feet to the southwesterly corner of this tract; Thence N. 3° 13' W., 1067.7' to the northwesterly corner of this tract, being a point on the Seventh Standard Parallel North from which the northwesterly corner of Section 1, T. 28 N., R. 12 E., being coincidental with Corner No. 1, S.H.C. 1981, Tract 1, bears S. 89° 00' W., 113.5 feet; Thence from said northwesterly corner N. 89° 00' E., 113.5 feet to the Corner No. 4, S.H.C. 1981, Tract 1, the northeasterly corner of this tract and the point and place of beginning, being designated as Tract B on a plat entitled "Plat of Parts of S.H.C.'s 5183, Tr. 1, 1981, Tr. 1 for Molybdenum Corp. of America Questa, Taos County, New Mexico", dated 8/25/65, and containing 3.52 acres.

with warranty covenants.

WITNESS our hands and seals this 8th day of December, 1966.

Telesfor Duran
Tillie Duran

STATE OF NEW MEXICO)
: ss.
COUNTY OF TAOS)

The foregoing instrument was acknowledged before me this 8th day of December, 1966 by TELESFOR DURAN and TILLIE DURAN, his wife.

G. B. Deacon
Notary Public

My Commission Expires:
July 24, 1970

CMI09-00166

M-00000123

008997

A.L. Greslin
Questa, N.M.

STATE OF NEW MEXICO
COUNTY OF TAOS } Ss.

This instrument was filed for record on the 2nd day of May A. D. 1969 9:45 o'clock A M and duly recorded in book 114 page 722 Rec. 5-8-69

Clarence M. Montoya
County Clerk & Recorder
By Emma Vigil Deputy

Compared Eo

CMI09-00167

M-00000124

008998

16 9-1-66
7:10
#31050

WARRANTY DEED

ROGER HERRERA, sometimes known as Carlos R. Herrera, and GLORIA I. HERRERA, his wife, for consideration paid, grant to MOLYBDENUM CORPORATION OF AMERICA, a Delaware corporation, the following described real estate located in Taos County, New Mexico and more particularly described as follows, to-wit:

A certain tract of land located in the West half of Small Holding Claim 1981, Tract 1, Section 1, T. 28 N., R. 12 E., N.M.P.M. in Taos County, New Mexico, West of Questa and described as follows:

Beginning at the northwest corner of Section 1, T. 28 N., R. 12 E., N.M.P.M., a brass cap monument in place which is the northwest corner of this tract; Thence S. 0° 01' W. 1656 feet to a point, being the southwest corner of this tract; Thence N. 89° 00' E. 100 feet to a point, being the southeast corner of this tract; Thence N. 1° 01' W. 255.4 feet; Thence N. 54° 00' E. 109.3 feet; Thence N. 3° 13' W., along the center of said Small Holding Claim 1981, Tract 1, 1338.8 feet to the northeast corner of this tract; Thence S. 89° 00' W., along the Seventh Standard Parallel North, 113.5 feet to the point and place of beginning, containing 5.430 acres and as shown upon a plat prepared by Irvin L. Sackett, Surveyor, on December 2, 1965, and as by him amended.

$81.00

with warranty covenants.

WITNESS our hands and seals this 15 day of July, 1966.

Carlos R. Herrera

Gloria I. Herrera his wife

STATE OF NEW MEXICO)
: ss.
COUNTY OF TAOS)

The foregoing instrument was acknowledged before me this 15 day of July, 1966, by ROGER HERRERA, sometimes known as Carlos R. Herrera, and GLORIA I. HERRERA, his wife.

Aurora Montoya
Notary Public

My commission expires:
2-6-67

STATE OF NEW MEXICO } SS.
COUNTY OF TAOS }

This instrument was filed for record on the 1st day of Aug A. D. 1966 at 9:10 o'clock AM, and duly recorded in book 11 Page 354 on 9-1-66

Virginia L. Trujillo
County Clerk & Recorder
By Carmelita Rael Deputy

CMI09-00168

M-00000125

008999

19420

SF-1 SHORT FORM WARRANTY DEED—Rev. 11-59—New Mexico Statutory Form

CORRECTED WARRANTY DEED

LIBBY L. HERRERA and ROSA C. HERRERA, his wife,

to MOLYBDENUM CORPORATION OF AMERICA

the following described real estate in QUESTA, TAOS County, New Mexico: consisting of two tracts, each of which is more particularly described as follows:

TRACT 1:

Beginning at a brass capped monument in place on the 7th Standard Parallel marked Corner No. 1, P. C. 6039, Tract 1;
Thence, N 7° 20' East, 305.5 feet to the true point of beginning;
Thence, N 89° 53' West, 191.0 feet to a point;
Thence, S 7° 20' West, 270.4 feet to a point;
Thence, S 75° 16' West, 144.4 feet to a point;
Thence, N 6° 15' East, 403.3 feet to a point;
Thence, N 89° 53' West, 124.9 feet to a point;
Thence, N 6° 15' East, 2661.4 feet to a point;
Thence, S 65° 30' East, 495.0 feet to a stone monument, Corner No. 3 of P. C. 6039, Tract 1;
Thence, S 7° 20' West, 2865.7 feet to the point and place of beginning, and being further described as part of Tracts 1 and 13 of Map 12, N. M. 1941 Reassessment Survey No. 7, and parts of Tract 17, 18, and 19 of Map 13, Survey 7, lying and being in the Southeast Quarter and Northeast Quarter of Section 36, Township 29 North, Range 12 East, N.M.P.M.

TRACT 2:

Beginning at a stone monument in place for the Southeast Corner of Small Holding Claim 1982, Tract 1, which point is the point and place of beginning of this tract;
Thence, N 65° 30' West, 330.0 feet to a stone monument in place for the Southwest Corner of this tract;
Thence, N 19° 26' East, 2231.6 feet to the North Corner of this tract;
Thence, S 11° 05' West, 2285.3 feet to the point and place of beginning, containing 8.42 acres, and being further described as part of Tract 1, Map 12, Survey 7, and part of Tract 2, Map 7, Survey 7, lying in the Northeast Quarter of Section 36, Township 29 North, Range 12 East, N.M.P.M., and also described as a part of Small Holding Claim No. 1982, Tract 1.

This Deed is made to correct that certain Warranty Deed recorded in Book A-99 at pages 309 and 310, Records of Taos County Clerk, Taos, New Mexico.

with warranty covenants.

WITNESS our hand & and seal S this 21st day of July, 19 65.

(Seal) Libby L. Herrera (Seal)

(Seal) Rosa C. Herrera (Seal)

ACKNOWLEDGMENT FOR NATURAL PERSONS

Filed Nov 7, 1966
Bk A-102 pg 581

STATE OF NEW MEXICO
ss.
COUNTY OF TAOS

The foregoing instrument was acknowledged before me this 21st day of July, 1965.

by Libby L. Herrera and Rosa C. Herrera, his wife.
(Name or Names of Person or Persons Acknowledging)

My commission expires: 12-16-1966 (Seal)

Notary Public

ACKNOWLEDGMENT FOR CORPORATION

STATE OF NEW MEXICO
ss.

FOR RECORDER'S USE ONLY

CMI09-00169

M-00000130

009000

orig to N4

21

#44930
11-13-68
1:13 P.m.

CONVEYANCE

Robert C. Bryant and Sally C. Bryant, his wife, for consideration paid, grant to Molybdenum Corporation of America, the following real estate in Taos County, New Mexico:

A certain irregular portion of land lying within and along south boundary Tract 22 of Map 7 of Survey 7, as shown by the New Mexico Assessment Survey of Taos County presently on file in the County Assessor's Office; said portion described as follows:

Starting at the Southeast corner of said Tract 22, at which corner a 3/4" T-iron with brass cap marked "S.E. 22" set firmly in the ground as and for a permanent monument;

Thence, north 83 degrees 57 minutes west 343.7 feet to Corner No. 1, the southeast corner and point and place of beginning;

Thence, north 89 degrees 00 minutes west 699.4 feet to Corner No. 2;

Thence, south 88 degrees 49 minutes west 745.9 feet to Corner No. 3;

Thence, south 87 degrees 51 minutes west 245.8 feet to Corner No. 4, being the southwest corner;

Thence, north 30 degrees 00 minutes east 865.9 feet to Corner No. 5;

Thence, east 300 feet to Corner No. 6;

Thence, north 233.9 feet to Corner No. 7;

Thence, north 45 degrees 00 minutes east 408.7 feet to Corner No. 8;

Thence, south 45 degrees 00 minutes east 114.9 feet to Corner No. 9

Thence, north 63 degrees 30 minutes east 900 feet to Corner No. 10;

Thence, same course of north 63 degrees 30 minutes east 349.8 feet to Corner No. 11;

Thence, south 60 degrees 00 minutes east 124.6 feet to Corner No. 12, the northeast corner of this tract;

Thence, south 25 degrees 00 minutes west 1511.7 feet to Corner No. 13;

Thence, south 304.4 feet to Corner No. 1, the point and place of beginning, as described on Plat of Survey of Irvin L. Sackett, dated December 7, 1963;

Together with all rights appurtenant to said real estate, except only those certain water rights set forth

CMI09-00170

M-00000131

009001

in Permit No. RG-10479, amending 999, approved by the New Mexico State Engineer on April 29, 1964, which water rights are expressly reserved by grantors;

with warranty covenants.

This conveyance and the warranty covenants herein set forth are made expressly subject to any present, future, known or unknown demand, claim or right, if any, of Eliu E. Romero and/or Elizabeth Romero, his wife, and/or their respective heirs, administrators, executors, successors or assigns to part or all of the property hereinabove described.

WITNESS our hands and seals this 11th day of November, 1968.

Robert C. Bryant

Sally C. Bryant, his wife

STATE OF NEW MEXICO)
) SS.
COUNTY OF Santa Fe)

The foregoing instrument was duly ackowledged before me this 11th day of November, 1968, by Robert C. Bryant and Sally C. Bryant, his wife.

Notary Public

JOHN A. MITCHELL NOTARY PUBLIC SANTA FE COUNTY

My Commission Expires: December 10, 1970

STATE OF NEW MEXICO }
COUNTY OF TAOS } SS.

This instrument was filed for record on the 13th day of November A. D. 1968 at 1:13 O'clock P. M. and duly recorded in book M-4, page 419-420. Rec'd 11-18.

County Clerk & Recorder

Page Two of Two Pages

CMI09-00171

M-00000132

009002

12/18/69
orig to MY
Copy to Neil Stillinger

22

52339
10:20 AM
12-11-69

QUITCLAIM DEED

ELIU E. ROMERO and ELIZABETH ROMERO, his wife, for consideration paid, quitclaim to MOLYBDENUM CORPORATION OF AMERICA, a Delaware Corporation, the following described real estate in Taos County, New Mexico:

A certain irregular portion of land lying within and along south boundary Tract 22 of Map 7 of Survey 7, as shown by the New Mexico Assessment Survey of Taos County presently on file in the County Assessor's Office; said portion described as follows: Starting at the Southeast corner of said Tract 22, at which corner a 3/4" T-iron with brass cap marked "S.E. 22" set firmly in the ground as and for a permanent monument; thence, N. 83° 57' W., 343.7 feet to Corner No. 1, the southeast corner and point and place of beginning; thence N. 89° 00' W., 699.4 feet to Corner No. 2; thence S. 88° 49' W., 745.9 feet to Corner No. 3; thence S. 87° 51' W., 245.8 feet to Corner No. 4, being the southwest corner; thence N. 30° 00' E., 865.9 feet to Corner No. 5; thence East 300 feet to Corner No. 6; thence North 233.9 feet to Corner No. 7; thence N. 45° 00' E., 408.7 feet to Corner No. 8; thence S. 45° 00' E., 114.9 feet to Corner No. 9; thence N. 63° 30' E., 900 feet to Corner No. 10; thence, same course of N. 63° 30' E., 349.8 feet to Corner No. 11; thence S. 60° 00' E., 124.6 feet to Corner No. 12, the northeast corner of this tract; thence S. 25° 00' W., 1511.7 feet to Corner No. 13; thence South 304.4 feet to Corner No. 1, the point and place of beginning, as described on Plat of Survey of Irvin L. Sackett, dated December 7, 1963; Together with a permanent easement and right of way for extension of Abra Road in a westerly direction and connecting with the property conveyed and the right to construct, maintain and use said road; plus a 20' permanent right of way from the N.E. corner of Tract 22 to the property conveyed.

WITNESS our hands and seals this 25th day of November, 1969.

Eliu E. Romero
ELIU E. ROMERO

Elizabeth Romero, his wife
ELIZABETH ROMERO

CMI09-00172

M-00000133

009003

STATE OF NEW MEXICO)
: ss.
COUNTY OF TAOS)

The foregoing instrument was acknowledged before me this 25th day of November, 1969, by ELIU E. ROMERO and ELIZABETH ROMERO, his wife.

Notary Public

My Commission Expires:

March 4, 1972

STATE OF NEW MEXICO)
COUNTY OF TAOS) SS.

This instrument was filed for record on the 11th day of December A. D. 1969 at 10:20 o'clock A. M. and duly recorded in book A-119 Page 203-204 Rec. 12-11-69

County Clerk & Recorder

By Deputy

CMI09-00173

M-00000134

009004

36706 23
7-29-67
11:05 A 41

WARRANTY DEED

ELIU E. ROMERO and ELIZABETH ROMERO, his wife, for consideration paid, grant unto MOLYBDENUM CORPORATION OF AMERICA, the following described land and real estate situated and located in Questa, Taos County, New Mexico, and more particularly described as follows:

The S½ of the SE¼ and the SE¼ of the SW¼ of Section 24, and the N½ of the N½ of the NE¼ and the N½ of the NE¼ of the NW¼ of Section 25, all in Township 29 North, Range 12 East, N.M.P.M., excepting, however, the following described tract:

A rectangular tract of land at Questa, New Mexico, consisting of all of Tract Thirty-Four (34) of Map Five (5), Survey Seven (7), and a portion of Tract Four (4), Map Six (6), Survey Seven (7), as shown by the 1941 New Mexico Assessment Survey of Taos County presently on file in the County Assessor's Office; Said real estate is more particularly described by metes and bounds according to Survey by Irvin L. Sackett thereof on April 8, 1964, as follows:
Starting at a stone monument with one notch on west side and two notches on South side to designate Northwest corner, Section 25, Township 29 North, Range 12 East;
Thence, N 89° 52' East, 5251.1 feet to the Northeast corner of this tract, identical with the approximate Northeast corner of said Section 25; the said Northeast corner lying S 88° 33' West, 2,461.3 feet from West boundary of right of way of State Highway No. 3;
Thence, from said Northeast corner and following present fenceline, S 0° 14' East, 1,105.1 feet to the Southeast corner;
Thence, following present fenceline, S 89° 49' West, 600 feet to a point;
Thence, still following said fenceline, S 89° 45' West, 927.9 feet to the Southwest corner, at which a 1/2 inch re-bar set in the ground as a monument;
Thence, N 0° 14' West, 1,092.7 feet to the Northwest corner, at which a 1/2 inch re-bar set in the ground as a monument;
Thence, following present fenceline N 89° 19' East, 1528 feet to the Northeast corner, POINT AND PLACE OF BEGINNING.

CMI09-00174

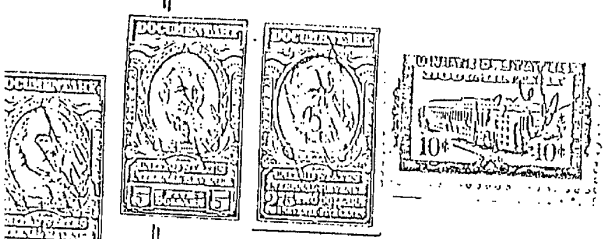
143.67 Dry land - 15.00 2155.05
50 Irrigated 50.00 2500.00
4655.00

M-00000135

009005

with warranty covenants.

IN WITNESS WHEREOF, we have hereunto set our hands and seals on this the 18th day of July, 1967.



Eliu E Romero
ELIU E. ROMERO

Elizabeth Romero
ELIZABETH ROMERO

STATE OF NEW MEXICO

COUNTY OF TAOS

The foregoing instrument was acknowledged before me on this the 18th day of July, 1967 by Eliu E. Romero and Elizabeth Romero, his wife.

Luz S. Gatlin
NOTARY PUBLIC

My Commission Expires:
3-2-1968

LUZ S. GATLIN NOTARY PUBLIC TAOS COUNTY NEW MEXICO

STATE OF NEW MEXICO
COUNTY OF TAOS

This instrument was filed for record on the 29 day of July A. D. 1967 at 11:00 o'clock A.M. and duly recorded in book A-105 Page 13 + 14. Rec. 8-13-67

Aurora M. Montoya
County Clerk & Recorder
By Louis G. Geare Deputy

CMI09-00175

M-00000136

009006

A. L. Gresh
Questa, NM

51 # 91443
2-25-75
10:50 AM

WARRANTY DEED

PORFIRIO CISNEROS and RAMONCITA V. CISNEROS, his wife, for consideration paid, grant to MOLYCORP, INC., a Delaware corporation, the following described real estate in Taos County, New Mexico:

A rectangular parcel of land comprising one acre in the Southwest Quarter of Section 25, Township 29 North, Range 12 East, N.M.P.M., surveyed and platted by G. C. Price, Land Surveyor, and approved by G. C. Price, N.M.L.S. #438, as follows:

TIE POINT - Beginning at the Northeasterly corner of this parcel from which the Northwest corner of Lot 1 in said Section 25 bears N 58° 47' 30" East, 2667.46 feet (and also from which Northeasterly corner the Northeast Corner of said Section 25 bears N 41° 46' East, 5393.06 feet).

DESCRIPTION:
Thence, S 69° 19' West, on Northerly line of this parcel 284.52 feet to the Northwesterly corner; Thence, S 20° 41' East on Westerly line of this parcel 153.1 feet to the Southwesterly corner; Thence, N 69° 19' East, on Southerly line of this parcel 284.5 feet to the Southeasterly corner; Thence, N 20° 41' West, on Easterly line of this parcel 153.1 feet to the point and place of beginning.

Enclosing one acre, more or less.

Together with access to the above one acre on, over and across a presently existing dirt road about 15.0 feet wide running from the Northeasterly portion of the said one acre through the Northeasterly portion of the Southwest Quarter of said Section 25 about 2667.0 feet to the Northwest corner of Lot #1 in said Section 25, connecting with a dirt road approximately 20 feet wide running in an easterly direction along the South side of the Northerly line of Lot #1 in said Section 25 and connecting with a County Road.

with warranty covenants.

WITNESS our hands and seals this 27th day of January, 1975.

Porfirio Cisneros
PORFIRIO CISNEROS

Ramoncita V. Cisneros
RAMONCITA V. CISNEROS, his wife

CMI09-00176

M-00000137

009007

SF-1 SHORT FORM WARRANTY DEED—Rev. 11-59—New Mexico Statutory Form THE VALLIANT CO. ALBUQUERQUE, N. M.

WARRANTY DEED

52 #10594 9-19-75 10:32 AM

Llano Irrigation Company Inc., a New Mexico Corporation, for consideration paid, grant to Molycorp Inc., a Delaware Corporation, the following described real estate in Taos County, New Mexico:

Tract "D"

A certain tract of land near Questa, Taos County, New Mexico, located within the North ½ of Section 25, Township 29 North, Range 12 East, New Mexico Principal Meridian, described as an unnumbered tract called "State Lands" of the 1941 Taos County Reassessment Survey, and more particularly described by metes and bounds as follows:

BEGINNING at a 1967 U.S.B.L.M. Cadastral Survey brass cap monument for the section corner common to Sections 23, 24, 25, and 26, T.29 N., R. 12 East, N.M.P.M., and the northwest corner of this tract, thence;
N. 89° 56' E., 1311.1 feet to a point, thence;
S. 00° 10' E., 1113.7 feet to a point, thence;
S. 89° 50' W., 219.0 feet to a ½ inch rebar set, thence;
S. 00° 10' E., 1546.7 feet to a point, the southeast corner thence;
S. 89° 35' W., 1092.1 feet to a 1 inch spike by a U.S.G.L.O. scribed stone monument found (loose) for the southwest corner, thence;
N. 00° 10' W., 2667.2 feet to the point and place of beginning.

This tract contains 72.388 acres, more or less.

with warranty covenants.

WITNESS hand and seal this 19th day of September, 1975

Moises Sanchez (Seal) Llano Irrigation Co. Inc., a New Mexico Corporation (Seal)

Attest: Corey B Smith (Seal) By: Moises Sanchez (Seal)
Secretary President

ACKNOWLEDGMENT FOR NATURAL PERSONS

STATE OF NEW MEXICO)
ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this ..... day of ....., 19 ...

by .....
(Name or Names of Person or Persons Acknowledging)

My commission expires:
(Seal)

Notary Public

CMI09-00177

FOR RECORDER'S USE ONLY
STATE OF NEW MEXICO)
COUNTY OF TAOS) SS

This instrument was filed for record on the 19th day of Sept. A.D. 1975 at 10:32 o'clock A.M. and duly recorded in book A-132 Page 600. Rec. 9-26-75

Marie Lorraine Dallegos
County Clerk & Recorder
By Rosie Valencia Deputy

ACKNOWLEDGMENT FOR CORPORATION

STATE OF NEW MEXICO)
ss.
COUNTY OF TAOS)

The foregoing instrument was acknowledged before me this 19th day of September June, 1975, by Moises Sanchez a/k/a Moises Sanchez (Name of Officer), President (Title of Officer) of Llano Irrigation Co. Inc., (Name of Corporation Acknowledging), a New Mexico (State of Incorporation) corporation, on behalf of said corporation.

My commission expires: 7/31/1978

Olivia C Gonzales
Notary Public

M-00000138

009008

WARRANTY DEED

ANTONIO B. RAEL, a married man dealing with his sole and separate property, EVA R. GALLEGOS, a married woman dealing with her sole and separate property, OFELIA ORTIZ, a married woman dealing with her sole and separate property, ALFONSO RAEL, a married man dealing with his sole and separate property, GUSTAVO RAEL, a married man dealing with his sole and separate property, JOSE R. RAEL, a married man dealing with his sole and separate property, FRED A. RAEL, a divorced man, each of whom is the owner of an undivided 1/8 interest in and to the hereinafter described property, and ERNIE RAEL, a married man dealing with his sole and separate property, and BEULAH VESCOVI, a married woman dealing with her sole and separate property, each of whom is the owner of an undivided 1/16 interest in and to the hereinafter described property, for consideration paid, grant to MOLYCORP, INC., the following-described real estate in Taos County, New Mexico:

A certain tract of land near Questa, Taos County, New Mexico, described as Part of Lot 1, Section 25, Township 29 North, Range 12 East, New Mexico Principal Meridian, and Part of Small Holding Claim 1982, Tract 1, of the 1896, U.S.G.L.O. Survey; also described as Part of Tracts 16 and 17, Map 7, Survey 7, of the 1941 Taos County Reassessment Survey; and more particularly described by metes and bounds as follows:

BEGINNING at a point from whence the Northwest corner of Small Holding Claim 1982, Tract 1, bears N 27° 58' E, 504.0 ft. distant, thence:

N 59° 36' W, 215 ft. to a point, thence;
S 39° 32' W, 200 ft. to a point, thence;
S 37° 42' W, 210.7 ft. to a point, thence;
S 01° 03' E, 1098.7 ft. to a point on the Northerly right of way line of Abra road, thence;
S 67° 31' E, 256.3 ft. to a point, thence leaving said right of way;
N 15° 52' E, 700 ft. to a point, thence;
N 19° 06' E, 300 ft. to a point, thence;
N 26° 35' E, 342.5 ft. to a point, thence;
N 60° 58' W, 300 ft. to the point and place of beginning.

containing 14.354 acres more or less.

together with all buildings, improvements, rights, tenements, hereditaments, and appurtenances belonging thereto and the rights of Sellers in and to any land lying in the bed of any street, road, alley or avenue opened or proposed adjoining the Property and all water rights owned by Sellers which are appurtenant to the Property.

with warranty covenants.

WITNESS our hands and seals this 1 day of April, 1975.

Antonio B. Rael
ANTONIO B. RAEL

Eva R. Gallegos
EVA R. GALLEGOS

Ofelia Ortiz
OFELIA ORTIZ

/s/
ALFONSO RAEL

--continued--

CMI09-00178

009009

Gustavo Rael
GUSTAVO RAEL

Jose R. Rael
JOSE R. RAEL

Fred A. Rael
FRED A. RAEL

Ernie Rael
ERNIE RAEL

s/
BEULAH VESCOVI

STATE OF NEW MEXICO)
) ss.
COUNTY OF Taos)

The foregoing instrument was acknowledged before me this 1st day of April, 1975 by Antonio B. Rael.

Florence Atkinson
Notary Public

My Commission Expires:
12-26-78

STATE OF NEW MEXICO)
) ss.
COUNTY OF Taos)

The foregoing instrument was acknowledged before me this 1st day of April, 1975 by Eva B. Gallegos.

Mary Anne Gonzales
Notary Public

My Commission Expires:
June 20, 1978

STATE OF NEW MEXICO)
) ss.
COUNTY OF Taos)

The foregoing instrument was acknowledged before me this 2 day of April, 1975 by Ofelia Ortiz.

Mary Anne Gonzales
Notary Public

My Commission Expires:
June 20, 1978

STATE OF Oregon)
) ss.
COUNTY OF Lane)

The foregoing instrument was acknowledged before me this 2 day of April, 1975 by Alfonso Rael.

s/ Edward Deegan
Notary Public

My Commission Expires:
7/29/76

CMI09-00179

M-00000140

009010

STATE OF NEW MEXICO)
) ss.
COUNTY OF Taos)

The foregoing instrument was acknowledged before me this 2 day of April, 1975 by Gustavo Rael.

Mary Anne Gonzales
Notary Public

My Commission Expires:
June 20, 1978

STATE OF NEW MEXICO)
) ss.
COUNTY OF Taos)

The foregoing instrument was acknowledged before me this 2 day of April, 1975 by Jose R. Rael.

Mary Anne Gonzales
Notary Public

My Commission Expires:
June 20, 1978

STATE OF NEW MEXICO)
) ss.
COUNTY OF Taos)

The foregoing instrument was acknowledged before me this 5 day of April, 1975 by Fred A. Rael

Mary Anne Gonzales
Notary Public

My Commission Expires:
June 20, 1978

STATE OF NEW MEXICO)
) ss.
COUNTY OF Bernalillo)

The foregoing instrument was acknowledged before me this 9th day of April, 1975 by Ernie Rael.

Notary Public

My Commission Expires:
11-16-76

STATE OF ~~NEW MEXICO~~ Arizona)
) ss.
COUNTY OF Pacinno)

The foregoing instrument was acknowledged before me this 5 day of April, 1975 by Beulah Vescovi.

R/ D.W. Hawk
Notary Public

My Commission Expires:
10/1/75

CMI09-00180

M-00000141

009011

A certain tract of land near Questa, Taos County, New Mexico, described as:

All of those portions of Tracts 14, 16 and 17 of Map 7, Survey 7 of the 1941 Taos County Reassessment Survey as the same is filed in the office of the County Clerk of Taos County, New Mexico, that lie in the West Half (W/2) of the Southeast Quarter (SE/4) of Section 25, T. 29 N., R 12 E., N.M.P.M.

and

A certain tract of land situate in the East Half (E/2) of the Southeast Quarter (SE/4) of Section 25, T. 29 N., R 12 E., N.M.P.M. and more particularly described as follows:

Commencing at the South Quarter corner of Section 25, T. 29 N., R. 12 E., N.M.P.M., thence

East along the South section line of the said Section 25, 1,320 feet to the Southeast corner of the West Half (W/2) of the Southeast Quarter (SE/4) of the said Section 25; thence

N 0° 1' 8" W 1,084.1 feet to the point of beginning; thence

N 0° 1' 8" W 310 feet to a corner; thence

S 58° 28' 31" E 207.4 feet to a corner; thence

S 41° 14' 52" W 268.0 feet to the point of beginning; thence

N 41° 14' 52" E 466.5 feet to the Northwest corner of the Rael property for a tie point.

Containing two-thirds (2/3) of an acre more or less.

CMI09-00181

EXHIBIT B

M-00000142

009012

SF-1 SHORT FORM WARRANTY DEED—Rev. 11-59—New Mexico Statutory Form THE VALLIANT CO. ALBUQUERQUE, N. M.

3:00 P.M. #10604

WARRANTY DEED

55

EUGENIO RAEL and CECILIA RAEL, his wife, for consideration paid, grant to MOLYCORP, INC., a Delaware corporation, the following described real estate in Taos County, New Mexico:

TRACT 1:

A certain tract of land near Questa, Taos County, New Mexico, located within the North 1/2 of Section 25, Township 29 North, Range 12 East, New Mexico Principal Meridian, described as Tract 3, Map 6, Survey 7, and Tract 33, Map 5, Survey 7 of the 1941 Taos County Reassessment Survey, and more particularly described by metes and bounds as follows:

BEGINNING at the 1/4 corner between Sections 25 and 26, Township 29 North, Range 12 East, N.M.P.M., a 1 inch spike found by a U.S.G.L.O. scribed stone monument found (loose).. Thence
N 89° 35' E, 1092.1 feet to a point, thence;
N 00° 10' W, 823.8 feet to a point, the southwest corner, the true point and place of beginning of this tract, thence;
N 00° 10' W, 722.9 feet to a 1/2 inch rebar set for the northwest corner, thence;
N 89° 50' E, 411.4 feet to a 1/2 inch rebar set, thence;
N 89° 46' E, 2211.3 feet to a point, thence;
N 89° 45' E, 927.9 feet to a point, thence;
N 89° 49' E, 600.0 feet to a 1/2 inch rebar set for the northeast corner, thence;
S 00° 05' E, 755.9 feet to a 1/2 inch rebar set for the southeast corner, thence;
N 89° 35' W, 3514.0 feet to a point, thence;
S 89° 10' W, 635.6 feet to the point and place of beginning.

This tract contains 69.876 acres, more or less.

TRACT 2:

A certain tract of land near Questa, Taos County, New Mexico, located within the N 1/2 of Section 25, Township 29 North, Range 12 East, New Mexico Principal Meridian, described as part of Tract 4, Map 6, Survey 7 of the 1941 Taos County Reassessment Survey, and more particularly described by metes and bounds as follows:

BEGINNING at the 1967 U.S.B.L.M. Cadastral Survey Brass Cap Monument for the Section Corner common to Sections 23, 24, 25 and 26, T. 29 N., R. 12 E., N.M.P.M., thence
N 89° 56' E, 1311.1 feet to a point, thence
S 00° 10' E, 660.0 feet to a point, the true point and place of beginning, thence;
S 89° 44' E, 2403.3 feet to a point, thence;
S 00° 14' E, 432.7 feet to a point, thence;
S 89° 46' W, 2211.3 feet to a 1/2 inch rebar set, thence;
S 89° 50' W, 192.4 feet to a point, thence;
N 00° 10' W, 453.7 feet to the point and place of beginning.

This tract contains 24.461 acres, more or less. Volume No. 8, page 101.

C Rael

1/31/1978

FOR RECORDER'S USE ONLY
STATE OF NEW MEXICO) SS
COUNTY OF TAOS)

This instrument was filed for record on the 19th day of Sept A.D. 1975 at 3:00 P.M. and duly recorded in Book A-132 Page 606-607 Rec 9-26-75

Irene Lorraine Valdez
County Clerk & Recorder
By Rosie Valencia Deputy

ACKNOWLEDGMENT FOR CORPORATION

STATE OF NEW MEXICO)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this ..... day of ....., 19....., by ..... (Name of Officer), ... (Title) of ..... (Name of Corporation Acknowledging), a ..... (State of Incorporation) corporation, on behalf of said corporation.

My commission expires:

(Seal)

Notary Public

M-00000143

CMI09-00182

009013

SF-1 SHORT FORM WARRANTY DEED—Rev. 11-59—New Mexico Statutory Form 0120 THE VALLIANT CO. ALBUQUERQUE, N. M. Oct 23, 1975 11:10 AM

WARRANTY DEED

56

PEDRO E. MONTOYA and ROSE MONTOYA, his wife

, for consideration paid, grant

to MOLYCORP, INC., a Delaware corporation

the following described real estate in Taos County, New Mexico:

A certain tract of land near Questa, Taos County, New Mexico, located within the North 1/2 of Section 25, Township 29 North, Range 12 East, New Mexico Principal Meridian, described as Tract 2, Map 6, Survey 7 and Tract 32, Map 5, Survey 7 of the 1941 Taos County Reassessment Survey, and more particularly described by metes and bounds as follows:

BEGINNING at the 1/4 corner between Sections 25 and 26, Township 29 North, Range 12 East, New Mexico Principal Meridian, a 1 inch spike found by a U.S.G.L.O. scribed stone monument found (loose), thence; S. 89°35' W., 1092.1 feet to a point, thence; N. 00°10' W., 511.9 feet to a point, the southwest corner, and the true point and place of beginning of this tract, thence;

N. 00°10' W., 311.9 feet to a point, the northwest corner, thence;
N. 89°10' E., 635.6 feet to a point, thence;
S. 89°35' E., 3514.0 feet to a 1/2 inch rebar set for the northeast corner, thence;
S. 00°19' W., 273.3 feet to a 1/2 inch rebar set for the southeast corner, thence;
S. 89°27' W., 1846.5 feet to a point, thence;
S. 89°54' W., 2300.7 feet to the point and place of beginning.

This tract contains 28.817 acres, more or less.

with warranty covenants.
WITNESS our hand s and seal s this 25th day of September, 19 75

Pedro E. Montoya (Seal) PEDRO E. MONTOYA

Rose Montoya (Seal) ROSE MONTOYA

(Seal) (Seal)

ACKNOWLEDGMENT FOR NATURAL PERSONS

STATE OF ~~NEW MEXICO~~ ARIZONA }
ss.
COUNTY OF Taos~~-~~ PIMA }

The foregoing instrument was acknowledged before me this 25 day of September, 19 75
by PEDRO E. MONTOYA and ROSE MONTOYA
(Name or Names of Person or Persons Acknowledging)

My commission expires [illegible] 1976 (Seal) Notary Public

FOR RECORDER'S USE ONLY
STATE OF NEW MEXICO }
COUNTY OF TAOS } ss
This instrument was filed for record on the 23rd day of Oct A.D. 19 75 at 11:10 o'clock A.M. and duly recorded in book A-138 Page 3 Rec. 10-24-75
Marie Lorraine Lucero
County Clerk & Recorder
By Deputy

ACKNOWLEDGMENT FOR CORPORATION

STATE OF NEW MEXICO }
ss.
COUNTY OF }

The foregoing instrument was acknowledged before me this day of, 19,
by (Name of Officer)
(Title of Officer) of (Name of Corporation Acknowledging)
a (State of Incorporation) corporation, on behalf of said corporation.
My commission expires: (Seal)

M-00000144

Notary Public

CMI09-00183

009014

9-11-8

SHORT FORM WARRANTY DEED—Rev. 5-75—New Mexico Statutory Form THE VALLIANT CO. ALBUQUERQUE, N. M. 4.c

WARRANTY DEED

61

DONALD R. STURGEON, a single person, for consideration paid, grant S. to CHARLES B. BROOKS and VEVA B. BROOKS, his wife, as community property, whose address is Post Office Box 1901, Taos, New Mexico 87571, the following described real estate in Taos County, New Mexico:

A certain tract of land near Questa, Taos County, New Mexico, located within Sections 25 & 36, Township 29 North, Range 12 East, N.M.P.M. described as part of Small Holding Claim 2099, Tract 1, part of S.H.C. 2123, Tract 1, part of S.H.C. 1948, Tract 5 and part of S.H.C. 2123, Tract 2 of the 1898 U.S.G.L.O. Survey of the Small Holding Claims in Township 29 North, Range 12 East, N.M.P.M.; also described as all of Tract 19, Map 7, Survey 7 and part of Tract 19, Map 8, Survey 7 of the 1941 Taos County Reassessment Survey and more particularly described by metes and bounds as follows:

BEGINNING at a 3/4 inch rebar found for the N.W. corner of this tract, from whence the East 1/4 Corner of Section 25, Township 29 North, Range 12 East, N.M.P.M. a 1/2 inch rebar set by a U.S.G.L.O. scribed stone monument found (loose), bears N. 12° 36' E., 1171.8 feet distant; Thence, S. 54° 05' E., 171.6 feet to a point; Thence, S. 53° 20' E., 111.3 feet to a 3/4 inch rebar found for the N.E. corner; Thence, S. 24° 29' W., 1119.7 feet to a 3/4 inch rebar found; Thence, S. 23° 37' W., 136.6 feet to a 3/4 inch rebar found; Thence, S. 17° 49' W., 103.3 feet to a point; Thence, S. 15° 58' W., 327.5 feet to a 3/4 inch rebar found for the S.E. corner on the northerly right-of-way of Abra Road; Thence, along said right-of-way, N. 57° 03' W., 20.1 feet to a point; Thence, N. 64° 42' W., 88.4 feet to a point; Thence, N. 62° 46' W., 163.3 feet to a 3/4 inch rebar found for the S.W. corner; Thence, leaving said right-of-way, N. 17° 02' E., 244.8 feet to a 3/4 inch rebar found; Thence, N. 15° 34' E., 130.8 feet to a 3/4 inch rebar found; Thence, N. 17° 32' E., 272.4 feet to a 3/4 inch rebar found; Thence, N. 20° 00' E., 106.2 feet to a point; Thence, N. 22° 27' E., 65.3 feet to a 3/4 inch rebar found; Thence, N. 24° 46' E., 207.9 feet to a point; Thence, N. 27° 20' E., 198.9 feet to a point; Thence, N. 25° 41' E., 267.0 feet to a point; Thence, N. 27° 06' E., 245.2 feet to the point and place of beginning.

This tract contains 11.234 acres, more or less.

with warranty covenants.

WITNESS my hand and seal this 18th day of September, 1979

(Seal) Donald R. Sturgeon (Seal)
Donald R. Sturgeon

(Seal) (Seal)

ACKNOWLEDGMENT FOR NATURAL PERSONS

STATE OF NEW MEXICO }
COUNTY OF TAOS Union } ss.

The foregoing instrument was acknowledged before me this 18th day of September, 1979,
by Donald R. Sturgeon, a single person
(Name or Names of Person or Persons Acknowledging)

My commission expires:
(Seal) EXPIRES 10-2-81

R.K. Lawrence
Notary Public

FOR RECORDER'S USE ONLY

STATE OF NEW MEXICO }
COUNTY OF TAOS } SS

This instrument was filed for record on the 11 day of Sept A.D. 19 80 at 4:00 o'clock P.M. and duly recorded in book A-155 Page 590 Rec. 9-22-80

County Clerk & Recorder

By Priscilla Trujillo Deputy

ACKNOWLEDGMENT FOR CORPORATION

STATE OF NEW MEXICO }
COUNTY OF } ss.

The foregoing instrument was acknowledged before me this
day of , 19 ,
by (Name of Officer)
of (Title of Officer) (Name of Corporation Acknowledging)
a corporation, on behalf of said corporation.
(State of Incorporation)

My commission expires:
(Seal)

Notary Public

M-00000151

CMI09-00184

009015

Sterling Trust

65 #52111
2:15
6-23-80

WARRANTY DEED

ESTHER G. RAEL, a single woman and owner of an undivided one-half (½) interest in the following described real property; JOHN B. RAEL, a married man dealing with his sole and separate property and owner of an undivided one-eighth (1/8) interest in the following described real property; ELSIE R. PIPER, a married woman dealing with her sole and separate property and owner of an undivided one-eighth (1/8) interest in the following described real property; TESSIE R. ORTEGA, a married woman dealing with her sole and separate property and owner of an undivided one-eighth (1/8) interest in the following described real property; and MAXINE R. MARTINEZ, a single woman and owner of an undivided one-eighth (1/8) interest in the following described real property; for consideration paid grant to MOLYCORP, INC., whose address is Questa, New Mexico 87556, their respective interests in the following described real estate in Taos County, New Mexico, more particularly described as follows:

A. A tract of land which is a portion of Small Holding Claim No. 2059, tract 3, Sec 36, T 29 N, R 12 E, of N.M.P.M., in Questa, Taos County, New Mexico, which is more particularly described as follows:

Beginning at a steel stake on the North side of Embargo Road, whence an iron stake with brass cap set by the General Land Office for A.P. No. 1 of S.H.C. No. 5328, tract 3, in Sec 1, T 28 N, R 12 E, of N.M.P.M., bears S 40° 08' E, 599.5 feet distant, thence

N 8° 48' E, 323.9 feet to a steel stake, thence
N 76° 40' E, 178.5 feet to a steel stake, thence
N 8° 48' E, 2741.7 feet to a steel stake, thence
S 48° W, 341.2 feet to a point at the N.W. corner of tract, whence a reference steel stake bears N 8° 48' E, 100.0 feet distant, thence continuing from the N.W. corner of tract
S 8° 48' W, 2888.8 feet to a steel stake on the North side of Embargo Road, thence
N 76° 40' E, 54.0 feet to a steel stake at a point and place of beginning, containing 13.496

CMI09-00185

M-00000152

Acres, more or less.

B. A tract of land which is a portion of Small Holding Claim No. 2059, tract 2, No. 1964, tract 2, and No. 2124, tract 2, in Sec 36, T 29 N, R 12 E, and Sec 31, T 29 N, R 13 E, of N.M.P.M., in Questa, Taos County, New Mexico, which is more particularly described as follows:

Beginning at a steel stake, whence an Iron stake with brass cap set by the General Land Office for A.P. No. 1 of S.H.C. No. 5328, tract 3, in Sec 1, T 28 N, R 12 E, of N.M.P.M., bears S 5° 04' W, 894.8 feet distant, thence

N 8° 48' E, 2913.1 feet to a steel stake, thence
N 76° E, 367.6 feet to a steel stake, thence
S 11° 23' W, 1097.8 feet to a steel stake, thence
S 86° 15' E, 140.2 feet to a steel stake adjacent to a corner fence post and a marked rock, thence
S 8° 50' W, 629.0 feet to a steel stake adjacent to a corner fence post, thence
S 81° 02' E, 272.8 feet to a steel stake adjacent to a corner fence post and marked rock, thence
S 6° 50' W, 716.3 feet to a steel stake, thence
S 4° 36' E, 285.6 feet to a steel stake, thence
S 76° 01' W, 533.1 feet to a steel stake, thence
S 73° 37' W, 332.1 feet to a steel stake at the point and place of beginning, containing 33.099 Acres, more or less.

C. Regardless of the metes and bounds description contained herein of the easterly boundary of Small Holding Claim No. 2059, tract 3 and of the westerly boundary of Small Holding Claim No. 2059, tract 2, such boundary shall be contiguous with the westerly and easterly boundaries respectively of Small Holding Claim No. 1947, tract 3, which lies between them and which is owned by the Grantee, Molycorp, Inc.; the purpose being to assure that no gores occur in the common boundaries between the three (3) tracts.

Together with all water, mineral, hydrocarbon, hydrothermal and other extractive rights, if any, appurtenant to the property.

With warranty covenants.

WITNESS our hands and seals this 19 day of May, 1980.

Esther G. Rael

ESTHER G. RAEL

CMI09-00186

M-00000153

009017

JOHN B. RAEL

ELSIE R. PIPER

TESSIE R. ORTEGA

MAXINE R. MARTINEZ

STATE OF NEW MEXICO)
: ss.
COUNTY OF Bernalillo)

The foregoing instrument was acknowledged before me this 19 day of May, 1980 by Esther G. Rael.

Notary Public

My Commission Expires:
8-15-83

STATE OF NEW MEXICO)
: ss.
COUNTY OF Bernalillo)

The foregoing instrument was acknowledged before me this 16th day of May, 1980 by John B. Rael.

Notary Public

My Commission Expires:
Jan. 20, 1983

CMI09-00187

M-00000154

009018

STATE OF NEW MEXICO)
: ss.
COUNTY OF Bernalillo

The foregoing instrument was acknowledged before me this 19 day of May, 1980 by Elsie R. Piper.

Notary Public

My Commission Expires:
8-15-83

STATE OF NEW MEXICO)
: ss.
COUNTY OF Taos)

The foregoing instrument was acknowledged before me this 20th day of May, 1980 by Tessie R. Ortega.

Theresa Young
Notary Public

My Commission Expires:
2-10-82

OFFICIAL SEAL
SIGNATURE Theresa Young
THERESA YOUNG
NOTARY PUBLIC - NEW MEXICO
NOTARY BOND FILED WITH SECRETARY OF STATE
My Commission expires 2-10-82

STATE OF NEW MEXICO)
: ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this 16th day of May, 1980 by Maxine R. Martinez.

Charles E. Williams
Notary Public

My Commission Expires:
January 20, 1983

STATE OF NEW MEXICO) SS
COUNTY OF TAOS)

This instrument was filed for record on the 23 day of June A.D. 1980 at 3:15 o'clock PM and duly recorded in book A-154 Page 680-683 Rec 6-27-80

+2 [signature] "El Comanche"
County Clerk & Recorder
By [signature] Deputy

SEAL

CMI09-00188

M-00000155

009019

STATE OF NEW MEXICO 2:15 Nº 52111

TAOS COUNTY CLERK AND RECORDER

Taos, New Mexico, Jan 23 19 84

Received of Sterling Title & Abstract $ 6.00/00

Six Dollars & 00/cents Dollars

For Rec of Warranty Deed: Fr. Esther Co. Rael ETAL TO Moly Corp., Inc. FEE

Filing No. CLERK

Date Filed By DEPUTY

CMI09-00189

M-00000157

WARRANTY DEED - Statutory Form — Approved by Eighteenth Legislature FORM 252

J. P. RAEL, a single man, for consideration paid,

grant s to MOLYBDENUM CORPORATION OF AMERICA, a Corporation,

the following described real estate in Taos County, New Mexico:

A Tract of land on the South side of the Embargo Ditch which is a portion of P.C. 1955, Tract 3, in Section 31, Twp. 29 North, Range 13 East, and a portion of P. C. 5318, Tract 2, in Section 6, Twp. 28 North, Range 13 East, of N.M.P.M., in Questa, New Mexico, and more particularly described as follows:

Beginning at an iron stake with brass cap, marked, witnessed and set by the General Land Office for A P No. 3 of P. C. 5318, Tract 2, the point and place of beginning, Thence South 2 deg. West 71.2 feet to a corner fence post, Thence, North 88 Deg. 55' West, 272.2 feet to a corner post, Thence, North 3 Deg. 16' East, 503.9 feet to a corner fence post, Thence, South 39 deg. 09' East, 101.0 feet to a corner fence post, Thence North 5 Deg. 27' East, 489.3 feet to a corner fence post, Thence, South 82 Deg. 46' East, 131.9 feet to a corner fence post, Thence, South 19 Deg. 43' West, 32.6 feet to a corner fence post, Thence South 4 deg. 43' West, 871.1 feet to A P. No. 3 of P. C. 5318, Tract 2, the point and place of beginning, containing 4.712 acres in P. C.1955, Tr. 3, and 0.427 acres in P. C. 5318, Tr. 2, a Total of 5.139 Acres;

Together with all water rights appurtenant thereto;

Together with the same rights of ingress and egress given to J. P. Rael from Adelmo Cisneros in the Warranty Deed witnessed and sealed on the 1st day of August 1961, recorded in the office of the Taos County Clerk on the 11th day of August, 1961, in Book A-57, Page 589.

STATE OF NEW MEXICO)
COUNTY OF TAOS) SS.

This instrument was filed for record on the 25 day of May A. D. 1965 at 2:50 o'clock P M. and duly recorded in book A-99 Page 147 on 6-3-65

Ursula L. Trujillo
County Clerk & Recorder
By Christine Trujillo Deputy

CMI09-00190

With warranty covenants.

WITNESS my hand and seal 15th day of April

~~day of~~ , 1965. J. P. Rael (SEAL)

(SEAL)

STATE OF NEW MEXICO } ss.
County of Taos } (SEAL)

On this 15th day of April, 1965 before me personally appeared J. P. Rael, a single man, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed same as his free act and deed.

WITNESS my hand and seal the day and year last above written.

R. Howard Brandenburg

My commission expires 10/9, 1965 Notary Public, Taos County, N. M.

M-00000158

009021

53

1205-5-90
Sterling Title

11:30 AM
7-8-75
94329

WARRANTY DEED

MAX ORTEGA and TESSIE ORTEGA, his wife, for consideration paid, grant to MOLYCORP, INC., a Delaware corporation, Questa, New Mexico, the following described real estate in Taos County, New Mexico:

TRACT "B"

A certain tract of land near Questa, Taos County, New Mexico, described as part of Lot 1, Section 25, Township 29 North, Range 12 East, New Mexico Principal Meridian and part of Small Holding Claim 1982, Tract 1 of the 1896 U.S.G.L.O. Survey of the Small Holding Claims in Section 25, T. 29 N., R 12 E., N.M.P.M., also described as part of Tract 3, Map 8, Survey 7, part of Tract 13, Map 8, Survey 7, and part of Tract 19, Map 8, Survey 7 of the 1941 Taos County Reassessment Survey and more particularly described as follows:

BEGINNING at a 1/2 inch rebar set by a wooden stake found for the northeast corner, from whence the 1/4 Corner between S. 25, T. 29 N., R. 12 E., and S. 30, T. 29 N., R. 13 E., N.M.P.M. a 1/2 inch rebar set by a U.S.G.L.O. Scribed Stone 1/4 Corner found (loose) bears
N 89° 57' E., 41.8 feet distant;
Thence, S 02° 14' W, 599.3 feet to a 3/4 inch rebar found;
Thence, S 62° 47' W, 226.0 feet to a 1/2 inch rebar set;
Thence, S 55° 11' W, 382.0 feet to a point;
Thence, N 52° 05' W, 59.6 feet to a 3/4 inch rebar found;
Thence, N 33° 30' E, 1059.7 feet to the point and place of beginning.

This tract contains 4.043 acres, more or less.

TRACT "C"

A certain tract of land near Questa, Taos County, New Mexico, located within Projected Section 25, Township 29 North, Range 12 East, and within Projected Section 30, Township 29 North, Range 13 East, New Mexico Principal Meridian, described as part of Lot 1, S. 25, T. 29 N., R. 12 E. and part of Lot 3, S. 30, T. 29 N., R. 13 E., N.M.P.M., Small Holding Claim 2101, Tract 1; part of Small Holding Claim 1982, Tract 1; part of Small Holding Claim 1947, Tract 1; part of Small Holding Claim 2099, Tract 1; part of Small Holding Claim 2123, Tract 1; part of Small Holding Claim 1948, Tract 5; part of Small Holding Claim 2007, Tract 1 of the 1896 U.S.G.L.O. Survey of the Small Holding Claims in Section 25, Township 29 North, Range 12 East, and Section 30, Township 29 North, Range 13 East, N.M.P.M., also described as part of Tract 19, Map 8, Survey 7 of the 1941 Taos County Reassessment Survey, and more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch rebar set by a U.S.G.L.O. Scribed Stone 1/4 Corner found (loose);
Thence, S 89° 57' W, 41.8 feet to a 1/2 inch rebar set by a wooden stake found;
Thence, S 02° 14' W, 599.3 feet to a 3/4 inch rebar found;
Thence, S 62° 47' W, 226.0 feet to a 1/2 inch rebar set for the northwest corner and the true point and place of beginning of this tract;
Thence, S 54° 00' E, 1517.4 feet to a 1/2 inch rebar set;
Thence, S 51° 42' W, 230.9 feet to a point;
Thence, S 54° 20' W, 193.3 feet to a 1/2 inch rebar set;

CMI09-00191

009022

Thence, N 49° 50' W, 576.3 feet to a point;
Thence, N 51° 30' W, 266.5 feet to a point;
Thence, N 54° 44' W, 678.8 feet to a point;
Thence, N 55° 11' E, 382.0 feet to the point and place of beginning.

This tract contains 12.897 acres, more or less.

The above tracts are shown on a certain plat which has been filed for record in Volume 8 of Maps and Plats at Page 24, Records of Taos County, New Mexico.

with warranty covenants.

WITNESS our hands and seals this 8th day of July, 1975.

Max Ortega
MAX ORTEGA

Tessie Ortega
TESSIE ORTEGA

STATE OF NEW MEXICO)
) SS
COUNTY OF TAOS)

The foregoing instrument was acknowledged before me this 8th day of July, 1975, by MAX ORTEGA and TESSIE ORTEGA.

Alvin C Gonzales
NOTARY PUBLIC

(Seal)

My Commission Expires:
7/31/1978

LIVIA C. GONZALES NOTARY PUBLIC

CMI09-00192

STATE OF NEW MEXICO)
COUNTY OF TAOS) SS.

This instrument was filed for record on the 8th day of July A.D. 19 75 at 11:30 O'clock A M and duly recorded in book A-136 Page 862-863 Rec 7-11-75

Marie Lorraine Ortega
County Clerk & Recorder

By Rebecca Gurule Deputy

-2-

M-00000160

CMI09-00193

11:30 A.M.

STATE OF NEW MEXICO № 94329

TAOS COUNTY CLERK AND RECORDER

Taos, New Mexico, July 8 1975

Received of Sterling title and Abstract $ 2.75

Two and 75/100 Dollars

For Rec. Warranty deed F. Max Ortega

To Moly Corp Inc

Filing No. Tract B. C.

M. L. G. CLERK

Date Filed

By Glenda Sandoval DEPUTY

M-00000162

ARTURO Gomez
(002 Outfall)

PROPERTY DESCRIPTION
TRACT "A"

A certain tract of Land in Questa, Taos County, New Mexico, located within the N.W. 1/4 of Section 1, Township 28 North, Range 12 East, N.M.P.M. described as part of Small Holding Claim 5307, Tract 1 and part of Small Holding Claim 5183, Tract 1 of the 1912 U.S.G.L.O. Survey of the Small Holding Claims in Section 1, Township 28 North, Range 12 East, N.M.P.M.; also described as part of Tract 10, Map 13, Survey 7 of the 1941 Reassessment Survey for Taos County, and more particularly described by Metes and Bounds as follows:

Commencing at the 1967 U.S.B.L.M. brass cap monument found marking the Section Corner for Sections 35 and 36, Township 29 North, Range 12 East, N.M.P.M.,

Thence S 30° 32' 45" E 657.10 feet to the point of beginning,
Thence S 07° 51' 33" E 61.0 feet to a point
Thence S 21° 35' 53" W 357.16 feet to a point
Thence S 50° 57' W 109.55 feet to a point
Thence S 52° 53' W 42.0 feet to a point
Thence S 53° 05' W 96.3 feet to a point
Thence S 53° 40' W 74.1 feet to a point
Thence N 07° 11' W 84.8 feet to a point
Thence N. 05° 47' W 15.7 feet to a point
Thence N. 84° 13' E 30.0 feet to a point
Thence S 05° 47' E 15.70 feet to a point
Thence S 07° 11' E 33.72 feet to a point
Thence N. 53° 40' E 22.86 feet to a point
Thence N 53° 05' E 96.09 feet to a point
Thence N 52° 53' E 41.44 feet to a point
Thence N 50° 57' E 101.19 feet to a point
Thence N 21° 35' 53" E 402.42 feet to the point of beginning.

This tract contains 22,384.5 SQ. FT. or 0.51 of an acre more or less.

EXHIBIT A

CMI09-00194

AJA\Molycorp\Gomez\TractA.rev

M-00000163

009025

PROPERTY DESCRIPTION
TRACT "B"

A certain tract of land in Questa, Taos County, New Mexico, located within the N.W. 1/4 of Section 1, Township 28 North, Range 12 East, N.M.P.M., described as part of Small Holding Claim 5307, Tract 1 and Part of Tract 6, Map 13, Survey 7 of the 1941 Reassessment Survey for Taos County, and more particularly described by Metes and Bounds as follows:

Commencing at the U.S.G.L.O. pipe, (brass cap is Gone) being Corner 2, of Small Holding Claim No. 5183, Tr.1,

Thence in 04°49'17" W 12.37 feet, to a 1/2 inch rebar, being the true point of beginning,
Thence S 72°21'33" W 254.05 feet to a 1/2 inch rebar,
Thence N 07°01'07" W 30.51 feet to a 1/2 inch rebar,
Thence N 72°21'33" E 223.45 feet to a 1/2 inch rebar,
Thence N 07°13'04" W 578.34 feet to a 1/2 inch rebar,
Thence N 06°42'55" W 650.18 feet to a 1/2 inch rebar,
Thence along the Southerly Side of a County Road, N 55°04'45" E 34.02 feet to a 1/2 inch rebar,
Thence leaving said Road, S 06°42'55" E 666.00 feet to a 1/2 inch rebar,
Thence S 07°13'04" E 603.32 feet to a 1/2 inch rebar,
The true point of beginning, Containing 1.024 Acres More or Less.

CMI09-00195

A:\A\Molycorp\Gomez\TractB.

EXHIBIT B

M-00000164

009026

XI
Survey
2318

PROOF OF POSTING NOTICE
OF INTENTION TO APPLY FOR
UNITED STATES PATENT FOR MILL SITES

STATE OF NEW MEXICO)
) ss
County of Taos)

Paul G. LaCome and William H. Renison,
each for himself and not one for another, being first duly sworn on oath according to law deposes and says:

That affiant is a citizen of the United States, over the age of 21 years, and was present on the 7th day of April, 1977, when Notice of Intention of MOLYCORP, INC., a Delaware corporation, to Apply for Patent to Mill Sites for No. 11 Piñon mill site, No. 13 Piñon mill sites, No. 67 Piñon mill site, No. 68 Piñon mill site, No. 69 Piñon mill site, No. 70 Piñon mill site, No. 71 Piñon mill site, No. 72 Piñon mill site, No. 73 Piñon mill site, No. 74 Piñon mill site, No. 75 Piñon mill site and No. 76 Piñon mill site, situated in Section 2, Township 28 North, Range 12 East, New Mexico Principal Meridian, Red River Mining District, Taos County, New Mexico, and Section 35, Township 29 North, Range 12 East, New Mexico Principal Meridian, Red River Mining District, Taos County, New Mexico, was posted on said mill sites.

That said Notice was securely fastened to a board attached to a post approximately four feet high and conspicuously displayed so that anyone entering upon said mill sites could readily see and examine said Notice.

That said Notice was posted at a point approximately N 68° 35' E, seven hundred and sixty feet (760) from section corner 35, T29N, R12E. Said posting is on the NW corner of No. 11 Piñon mill site claim.

CMI09-00196

M-00000165

009027

A full and true copy of the Notice posted upon said mill sites is annexed hereto, marked Exhibit A, and made a part of this Affidavit.

Paul S. Fabian

William H. Rennison

SUBSCRIBED AND SWORN to before me this 7 day of April, 1977, and I hereby certify that I consider the above deponents to be credible and reliable and that the foregoing affidavit was read and examined by them before their signatures were affixed thereto.

Robert R. Tiffany
Notary Public

My Commission Expires:

6 July 1979

CMI09-00197

M-00000166

009028

NOTICE OF INTENTION TO APPLY
FOR UNITED STATES PATENT
FOR MILL SITES

Land and Minerals Branch
Bureau of Land Management
Santa Fe, New Mexico

NOTICE IS HEREBY GIVEN that pursuant to Chapter 2, Title 30 of the United States Code and Part 3860 of Title 43, Code of Federal Regulations, MOLYCORP, INC., a Delaware corporation licensed to transact business in New Mexico, intends to apply for patent for that area within the boundaries of No. 11 Piñon mill site, No. 13 Piñon mill site, No. 67 Piñon mill site, No. 68 Piñon mill site, No. 69 Piñon mill site, No. 70 Piñon mill site, No. 71 Piñon mill site, No. 72 Piñon mill site, No. 73 Piñon mill site, No. 74 Piñon mill site, No. 75 Piñon mill site, and No. 76 Piñon mill site, situated in Section 2, Township 28 North, Range 12 East, New Mexico Principal Meridian, Red River Mining District, Taos County, New Mexico, and Section 35, Township 29 North, Range 12 East, New Mexico Principal Meridian, Red River Mining District, Taos County, New Mexico, and said mill sites are described as subdivisions of the above sections as follows:

EXHIBIT A

CMI09-00198

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009029

NAME OF MILL SITE	DESCRIPTION	ACREAGE
No. 11 Piñon	S½SE¼SW¼SW¼ of Section 35	5
No. 13 Piñon	N½SE¼SW¼SW¼ of Section 35	5
No. 73 Piñon	SE¼SW¼SW¼SW¼ of Section 35	2.5
No. 74 Piñon	E½NE¼SW¼SW¼ of Section 35	5
No. 75 Piñon	E½SE¼NW¼SW¼ of Section 35	5
No. 76 Piñon	E½NE¼NW¼SW¼ of Section 35	5
No. 67 Piñon	NE¼SE¼ Lot 4 of Section 2	2.986
No. 68 Piñon	NW¼SE¼ Lot 4 of Section 2	2.986
No. 69 Piñon	SE¼NE¼ Lot 4 of Section 2	2.986
No. 70 Piñon	SW¼NE¼ Lot 4 of Section 2	2.986
No. 71 Piñon	NE¼NE¼ Lot 4 of Section 2	2.986
No. 72 Piñon	NW¼NE¼ Lot 4 of Section 2	2.986

All of the above described mill sites are located entirely on non-mineral ground and there are no conflicting mill sites.

The book and page of where notice of mill site or amended notice of mill site of said mill sites are recorded in the Office of the County Clerk and Recorder of Taos County, New Mexico are set forth after the respective mill sites:

CMI09-00199

M-00000168

009030

NAME OF MILL SITE	NOTICE OF MILL SITE		AMENDED NOTICE OF MILL SITE	
	Book	Page	Book	Page
No. 11 Piñon	M-54	870-871	M-58	643-644
No. 13 Piñon	M-54	874-875	M-58	645-646
No. 67 Piñon	M-58	676-677		
No. 68 Piñon	M-58	678-679		
No. 69 Piñon	M-58	680-681		
No. 70 Piñon	M-58	682-683		
No. 71 Piñon	M-58	684-685		
No. 72 Piñon	M-58	686-687		
No. 73 Piñon	M-58	688-689		
No. 74 Piñon	M-58	690-691		
No. 75 Piñon	M-58	692-693		
No. 76 Piñon	M-58	694-695		

Any and all persons claiming adversely the land or any part of the same so applied for by the above mill sites are hereby notified that unless their adverse claims are duly filed according to law and regulation thereunder within sixty (60) days of publication of Notice of said application with the Chief, Branch of Land and Minerals Operations, Bureau of Land Management, New Mexico State Office, P. O. Box 1449, Santa Fe, New Mexico 87501, they will be barred by virtue of law.

DATED AND POSTED on the ground this 7 day of APRIL, 1977.

MOLYCORP, INC.

BY _____

Attorney in Fact

CMI09-00200

M-00000169

009031

IN THE UNITED STATES LAND OFFICE

AT SANTA FE, NEW MEXICO

In the Matter of Application for Patent of mill sites No. 11 Piñon No. 13 Piñon, No. 67 Piñon, No. 68 Piñon, No. 69 Piñon, No. 70 Piñon, No. 71 Piñon, No. 72 Piñon, No. 73 Piñon, No. 74 Piñon, No. 75 Piñon and No. 76 Piñon.	APPLICATION FOR PATENT OF MILL SITES

STATE OF NEW MEXICO)
) ss
County of Taos)

C. ROBERT SACRISON, being first duly sworn, deposes and says:

1. That affiant is over the age of 21 years, residing at Taos, New Mexico, and is the duly appointed attorney in fact of MOLYCORP, INC., a Delaware corporation licensed to transact business in New Mexico, and as its attorney in fact, is authorized and empowered to perform all acts and to execute and deliver all documents required or determined to be advisable in connection with mill site patent proceedings for the above listed mill sites as is more fully set forth in the Power of Attorney attached hereto and made a part hereof.

2. That by virtue of compliance with the laws of the United States and the laws of the State of New Mexico governing the acquisition of title to non-mineral lands on public domain for mill site purposes, applicant, MOLYCORP, INC., a Delaware corporation, is owner of the following unpatented mill sites, notice of mill site and amended notice of mill site of which are of record in the Office of the County Clerk and Recorder of Taos County, New Mexico in the book and at the page set after the respective mill sites; the area and extent of said mill sites is particularly set

forth and described in the Notice of Intention to Apply for Patent, now posted conspicuously upon said mill sites, a copy of which is attached hereto and to which reference is hereby made.

3. MOLYCORP, INC. was the locator of all of the above described mill sites and has not conveyed in any way said mill sites to any other party.

4. The area for which application for mill site patent is hereby made is 45.416 acres and the acreage, all in Section 2, Township 28 North, Range 12 East and Section 35, Township 29 North, Range 12 East, both in New Mexico Principal Meridian, under each mill site is as follows:

NAME OF MILL SITE	DESCRIPTION	ACREAGE
No. 11 Piñon	S½SE¼SW¼SW¼ of Section 35	5
No. 13 Piñon	N½SE¼SW¼SW¼ of Section 35	5
No. 73 Piñon	SE¼SW¼SW¼SW¼ of Section 35	2.5
No. 74 Piñon	E½NE¼SW¼SW¼ of Section 35	5
No. 75 Piñon	E½SE¼NW¼SW¼ of Section 35	5
No. 76 Piñon	E½NE¼NW¼SW¼ of Section 35	5
No. 67 Piñon	NE¼SE¼ Lot 4 of Section 2	2.986
No. 68 Piñon	NW¼SE¼ Lot 4 of Section 2	2.986
No. 69 Piñon	SE¼NE¼ Lot 4 of Section 2	2.986
No. 70 Piñon	SW¼NE¼ Lot 4 of Section 2	2.986
No. 71 Piñon	NE¼NE¼ Lot 4 of Section 2	2.986

CMI09-00202

M-00000171

009033

NAME OF MILL SITE	DESCRIPTION	ACREAGE
No. 72 Pinon	NW¼NE¼ Lot 4 of Section 2	2.986
	TOTAL----	45.416

5. The land covered by the mill sites named in this application is all non-mineral land and is presently being occupied and used by MOLYCORP, INC., a Delaware corporation, to receive tailings from the mill which processes ore from patented and unpatented lode mining claims owned by MOLYCORP, INC., more particularly described as:

> unpatented and patented lode mining claims situated in the Red River Mining District, County of Taos, State of New Mexico, owned by MOLYCORP, INC., and of the veins and lodes therein or appertaining thereto, named, located on the dates and the notices of location or amended notices of location were recorded in the mining records in the office of the County Clerk of Taos County, New Mexico, as follows:
>
> Andesite No. 1 and No. 17, Molybdite No. 7, No. 8, No. 9 and No. 10, Rhyolite No. 3, No. 5, No. 6 and No. 7, Summit No. 4 and No. 5, Lonesome No. 1, designated and described as Mineral Survey No. 2254-A, located in Sections 1 and 2, Township 28 North, Range 13 East and in Sections 35 and 36, Township 29 North, Range 13 East, New Mexico Principal Meridian, Red River Mining District, Taos County, New Mexico, patented under Patent No. 30-70-0045, dated May 6, 1970.
>
> Sargent No. 4 and No. 5, designated and described as Mineral Survey No. 1909, located in Section 36, Township 29 North, Range 13 East, New Mexico Principal Meridian, Red River Mining District, Taos County, New Mexico, patented under Patent No. 958137, dated April 22, 1925.
>
> Phyllis No. 1, No. 2, No. 3, No. 4, No. 5, No. 6, No. 7, No. 9 and No. 10, designated and described as Mineral Survey No. 1843, located in Sections 35 and 36, Township 29 North, Range 13 East, New Mexico Principal Meridian, Red River Mining District, Taos County, New Mexico, patented under Patent No. 890847, dated December 18, 1922.

CMI09-00203

M-00000172

009034

Buena Vista No. 1, No. 2, No. 3, No. 4, No. 6 and No. 7, Torbert No. 2 and Renegade, designated and described as Mineral Survey No. 1943, located in Sections 35 and 36, Township 29 North, Range 13 East, New Mexico Principal Meridian, Red River Mining District, Taos County, New Mexico, patented under Patent No. 1013380, dated March 10, 1928.

Diorite No. 1 designated and described as Mineral Survey No. 1991, located in Section 36, Township 29 North, Range 13 East, New Mexico Principal Meridian, Red River Mining District, Taos County, New Mexico, patented under Patent No. 1042765, dated December 13, 1930.

Sargent No. 6 and No. 7 designated and described as Mineral survey No. 1910, located in Sections 35 and 36, Township 29 North, Range 13 East, New Mexico Principal Meridian, Red River Mining District, Taos County, New Mexico, patented under Patent No. 952862, dated February 5, 1925.

6. All of the above described mill sites are located entirely on non-mineral ground and there are no conflicting mill sites.

7. The Notice of Intention to Apply for Mill Site Patent for the mill sites included in this application will be posted at a point approximately N 68° 35' E, seven hundred and sixty feet (760) from section corner 35, T29N, R12E. Said posting is on the NW corner of No. 11 Piñon mill site claim.

8. Applicant has not had any direct or indirect part in the development of the atomic bomb.

In consideration of the foregoing facts and in conformity with the statutes of the United States, application is hereby made for and on behalf of MOLYCORP, INC., a Delaware corporation licensed to transact business in New Mexico, and owner of the above described mill sites for which this application is made for a mill site patent from the United States for these mill sites.

MOLYCORP, INC.

BY C. Robert Sacrison
Attorney in Fact

SUBSCRIBED AND SWORN TO before me at Questa, State of Mew Mexico, this 7 day of April, 1977, by C. ROBERT SACRISON as attorney in fact in the foregoing application, and I hereby certify that I consider C. ROBERT SACRISON to be a credible and reliable person, and the foregoing affidavit was read and examined by him before his signature was affixed thereof.

Robert R. Tiffany
Notary Public

My Commission Expires:

6 July 1979

CMI09-00205

M-00000174

009036

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That MOLYCORP, INC., a Delaware corporation authorized to transact business in the State of New Mexico, does hereby constitute and appoint C. ROBERT SACRISON of Taos, New Mexico, over 21 years of age, and A. L. GRESLIN of Red River, New Mexico, over 21 years of age, and each of them (with full power to act without the other) its true and lawful attorney in fact for it with power of substitution given to each in his name to act for it in the manner of making application of one or more applications to the United States of America for patent in the proper office of the Bureau of Land Management for the following mill sites: No. 11 Piñon mill site, No. 13 Piñon mill site, No. 67 Piñon mill site, No. 68 Piñon mill site, No. 69 Piñon mill site, No. 70 Piñon mill site, No. 71 Piñon mill site, No. 72 Piñon mill site, No. 73 Piñon mill site, No. 74 Piñon mill site, No. 75 Piñon mill site, and No. 76 Piñon mill site, all located in Section 2, Township 28 North, Range 12 East, New Mexico Principal Meridian, Red River Mining District, Taos County, New Mexico and Section 35, Township 29 North, Range 12 East, New Mexico Principal Meridian, Red River Mining District, Taos County, New Mexico, and No. 27 Piñon mill site, No. 28 Piñon mill site, No. 29 Piñon mill site, No. 30 Piñon mill site, No. 31 Piñon mill site, No. 32 Piñon mill site, No. 33 Piñon mill site, No. 34 Piñon mill site, No. 35 Piñon mill site, No. 37 Piñon mill site, No. 39 Piñon mill site, No. 43 Piñon mill site, No. 77 Piñon mill site, No. 78 Piñon mill site, No. 79 Piñon mill site, and No. 80 Piñon mill site, all located in Section 26, Township 29 North, Range 12 East, New Mexico Principal Meridian, Red River Mining

District, Taos County, New Mexico, and to make and file in the patent proceedings, statements with respect to citizenship; and to make or cause to be made any and all surveys, relocations, amended locations, affidavits and notices; and to execute all necessary papers including applications for payment, which may be required in the prosecution of such applications, or to perfect or protect the title to said mill sites; and to do all acts and things in and about the premises which the undersigned could do if present until patent is finally delivered; also, in case of adverse claims and/or contest, the undersigned authorizes said C. ROBERT SACRISON and A. L. GRESLIN, and each of them, to employ counsel and to take all measures necessary to defend or prosecute said adverse claim or suit in support thereof, either in administrative or judicial proceedings, and in such proceedings to execute any bonds or other papers and to verify all proceedings, hereby ratifying and confirming all that said attorney may have done and shall lawfully do or cause to be done by virtue of these presents. The power herein granted shall extend to said mill sites and any amendments or relocations thereof.

The Bureau of Land Management may rely on this Power of Attorney until it receives a revocation of this Power of Attorney duly signed and acknowledged by MOLYCORP, INC. revoking this Power of Attorney.

IN WITNESS WHEREOF, MOLYCORP, INC. has hereunto signed these presents this 8th day of March, 1977.

ATTEST:

Secretary

MOLYCORP, INC.

BY

President

CMI09-00207

M-00000176

009038

STATE OF NEW YORK)
) ss
County of Westchester)

On this the 8th day of March, 1977, personally appeared before me, a Notary Public, Wm. R. Kuntz, the President of MOLYCORP, INC., a Delaware corporation, and being duly authorized to act on behalf of said corporation did acknowledge that he executed the above instrument on behalf of MOLYCORP, INC.

Royal E. Rennert
Notary Public

ROYAL E. RENNERT
Notary Public, State of New York
No. 41-3253470
Qualified in Queens County
Certificate filed in New York County & WESTCHESTER COUNTY
Commission Expires March 30, 1978

My Commission Expires:
March 30, 1977

CMI09-00208

M-00000177

009039

ATTACHMENT 3.4b

Stes.

SF - 1 ~~SHORT~~ FORM WARRANTY DEED—Rev. 5-75—New Mexico Statutory Form THE VALLIANT CO. ALBUQUERQUE, N. M.

1135
2-19-82

WARRANTY DEED

72 FRANK MARTINEZ, a single person

for consideration paid, grant

to MOLYCORP, INC. ✓

whose address is Box 469
Questa, New Mexico 87557

the following described real estate in TAOS County, New Mexico:

A certain tract of land in Questa, Taos County, New Mexico, located within the N.W. 1/4 of Section 31, Township 29 North, Range 13 East, N.M.P.M., described as part of Small Holding Claim 1481, Tract 5, and part of Small Holding Claim 2123, Tract 4, of the 1896 U.S.G.L.O. Survey of the Small Holding Claims in Section 31, Township 29 North, Range 13 East, N.M.P.M., also described as part of Tracts 9 and 17, Map 11, Survey 7 of the 1941 Taos County Reassessment Survey, and more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch rebar set for the N.E. corner of this tract, from whence A.P. 4, Lot 20, Section 31, Township 29 North, Range 13 East, N.M.P.M., a 1968 U.S. B.L.M. brass cap monument found, bears N. 24° 17' E., 2203.5 feet distant, thence;

S. 05° 50' W., 20.4 feet to a point, thence;
S. 07° 49' W., 80.1 feet to a point, thence;
S. 08° 17' W., 157.4 feet to a point, thence;
S. 08° 08' W., 151.9 feet to a point, thence;
S. 33° 45' E., 27.3 feet to a 1/2 inch rebar set for the S.E. Corner, thence;
S. 61° 22' W., 39.3 feet to a point, thence;
S. 65° 16' W., 43.9 feet to a point, thence;
S. 66° 45' W., 92.2 feet to a point, thence;
S. 67° 42' W., 92.1 feet to a point, thence;
S. 67° 21' W., 46.5 feet to a 1/2 inch rebar found for the S.W. corner, thence;
N. 08° 28' E., 156.5 feet to a point, thence;
N. 09° 08' E., 188.5 feet to a point, thence;
N. 11° 17' E., 290.4 feet to a 1/2 inch rebar set for the N.W.corner, thence;
S. 71° 59' E., 214.8 feet to a point, thence;
S. 74° 07' E. 15.9 feet to the point and place of beginning. Containing 3.006 Acres, more or less, and accrues an easement to Abra Road.

with warranty covenants.

WITNESS my hand and seal this 19th day of February, 19 82.

(Seal) (Seal)

(Seal) Frank Martinez (Seal)

ACKNOWLEDGMENT FOR NATURAL PERSONS

STATE OF NEW MEXICO)
) ss.
COUNTY OF TAOS)

The foregoing instrument was acknowledged before me this 19th day of February, 19 82

by Frank Martinez, a single person
(Name or Names of Person or Persons Acknowledging)

My commission expires:
(Seal) 7/21/1982

Alicia C. Douglas
Notary Public

FOR RECORDING USE ONLY

STATE OF NEW MEXICO)
) ss
COUNTY OF TAOS)

This instrument was filed for record on the 19 day of Feb A.D. 19 82 at 1:35 o'clock PM and duly recorded in book A-161 Page 302. Rec 2-25-82

Marie Lorraine Ballesteros
County Clerk & Recorder

By Cindy Duran Deputy

ACKNOWLEDGMENT FOR CORPORATION

STATE OF NEW MEXICO)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this
day of , 19 ,
by
(Name of Officer)
(Title of Officer) of
(Name of Corporation Acknowledging)
(State of Incorporation) corporation, on behalf of said corporation.

My commission expires:
(Seal)
Notary Public

CMI09-00210

009041

#290493
3-31-04
1:31:55

WARRANTY DEED

DAVID L. DOUGLAS, a married man dealing with his sole and separate property, for consideration paid, grants to **MOLYCORP, INC., a Delaware corporation**, whose address is 376 South Valencia Avenue, Brea, California, 92823, the following described real estate in Taos County, New Mexico:

See Exhibit "1" attached hereto and incorporated herein by reference.

SUBJECT TO:

Easements, reservations and restrictions of record.

with warranty covenants.

WITNESS my hand and seal this 20 day of January, 2004.

David L. Douglas {SEAL}
DAVID L. DOUGLAS

STATE OF NEW MEXICO)
Bernalillo) ss.
COUNTY OF ~~TAOS~~)

This instrument was acknowledged before me on 20 January, 2004, by **DAVID L. DOUGLAS**, a married man dealing with his sole and separate property.

[illegible] OTERO
[illegible] PUBLIC STATE OF NEW MEXICO
9/14/2004

{SEAL}
My commission expires:
9/14/2004

Notary Public

S:\Data\Property\REAL\dou_das to molycorp.wd

CMI09-00211

000743

009042

EXHIBIT "1"

PROPERTY DESCRIPTION

A tract of land lying and being situate within Section Eleven (11), Township Twenty-Eight (28) North, Range Thirteen (13) East, N.M.P.M., Taos County, New Mexico, being a part of Homestead Entry Survey 101, and being more particularly described as follows: Beginning at a point marked by ¾" GI pipe with copper sleeve stamped PT. 3, from whence the USDA Brass Cap marking the Northeast Corner of HES 101 bears; South 72° 02' 49" E., 575.40 feet; thence North 72° 02' 49" West, 392.50' along the Carson National Forest Boundary to a ¾" pipe; thence along the Highway right-of-way on a curve with a radius of 622.96 feet and a length of 48.00', the chord of which bears South 50° 58' 27" East, 47.89 feet to a highway right-of-way marker No. 262+0592; thence along the highway right-of-way South 48° 46' East 358.33 feet to a point marked by a ¾" GI pipe; thence North 24° 39' 52" East 160.01 feet to the point and place of beginning, containing 0.709 acres, more or less .

TAOS COUNTY CLERK
RECORDER
SEAL
TAOS

COUNTY OF TAOS)SS
STATE OF NEW MEXICO)

I hereby certify that this instrument was filed for record on the 31st day of March A.D. 2004 at 1:31:55 o'clock P m and was duly recorded in book M-432 page 743-744 of the records of Taos County.

Witness my Hand and Seal of Office
Jeannette G. Paul
County Clerk, Taos County, N.M.
[signature]
Deputy

000744

CMI09-00212

Taos Title, Inc. File No. 6011001509

TAOS COUNTY
ELAINE S. MONTANO, CLERK
00031559
Book 527 Page 617
1 of 3
12/27/2005 09:56:40 AM
BY DOLORES

WARRANTY DEED

FINIS E. FAGERQUIST, a widower, for consideration paid, grant(s) to MOLYCORP, INC., a Delaware Corporation, whose address is/are 67750 BAILEY ROAD, MOUNTAIN PASS, CA 92366, the following described real estate in Taos County, New Mexico:

SEE EXHIBIT 'A', Attached Hereto and Made a Part Hereof.

SUBJECT TO all matters shown on Exhibit B attached hereto;

with warranty covenants.

Witness my/our hands this date: December 21, 2005

FINIS E. FAGERQUIST

ACKNOWLEDGMENT

STATE OF NEW MEXICO

COUNTY OF TAOS

This instrument was acknowledged before me on Dec 21, 2005, by FINIS E. FAGERQUIST, a widower.

Notary Public
My Commission Expires: _____

OFFICIAL SEAL
MELINDA H. FERNANDEZ
NOTARY PUBLIC-STATE OF NEW MEXICO
My commission expires: 2/13/06

CMI09-00213

009044

Exhibit A

TAOS COUNTY
ELAINE S. MONTANO, CLERK
000313559
Book 527 Page 618
2 of 3
12/27/2005 09:56:40 AM
BY DOLORES

A tract of land lying and being situate within Section 11, Township 28 North, Range 13 East, New Mexico Principal Meridian, Taos County, New Mexico, being a part of Homestead Entry Survey 101 and being more particularly described as follows:

Beginning at a point, marked by a USDA Brass Cap, stamped Corner 2, Homestead Entry Survey 101;
Thence N 72° 02' 49" W, 70.0 feet to a point;
Thence S 24° 39' 52" W, 30.0 feet to a point;
Thence N 72° 02' 49" W, 62.0 feet to a point;
Thence N 24° 39' 52" E, 30.0 feet to a point;
Thence N 72° 02' 49" W, 443.40 feet to a point marked by a 3/4" G.I. Pipe with Copper Sleeve stamped PT. 3;
Thence S 24° 39' 52" W, 160.01 feet to a point marked by a 3/4" G.I. Pipe with Copper Sleeve stamped PT. 2;
Thence S 48° 46' E, 75.02 feet along the North R/W Line of SR 38 to a "T" Rail Highway R/W marker, marked 266+39.27;
Thence along a curve to the left on the North R/W Line of SR 38 which is 50.0 feet Northerly of the Centerline of said SR 38, Centerline curve data as shown to P.T. 268+84.06;
Thence S 68° 21' E, 106.94 feet along the North R/W Line of SR 38, 106.94 feet to P.C. 269+91.00;
Thence along a curve to the left on the North R/W Line of SR 38 which is 50.0 feet Northerly of the Centerline of said SR 38, Centerline Curve data as shown to P.T. 272+61.80;
Thence N 89° 59' E, 4.64 feet along the North R/W line of SR 38 to a point marked by a 3/4" G.I. Pipe with Copper Sleeve stamped PT. 1 from whence a Highway "T" Rail R/W Marker marked 272+75.4 bears N 89° 59' E, 8.96 feet;
Thence N 03° 30' E, 221.45 feet to the point and place of beginning.

Together with any appurtenant water rights.

CMI09-00214

009045

TAOS COUNTY
ELAINE S. MONTANO, CLERK
000313559
Book 527 Page 619
3 of 3
12/27/2005 09:56:40 AM
BY DOLORES

Exhibit B

Taxes for the year 2006 and thereafter.

Reservations, Restrictions and Easements, if any, as contained in the Patent from the UNITED STATES OF AMERICA to the ABELINO BARELA, including but not limited to water rights, claims of title to water, any easements for ditches appurtenant thereto, recorded in Book A-24, Pages 548-549, records of Taos County, New Mexico.

Grant of Right of Way Easement dated October 22, 1956, by and between Mrs. Frankie Watson and the County of Taos, filed October 31, 1956 in Book M-28, Page 178, records of Taos County, New Mexico.

Rights of Tenants under lease whether recorded or unrecorded.

TAOS COUNTY CLERK
RECORDER
SEAL
TAOS

CMI09-00215

009046

CAPULIN LAND EXCHANGE

Form 1860-8
(July 197[illegible]
New Mexico 44679

The United States of America,

To all to whom these presents shall come, Greeting:

WHEREAS

Molycorp, Inc.

in exchange for certain other lands conveyed to the United States, has selected and is entitled to a Land Patent pursuant to the Act of March 20, 1922 (42 Stat. 465), as amended by the Act of February 28, 1925 (43 Stat. 1090), and the Federal Land Policy and Management Act of 1976 (P.L. 94-579, 90 Stat. 2756), for the following described land:

New Mexico Principal Meridian, New Mexico.

Tps. 28 and 29 N., R. 13 E.,

Exchange Survey No. 531.

Containing 157.29 acres;

NOW KNOW YE, that there is, therefore, granted by the UNITED STATES unto the above-named claimant the land above-described; TO HAVE AND TO HOLD the said land with all the rights, privileges, immunities, and appurtenances, of whatsoever nature, thereunto belonging, unto the said claimant, its successors and assigns, forever; and

EXCEPTING AND RESERVING TO THE UNITED STATES:

A right-of-way thereon for ditches and canals constructed by the authority of the United States. Act of August 30, 1890 (26 Stat. 391; 43 U.S.C. 945).

The land will be conveyed subject to:

An easement for an existing buried telephone cable right-of-way, the Questa Moly Mine Right-of-Way No. 18167, 20 feet wide, 10 feet each side of centerline, documented in United States Department of Agriculture easement of April 12, 1974, to Mountain States Telephone and Telegraph Company.

IN TESTIMONY WHEREOF, the undersigned authorized officer of the Bureau of Land Management, in accordance with the provisions of the Act of June 17, 1948 (62 Stat. 476), has, in the name of the United States, caused these letters to be made Patent, and the Seal of the Bureau to be hereunto affixed.

GIVEN under my hand, in Santa Fe, New Mexico the SEVENTH day of JUNE in the year of our Lord one thousand nine hundred and EIGHTY TWO and of the Independence of the United States the two hundred and SIX

/s/ Leroy C. Montoya

By _____

Chief, Division of Operations

6/5/07 Bureau of Land Management
Date NMSO

I hereby certify that this reproduction is a copy of the official record on file in this office.

Marcella Montoya
Authorized Signature

Patent Number 30-82-0015

CMI09-00216

GPO 858 - 816

009047

17

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
DIVISION OF LANDS & MINERALS
PROGRAM MANAGEMENT & LAND OFFICE
P. O. Box 1449
Santa Fe, New Mexico 87501

NM 0556621
Public Sale

4.40

OCT 3 1966

PATENT NO. 30-67-0072

COUNTY Taos

IMPORTANT DOCUMENT ENCLOSED

Molybdenum Corporation of America
Questa, New Mexico 87556

Gentlemen:

We are happy to transmit to you the enclosed patent to land described thereon.

This is the original document conveying the described land from the United States and should be kept in a safe place, as well as be recorded in the county recorder's office for the county in which the lands described are located.

Sincerely yours,

Michael T. Solan

Manager, New Mexico Land Office.

Enclosure (1)
Patent

CMI09-00217

M-00000126

009048

Form 4-1040
(January 1953)

New Mexico 0556621

The United States of America,

To all to whom these presents shall come, Greeting:

WHEREAS, a Certificate of the Land Office at Santa Fe, New Mexico, is now deposited in the Bureau of Land Management, whereby it appears that full payment has been made by Molybdenum Corporation of America, according to the provisions of Chapter 7, Title 32 of the Revised Statutes of the United States and legisla tion supplemental thereto, for the following described lands:

New Mexico Principal Meridian, New Mexico.

T. 28 N., R. 12 E.,
Sec. 2, Lots 1, 2 and 3.

T. 29 N., R. 12 E.,
Sec. 35, E½ and E½W½.

The areas described aggregate 627.27 acres, according to the Official Plats of the Surveys of the said Lands, on file in the Bureau of Land Management:

NOW KNOW YE, That the UNITED STATES OF AMERICA, in considera tion of the premises, and in conformity with the several Acts of Congress in such case made and provided, HAS GIVEN AND GRANTED, and by these presents DOES GIVE AND GRANT unto the said Molybdenum Corporation of America, and to its successors, the tracts above described; TO HAVE AND TO HOLD the same, together with all the rights, privileges, immunities, and appurtenances, of whatsoever nature, thereunto belonging, unto the said Molybdenum Corporation of America, and to its successors and assigns forever; subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes, and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local customs, laws, and decisions of courts; and there is reserved from the lands hereby granted, a right-of-way thereon for ditches or canals constructed by the authority of the United States.

Subject to such rights for transmission line purposes as the Kit Carson Electric Cooperative, Incorporated may have under the Act of March 4, 1911 (36 Stat. 1253), as amended (43 U.S.C. sec. 961).

IN TESTIMONY WHEREOF, the undersigned authorized officer o the Bureau of Land Management, in accordance with th provisions of the Act of June 17, 1948 (62 Stat., 476), ha: in the name of the United States, caused these letters to b made Patent, and the Seal of the Bureau to be hereunt affixed.

GIVEN under my hand, in Santa Fe, New Mexic the THIRD day of OCTOBER in the year o our Lord one thousand nine hundred and SIXTY-SIX and of the Independence of the United States the one hun dred and NINETY-FIRST.

[SEAL]

CMI09-00218

By Michael T. Solan

Manager, New Mexico Land Office.

Patent Number 30-67-0072

16—31679-4 GPO 837-721

M-00000127

009049

7111-17-132 — Sterling Title

SF-1 SHORT FORM WARRANTY DEED—Rev. 11-59—New Mexico Statutory Form

THE VALLIANT CO. ALBUQUERQUE, N. M.

WARRANTY DEED

18 #80685 10-4-73 4:07 P.M

JOSE ALADINO GALLEGOS and LUC Y S. GALLEGOS, his wife,

, for consideration paid, grant

to MOLYBDENUM CORPORATION OF AMERICA, a corporation

the following described real estate in TAOS County, New Mexico:

Part of S.H.C. No. 1947 Tr. 1 and Part of S.H.C. No. 2099, Tr. 1, and being also described as Part of Tract 3, and Part of Tract 4, Map 12, Survey 7, N.M.R.S., and being more particularly described as,

Beginning at a stone monument in place at the S.W. Corner of S.H.C. No. 1947, Tr. 1,
Thence, N. 50° 30' E. 148.6 ft. to a 5/8" bolt which point is the point and place of beginning of Part of S.H.C. No. 1947 Tr. 1,
Thence, N. 19° 19' E. 517.9 ft. to a 5/8"bolt for the N.W. Corner of this tract;
Thence, S 88° 12' E. 178.0 ft. to a 5/8" bolt for the N.E. Corner of this tract;
Thence, S 06° 19' W. 216.2 ft. to a 5/8" bolt for the S.E. Corner of this tract;
Thence, S. 50° 30' W. 421.7 ft. for the S.W. Corner to the point and place of beginning, containing 1.74 acres, more or less, and lying in the NE1/4 of Sec. 36, T. 29N., R. 12E., N.M.P.M.

All as per survey description prepared by Irvin L. Sackett, Surveyor, N.M.L.S. No. 1435, dated October 15, 1971.

with warranty covenants.

WITNESS our hand s and seal s this 30th day of July, 19 73

(Seal) Jose Aladino Gallegos (Seal)

(Seal) Lucy S. Gallegos (Seal)

ACKNOWLEDGMENT FOR NATURAL PERSONS

STATE OF NEW MEXICO }
COUNTY OF Taos } ss.

The foregoing instrument was acknowledged before me this 30th day of July, 19 73

by Jose Aladino Gallegos and Lucy S. Gallegos, his wife
(Name or Names of Person or Persons Acknowledging)

My commission expires:
(Seal) 7/31/1974

Olivia C. Gonzales
Notary Public

ACKNOWLEDGMENT FOR CORPORATION

FOR RECORDER'S USE ONLY

STATE OF NEW MEXICO }
COUNTY OF } ss.

The foregoing instrument was acknowledged before me this
day of , 19 ,
by ,
(Name of Officer)
(Title of Officer) of (Name of Corporation Acknowledging)
a (State of Incorporation) corporation, on behalf of said corporation.

My commission expires:

(Seal)

Notary Public

CMI09-00219

M-00000128

009050

Compared from J. G.

To A.S.

Indexed D. A.

STATE OF NEW MEXICO)
COUNTY OF TAOS) SS.

This instrument was filed for record on the 4th day of October A.D. 1973 at 4:07 O'clock P M and duly recorded in book A-131 Page 53 Rec 10-5-73

Carolina M. Rodriguez
County Clerk & Recorder

By Josefita Gurule Deputy

CMI09-00220

M-00000129

009051

SF-1 SHORT FORM WARRANTY DEED—Rev. 11-39—New Mexico Statutory Form THE VALLIANT CO. ALBUQUERQUE, N. M.

10277

57

WARRANTY DEED

LINO TRUJILLO and ISABELLE C. TRUJILLO, his wife

, for consideration paid, grant

to MOLYCORP, INC., a Delaware Corporation

the following described real estate in Taos County, New Mexico:

A certain tract of land near Questa, Taos County, New Mexico, located within the North 1/2 of Section 25, Township 29 North, Range 12 East, New Mexico Principal Meridian, described as Tract 1, Map 6, Survey 7; Tract 23, Map 7, Survey 7; Tract 35, Map 5, Survey 7; and Tract 1, Map 8, Survey 7 of the 1941 Taos County Reassessment Survey, and more particularly described by metes and bounds as follows:

BEGINNING at the 1/4 corner between Section 25, T. 29 N., R. 12 E., N.M.P.M., and Section 30, T. 29 N., R. 13 E., a 1/2 inch rebar set by a U.S.G.L.O. scribed stone monument found (loose) and the southeast corner of this tract, thence;
S 89°57' W, 1316.9 feet to a point, thence;
N 89°43' W, 832.8 feet to a point, thence;
S 89° 53' W, 2008.9 feet to a point, the southwest corner, thence;
N 00°10' W, 511.9 feet to a point, the northwest corner, thence;
N 89°54' E, 2300.7 feet to a point, thence;
N 89°27' E, 1846.5 feet to a 1/2 inch rebar set for the northeast corner, thence;
S 00°12' W, 410.8 feet to a 1/2 inch rebar set, thence;
N 79°31' E, 15.0 feet to a 1/2 inch rebar set, thence;
S 00°08' W, 124.9 feet to the point and place of beginning.

This tract contains 49.271 acres, more or less.

with warranty covenants.

WITNESS our hand S and seal S this day of September, 19 75.

Lino Trujillo (Seal) Isabel Trujillo (Seal)
LINO TRUJILLO ISABELLE C. TRUJILLO

(Seal) (Seal)

ACKNOWLEDGMENT FOR NATURAL PERSONS

STATE OF NEW MEXICO
COUNTY OF TAOS } ss.

The foregoing instrument was acknowledged before me this day of September, 19 75,
by LINO TRUJILLO and ISABELLE C. TRUJILLO
(Name or Names of Person or Persons Acknowledging)

My commission expires:
(Seal) 7/31/1978

Olivia C. Gonzales
Notary Public

ACKNOWLEDGMENT FOR CORPORATION

STATE OF NEW MEXICO
COUNTY OF } ss.

The foregoing instrument was acknowledged before me this
day of , 19
by (Name of Officer)
(Title of Officer) of (Name of Corporation Acknowledging)
a (State of Incorporation) corporation, on behalf of said corporation.

My commission expires:
(Seal)

Notary Public

FOR RECORDER'S USE ONLY
STATE OF NEW MEXICO } SS
COUNTY OF TAOS
This instrument was filed for record on the 2nd day of September A.D. 19 75 at 10:03 o'clock A.M. and duly recorded in book A-137 Page 461 Rec. 9-5-75
Marie Lorraine Gallegos
County Clerk & Recorder
By Rosie Valencia Deputy

CMI09-00221

M-00000145

58

REAL ESTATE PURCHASE AGREEMENT

THIS AGREEMENT entered into this 27 day of June, 1975, by and between GEORGE FINK and PRISCILLA FINK, his wife, hereinafter referred to as "SELLER" and MOLYCORP, INC., hereinafter referred to as "PURCHASER", on the following terms and conditions:

1. SALE AND PURCHASE OF PROPERTY. Seller hereby agrees to sell, grant, convey, transfer and assign to Purchaser, and Purchaser hereby agrees to purchase from Seller the following-described property, hereinafter referred to as the "PROPERTY", situate in Taos County, New Mexico, and more particularly described as:

> Four Tracts of land near Questa, Taos County, New Mexico, situate in the East Half (E 1/2) of the Southeast Quarter (SE 1/4) of Section Twenty-five (25) and the North Half (N 1/2) of the Northeast Quarter (NE 1/4) of Section Thirty-six (36), T. 29 N, R 12 E, N.M.P.M., being part of Tract 17 and Tract 18, Map 7, Survey 7, and Tracts 23 and 24, Map 8, Survey 7 of the 1941 Taos County Reassessment Survey.

together with all buildings, improvements, rights, tenaments, hereditaments, and appurtenances belonging thereto and the rights of Seller in and to any land lying in the bed of any street, road, alley or avenue opened or proposed adjoining the Property and all water rights owned by Seller which are appurtenant to the Property.

2. PURCHASE PRICE. The Purchase Price of the Property will be Two Thousand and 00/100 Dollars ($2,000.00) per acre with the Purchase Price to be established exactly from a survey of the Tracts to be performed in accordance with this Agreement, payable as follows:

> (a) One Thousand Five Hundred and 00/100 Dollars ($1,500.00) in cash, hereinafter referred to as the "DEPOSIT", which has been paid by Purchaser in escrow with the Seller upon execution and delivery of this Agreement.
>
> (b) The balance of the Purchase Price shall be paid by check or cash on the date of closing.

3. THE CLOSING. The sale and purchase of the Property shall be consummated at a closing to be held in Taos County, New Mexico on the 30 day of September, 1975, or such earlier or later date to which Seller and Purchaser may mutually consent. (The date of the closing to be hereinafter referred to as the "CLOSING")

At the Closing, Seller shall execute as Grantor and deliver to Purchaser a New Mexico Statutory form Warranty Deed conveying to Purchaser good and merchantable title to the Property.

4. TITLE POLICY. Purchaser has ordered, at its expense, an Interim Title Binder from Sterling Title Insurance Company insuring the Property for the full amount of the Purchase Price. Seller agrees that

such title insurance policy shall contain no exceptions other than the standard exceptions normally contained in such a policy. In the event the title binder shows that the Seller will not be able to deliver title as contemplated hereby on the date of closing, and the Seller is unable to cure the defect by June 30,1975, then Purchaser shall have the right, in the alternative, to accept title as is, to renegotiate this agreement, to refuse to consummate the sale and receive a return of all moneys paid, or to require that Seller commence a quiet title suit to quiet title to the Property in the Seller. The Seller will obtain a judgment in the quiet title suit which will show good and merchantable title in the Seller and upon which judgment a title insurance company will deliver, at Closing, an Owner's Title Insurance Policy insuring title in the Purchaser as set out above. In the event such quiet title suit is required, Seller agrees to pursue the quiet title suit with diligence. In the event Seller does not pursue the quiet title suit with diligence, and Purchaser's opinion in this regard shall be binding, then Purchaser shall have the right to take over prosecuting the quiet title suit and shall have the right to deduct from the Purchase Price, or any payments on the Purchase Price, all costs of pursuing the quiet title suit, including but not limited to attorneys' fees, abstract costs, witness fees and court costs.

:ost of Title
:surance Policy
:ll be furnished
: Purchaser's
:pense

5. APPORTIONMENT. Ad valorem taxes for the current year and all other assessments shall be pro rated to the closing date. In this regard, Seller shall be responsible for the payment of all ad valorem taxes and assessments for all periods up to the closing date and Purchaser shall be responsible for the payment of all ad valorem taxes and assessments for all periods subsequent to the closing date.

6. SURVEY. In the event Seller does not have a recent, accurate survey, Purchaser will, at its expense, supply before the Closing a complete and accurate survey of the Property performed by a surveyor of Purchaser's choice which will show the Property to be of the size and shape represented herein and will also show that there are no gores between the Property and other properties where the Property is contiguous on the westerly boundary of Tracts 18 and 24 with property of Purchaser, where it is contiguous on the northwesterly boundary of Tract 17 with property of Max Ortega and where it is contiguous on the northeasterly boundary of Tract 23 with land of Max Ortega.

7. MECHANICS' AND MATERIALMEN'S LIENS. Seller covenants that at the time of Closing there will be no mechanics' or materialmen's liens against the Property and that there will be no unpaid bills or claims outstanding for labor or materials incident to the construction, repairing, renovation, or improving of the Property and that no person, firm or corporation has been employed, engaged or contracted with to furnish material or perform labor or improvements on the Property, wherein such materials have not been furnished or such labor has not been performed more than 120 days prior to the date of Closing, and no cautionary notices of any kind have been served with respect to labor performed or materials furnished upon the Property. Seller agrees that if such is not the case, Seller will pay off any said mechanics' or materialmen's liens, and in the event of Seller's failure to do so, Purchaser may pay the said materialmen's or mechanics' liens and deduct the same from the Purchase Price.

8. POSSESSION. Seller agrees to give Purchaser immediate possession of the Property. Seller agrees that Purchaser may make immediate changes, improvements, excavations and the like on the Property. In the event it becomes impossible to consummate this sale, Purchaser shall have

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M-00000147

009054

no liability nor obligations to Seller for any changes made or damages to the Property, and Seller shall hold Purchaser harmless from all other persons, or claims, for any such changes or damages. Further, in the event it becomes impossible to consummate this sale, Purchaser agrees that it will, at its expense, level any earth work performed by it in a reasonable manner not guaranteeing to return the Property to its original condition, but agreeing to make the Property reasonably close to being as level as when any work by Purchaser began.

9. WATER RIGHTS. Seller shall do all things necessary to assist Purchaser in transferring such water rights as are adjudicated and appurtenant to this land, conveyed herewith from Seller to Purchaser.

10. LEASE. In the event the Seller is unable to comply with the provisions of this Purchase Agreement and the Seller and the Purchaser do not conclude an agreement for the sale of the real estate described herein, the Purchaser agrees to pay the Seller a rental for the time the Purchaser occupied or occupies the real estate at the rate of $40.00 an acre per annum, provided that all improvements made on the real estate shall remain the property of the Purchaser and may be removed by the Purchaser within a reasonable time after the termination of this Purchase Agreement. Seller further agrees that in the event this Purchase Agreement is not concluded by reason of Seller's not being able to prove merchantable title, that Seller will lease Seller's interest as it may be in the Property to Purchaser for a period of ten years at the rate of $40.00 per acre with Purchaser having the option to renew the lease for ten consecutive like periods with or without notice on the same terms. In such event, Purchaser shall have at any time the right to terminate the said lease on sixty (60) day's notice.

11. FAILURE TO CLOSE. The obligation of Purchaser and Seller to purchase and sell the Property at the Closing are each subject to the correctness of the representations contained herein of the other party and the performance by the other party of all its obligations hereunder. In the event of default by the Seller to perform its obligations on the date of Closing for any reason other than the default of the Purchaser, the Purchaser shall be entitled to all of the remedies provided by law, including, but not limited to, return of deposit or specific performance of this agreement. In the event of default by the Purchaser to perform its obligations on the date of Closing for any reason other than default of Seller, the Seller may retain the deposit as liquidated damages and this Agreement shall be considered cancelled and terminated.

12. CLOSING COSTS. All costs of closing not otherwise specifically designated herein shall be paid by Purchaser.

13. GENERAL PROVISIONS.

(a) Definition of Good and Merchantable Title. Good and merchantable title as used herein shall mean that the Property is:

(1) Free from liens and encumbrances;

(2) The title discloses no defects which limit the use of the Property by Purchaser and such title is not dependent for its validity upon any doubtful questions of law or fact;

Add to Paragraph 8. Seller shall have the right to remove fences and timber from the property for a period of six months from the consumation of this agreement so long as such activity does not interfere with Purchaser's use of the property. Seller agrees that Purchaser's use of the land may interfere with such fence removal and timbering during this six month period.

CMI09-00224 M-00000148

009055

(3) The title will not expose the Purchaser to the hazards of litigation or embarrass it in the peaceful enjoyment of the Property;

(4) Title is acceptable to a reasonably well-informed and prudent person acting upon ordinary business principles and with full knowledge of all facts and their legal significance and who desires assurance that he in turn could sell or mortgage the Property at fair value.

(b) Severability. The invalidity or unenforceability of any particular provision of this Agreement or portion thereof shall not affect the other provisions or portions thereof, and this Agreement shall be construed in all respects as if any such invalid or unenforced provision or portion thereof were omitted.

(c) Governing Law. All questions pertaining to the validity, construction, execution and performance of this Agreement shall be construed in accordance with, and governed by, the laws of the State of New Mexico.

(d) Integration. This agreement constitutes the entire agreement of the parties hereto with respect to the sale of the Property, and no modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless in writing and signed by both of the parties hereto.

(e) Amendments. The parties to this Agreement, by mutual consent, may amend or modify this Agreement in such manner as may be agreed upon by a written instrument, executed by said parties. This Agreement may not be changed orally.

(f) Headings. The headings of the various sections herein have been included for convenience of reference only and shall not affect in any way the expressed provisions of this Agreement.

(g) Assignability. This Agreement and its provisions shall be binding upon the respective parties, their heirs, successors, representatives and assigns.

(h) Survival of Agreements. All warranties, covenants and agreements made between the parties hereto shall survive the Closing and remain in full force and effect.

(i) Contiguity. Seller guarantees that the common boundaries between Tracts 23 and 24, Tracts 18 and 24, and Tracts 17 and 23 are contiguous and that there will be no gores between these parcels.

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the 27 day of June, 1975.

CMI09-00225

M-00000149

009056

SELLER :

George Fink
GEORGE FINK

Priscilla Fink
PRISCILLA FINK

PURCHASER:

MOLYCORP, INC.

By R. Gene Dewey

General Manager

STATE OF NEW MEXICO)
) ss.
COUNTY OF TAOS)

The foregoing agreement was acknowledged before me this 27th day of June 1975 by George Fink and Priscilla Fink, his wife.

Esther Jeanette
Notary Public

My Commission Expires:
February 20, 1977

STATE OF NEW MEXICO)
) ss.
COUNTY OF TAOS)

The foregoing agreement was acknowledged before me this 27 day of June, 1975, by R. GENE DEWEY, General Manager of Molycorp, Inc., on behalf of said corporation.

Florence Atkinson
Notary Public

My Commission Expires:
12/28/76

CMI09-00226

M-00000150

009057

New Mexico 146

The United States of America

To all to whom these presents shall come, Greeting:

WHEREAS, In pursuance of the provisions of the Revised Statutes of the United States, Chapter Six, Title Thirty-two, and legislation supplemental thereto, there are now deposited in the Bureau of Land Management of the United States the Plat and Field Notes of Survey and a Certificate of the Land Office at Santa Fe, New Mexico,

accompanied by other evidence whereby it appears that

Molybdenum Corporation of America

has entered and paid for the Aplite No. 7, Aplite No. 27, Aplite No. 32, Aplite No. 33, Aplite No. 34, Rhyolite No. 9, Rhyolite No. 10 and Summit No. 16,

designated as Survey No. 2253, embracing a portion of Sections 2 and 3 in Township 28 North of Range 13 East of the New Mexico Principal Meridian and a portion of Section 35 in Township 29 North of Range 13 East of the New Mexico Principal Meridian, in the Red River Mining District, Taos County, New Mexico, the said claims being more particularly described in the official field notes and depicted on the official plats which are expressly made a part of this patent and copies of which are attached hereto.

The premises herein granted aggregate 154.033 acres.

CMI09-00227

Patent Number 30-67-0137

M-00000575

009058

Form 1860–19
(March 1965)
(formerly 4–1082)

New Mexico 146

NOW KNOW YE, That there is therefore, pursuant to the laws aforesaid, hereby granted by the United States of America unto the said **Molybdenum Corporation of America**

the said mining premises hereinbefore described, and not expressly excepted from these presents, and all that portion of the said veins , lode s , or ledge s , and of all other veins, lodes, and ledges throughout their entire depth, the tops or apexes of which lie inside of the surface boundary lines of said granted premises in said survey extended downward vertically, although such veins, lodes, or ledges in their downward course may so far depart from a perpendicular as to extend outside the vertical side lines of said premises: *Provided*, That the right of possession to such outside parts of said veins, lodes, or ledges shall be confined to such portions thereof as lie between vertical planes drawn downward through the end lines of said survey so continued in their own direction that such planes will intersect such exterior parts of said veins, lodes, or ledges; *And provided further*, That nothing herein contained shall authorize the grantee herein to enter upon the surface of a claim owned or possessed by another.

TO HAVE AND TO HOLD said mining premises, together with all the rights, privileges, immunities, and appurtenances of whatsoever nature thereunto belonging, unto the said grantee above-named and to **its successors** and assigns forever; subject, nevertheless, to the above-mentioned and to the *following conditions and stipulations:*

FIRST. That the premises hereby granted shall be held subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes, and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local laws, customs, and decisions of the courts. And there is reserved from the lands hereby granted a right-of-way thereon for ditches or canals constructed by the authority of the United States.

SECOND. That in the absence of necessary legislation by Congress, the Legislature of **New Mexico** may provide rules for working the mining claim or premises hereby granted, involving easements, drainage, and other necessary means to its complete development.

IN TESTIMONY WHEREOF, the undersigned authorized officer of the Bureau of Land Management, in accordance with the provisions of the Act of June 17, 1948 (62 Stat. 476), has, in the name of the United States, caused these letters to be made Patent, and the Seal of the Bureau to be hereunto affixed.

[SEAL]

GIVEN under my hand, in **Santa Fe, New Mexico,** the **SIXTEENTH** day of **FEBRUARY** in the year of our Lord one thousand nine hundred and **SIXTY-SEVEN** and of the Independence of the United States the one hundred and **NINETY-FIRST.**

M-00000576

By _____
Manager, New Mexico Land Office.

Patent Number **30-67-0137**

CMI09-00228

009059

Form 1860–9
(March 1965)
(formerly 4–1043)
New Mexico 942

The United States of America

To all to whom these presents shall come, Greeting:

W H E R E A S

Molybdenum Corporation of America

is entitled to a Land Patent pursuant to the general mining laws, R. S. 2337, as amended; 30 U.S.C. 42(a) (1964), for the land embraced within the Molybdenum Millsites Nos. 1, 2, 3, 4, 5, 6, 8, 9, 11, 12, 13, 14, 15 and 32, designated and described as follows:

Mineral Survey Number 2255, embracing portions of

T. 28 N., R. 13 E.,
Sec. 1, within the NE¼;

T. 29 N., R. 13 E.,
Sec. 36, within the SE¼;

T. 28 N., R. 14 E.,
Sec. 6, within the NW¼;

T. 29 N., R. 14 E.,
Sec. 31, within the SW¼.

all New Mexico Principal Meridian, New Mexico and within the Red River Mining District, Taos County, New Mexico, the said millsite claims being more particularly described in the official field notes and depicted on the official plat, which notes and plat are expressly made a part of this patent and copies of which are attached hereto and containing 64.319 acres;

NOW KNOW YE, that there is, therefore, granted by the UNITED STATES unto the above named claimant the lands above described; TO HAVE AND TO HOLD the said lands with all the rights, privileges, immunities, and appurtenances, of whatsoever nature, thereunto belonging, unto the said claimant, its successor in interest, forever; Subject, however, to any vested and accrued rights therein; and

CMI09-00229

M-00000577

Patent Number 30-67-0159

009060

Form 1860–10
(March 1965)
(formerly 4–1044)

New Mexico 942

EXCEPTING AND RESERVING TO THE UNITED STATES:

1. A right-of-way thereon for ditches and canals constructed by the authority of the United States. Act of August 30, 1890, 26 Stat. 391; 43 U.S.C. 945;

2. The right to itself, its permittees or licensees, to enter upon, occupy and use, any part or all of said lands for the purposes set forth in and subject to the conditions and limitations of section 24 of the Federal Power Act of June 10, 1920, 41 Stat. 1075, as amended (16 U.S.C. 818), and subject to the stipulation that, if and when, the lands are required in whole or in part, for power development purposes, any structures or improvements placed thereon which shall be found to obstruct or interfere with such development shall, without expense to the United States, its permittees or licensees, be removed or relocated insofar as is necessary to eliminate interference with power development.

IN TESTIMONY WHEREOF, the undersigned authorized officer of the Bureau of Land Management, in accordance with the provisions of the Act of June 17, 1948 (62 Stat. 476), has, in the name of the United States, caused these letters to be made Patent, and the Seal of the Bureau to be hereunto affixed.

[SEAL]

GIVEN under my hand, in Santa Fe, New Mexico, the TENTH day of MAY in the year of our Lord one thousand nine hundred and SIXTY-SEVEN and of the Independence of the United States the one hundred and NINETY-FIRST.

M-00000578

By _____
Manager, New Mexico Land Office.

Patent Number 30-67-0159

CMI09-00230

009061

(March 1965)
(formerly 4-1043)
New Mexico 4836

The United States of America

To all to whom these presents shall come, Greeting:

W H E R E A S

Molybdenum Corporation of America

is entitled to a Land Patent pursuant to the general mining laws, R. S. 2325; 30 U.S.C. 29 and R. S. 2337, as amended; 30 U.S.C. 42(a) (1964), for the lands embraced within Andesite Nos. 1, 4, 17, Molybdite Nos. 6, 7, 8, 9, 10, Aplite Nos. 1, 4, 5, 8, Rhyolite Nos. 3, 5, 6, 7, 8, Summit Nos. 4, 5, 7, 8, Lonesome No. 1, Lode Mining Claims and Moly Millsites Nos. 20, 21, 22, 23, 24, 25, 26, 29, 30 and 31, designated and described as follows:

Mineral Survey Number 2254 A and B, embracing portions of

T. 28 N., R. 13 E.,
Sec. 1, Part unsurveyed;
Sec. 2, Part unsurveyed.

T. 29 N., R. 13 E.,
Sec. 35, Part unsurveyed;
Sec. 36, Part unsurveyed.

in New Mexico Principal Meridian, New Mexico and within the Red River Mining District, Taos County, New Mexico, the said lode mining claims and millsite claims being more particularly described in the official field notes and depicted on the official plat, which notes and plats are expressly made a part of this patent and copies of which are attached hereto; but excepting and excluding from said claims all of that portion of the ground within the boundaries of the Sargent No. 7, lode claim, Survey No. 1910; Renegade Lode; Survey No. 1943; Buena Vista Nos. 1, 4, 6, 7, Survey No. 1943 and also, excepting and excluding from said purchase, the portions of Moly Millsite Nos. 20, 21, 22 and 23 which lie southeast of the northwest boundary of State Highway Right-of-Way permit No. S-1529(4); the premises herein granted contain 454.601 acres.

M-00000579

Patent Number 30-70-0048

CMI09-00231

009062

Form 1860–10
(March 1965)
(formerly 4–1044)

New Mexico 4836

NOW KNOW YE, that there is, therefore, granted by the UNITED STATES unto the above named claimant the land above described; TO HAVE AND TO HOLD the said land with all the rights, privileges, immunities, and appurtenances, of whatsoever nature, thereunto belonging, unto the said claimant, its successor in interest, forever; and

EXCEPTING AND RESERVING TO THE UNITED STATES a right-of-way thereon for ditches and canals constructed by the authority of the United States. Act of August 30, 1890 (26 Stat. 391; 43 U.S.C. 945).

IN TESTIMONY WHEREOF, the undersigned authorized officer of the Bureau of Land Management, in accordance with the provisions of the Act of June 17, 1948 (62 Stat. 476), has, in the name of the United States, caused these letters to be made Patent, and the Seal of the Bureau to be hereunto affixed.

[SEAL]

GIVEN under my hand, in Santa Fe, New Mexico, the SIXTH day of MAY in the year of our Lord one thousand nine hundred and SEVENTY and of the Independence of the United States the one hundred and NINETY-FOURTH.

M-00000580

By Fred E. Padilla
Acting Manager, New Mexico Land Office.

Patent Number 30-70-0048

CMI09-00232

009063

Form 1860-8
(January 1965)
(formerly 4-1040)

New Mexico 10936

The United States of America,

To all to whom these presents shall come, Greeting:

WHEREAS

Molybdenum Corporation of America

in exchange for certain other land conveyed to the United States, has selected and is entitled to a Land Patent pursuant to the General Exchange Act of March 20, 1922 (42 Stat. 465), as amended by the Act of February 28, 1925 (43 Stat. 1090), for the following described lands:

New Mexico Principal Meridian, New Mexico.

Tracts 1 and 2 of Exchange Survey No. 530, Tps. 28 and 29 N., R. 13 E., and T. 28 N., R. 14 E. (unsurveyed).

Aggregating 2,226.59 acres;

NOW KNOW YE, that there is, therefore, granted by the UNITED STATES unto the above named claimant the lands above described; TO HAVE AND TO HOLD the said lands with all the rights, privileges, immunities, and appurtenances, of whatsoever nature, thereunto belonging, unto the said claimant, its successors and assigns, forever; and

EXCEPTING AND RESERVING TO THE UNITED STATES a right-of-way thereon for ditches and canals constructed by the authority of the United States. Act of August 30, 1890 (26 Stat. 391; 43 U.S.C. 945).

IN TESTIMONY WHEREOF, the undersigned authorized officer of the Bureau of Land Management, in accordance with the provisions of the Act of June 17, 1948 (62 Stat. 476), has, in the name of the United States, caused these letters to be made Patent, and the Seal of the Bureau to be hereunto affixed.

GIVEN under my hand, in Santa Fe, New Mexico, the SEVENTEENTH day of JANUARY in the year of our Lord one thousand nine hundred and SEVENTY-FOUR and of the Independence of the United States the one hundred and NINETY-EIGHTH.

[SEAL]

/s/ MICHAEL T. SOLAN

By _____

Chief, Division of Technical Services

M-00000574

Patent Number 30-74-0017

CMI09-00233

009064

(March 1965)
(formerly 4–1043)
New Mexico 52657

The United States of America

To all to whom these presents shall come, Greeting:

ATTACHMENT
6.b.1

W H E R E A S

Molycorp, Inc.

is entitled to a Land Patent pursuant to the general mining laws, R.S. 2337, as amended; 30 U.S.C. 42(a) (1964), for the lands embraced within millsites MS Nos. 8, 9, 10, 11, 12, 13, 20, 22, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 37, 38, 47, 48, 49, 53, 55, 56 and 77, designated and described as follows:

Mineral Survey Number 2298, embracing portions of

T. 29 N., R. 13 E.,
Sec. 36, Part unsurveyed;

T. 29 N., R. 14 E.,
Sec. 31, Part unsurveyed,

in New Mexico Principal Meridian, New Mexico and within the Red River Mining District, Taos County, New Mexico, the said millsite claims being more particularly described in the official field notes and depicted on the official plat, which notes and plats are expressly made a part of this patent and copies of which are attached hereto; but excepting and excluding from said claims all of that portion of the ground within the boundaries of the Buena Vista Nos. 1 and 2 lodes, Mineral Survey No. 1943; Torbert No. 2 lode, Mineral Survey No. 1943; Phyllis No. 6 lode, Mineral Survey No. 1843 and Sargent No. 5 lode, Mineral Survey No. 1909; the premises herein granted contain 108.843 acres.

CMI09-00234

Patent Number 30-83-0155

M-00000572

Form 1860–10
(July 1975)
New Mexico 52657

NOW KNOW YE, that there is, therefore, granted by the UNITED STATES unto the above named claimant the lands above described; TO HAVE AND TO HOLD the said lands with all the rights, privileges, immunities, and appurtenances, of whatsoever nature, thereunto belonging, unto the said claimant, its successors in interest, forever; and

EXCEPTING AND RESERVING TO THE UNITED STATES a right-of-way thereon for ditches and canals constructed by the authority of the United States. Act of August 30, 1890 (26 Stat. 391; 43 U.S.C. 945).

IN TESTIMONY WHEREOF, the undersigned authorized officer of the Bureau of Land Management, in accordance with the provisions of the Act of June 17, 1948 (62 Stat. 476), has, in the name of the United States, caused these letters to be made Patent, and the Seal of the Bureau to be hereunto affixed.

GIVEN under my hand, in Santa Fe, New Mexico the THIRTIETH day of SEPTEMBER in the year of our Lord one thousand nine hundred and EIGHTY-THREE and of the Independence of the United States the two hundred and EIGHT

[SEAL]

M-00000573

By /s/ Leroy C. Montoya
Deputy State Director, Operations

CMI09-00235

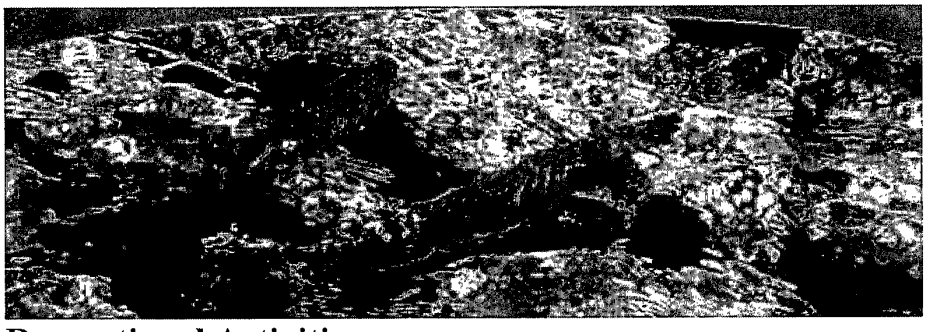
009066

ATTACHMENT 3.5

CMI09-00236

Carson National Forest

- Travel Management
- FOIA
- Historic Site
- Evaluate Our Service

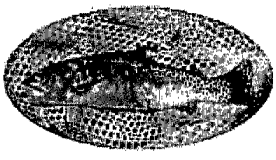


Recreational Activities

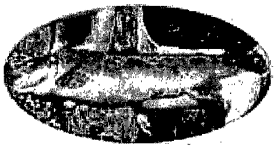
Carson National Forest
208 Cruz Alta Road
Taos, NM 87571

(575) 758-6200

FISHING



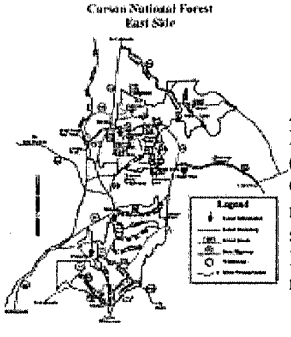
Some of the best trout fishing in New Mexico can be found on the Carson National Forest amidst the imposing beauty of the Sangre de Cristo Mountains. Hundreds of miles of cold water streams and numerous lakes are home to rainbow, brown and native Rio Grande cutthroat trout. Many of these lakes and streams have campgrounds nearby. While the most popular spots are noted on the map, there are literally hundreds of opportunities on the forest.



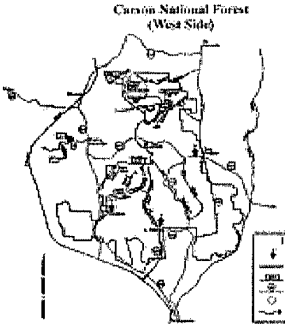
We welcome your comments on our customer service and your suggestions for improvement.

Canjilon Fishing Fiesta Photos

Maps of East and West side of Forest



Anglers Map (East.gif) Click on map to see a larger map



Anglers Map (West.gif) Click on map to see a larger map

Lakes and Rivers/Streams

Lakes

Fishing Lakes	
Cabresto Lake	Laguna Larga
Canjilon Lakes	Lagunitas Lake

CMI09-00237

Eagle Rock Lake	Lost Lake
Fawn Lakes	Middle Fork Lake
Goose Lake	Shuree Lakes
Hidden Lake	Trampas Lake
Hopewell Lake	Trout Lakes
Horseshoe Lake	

Rivers and Streams

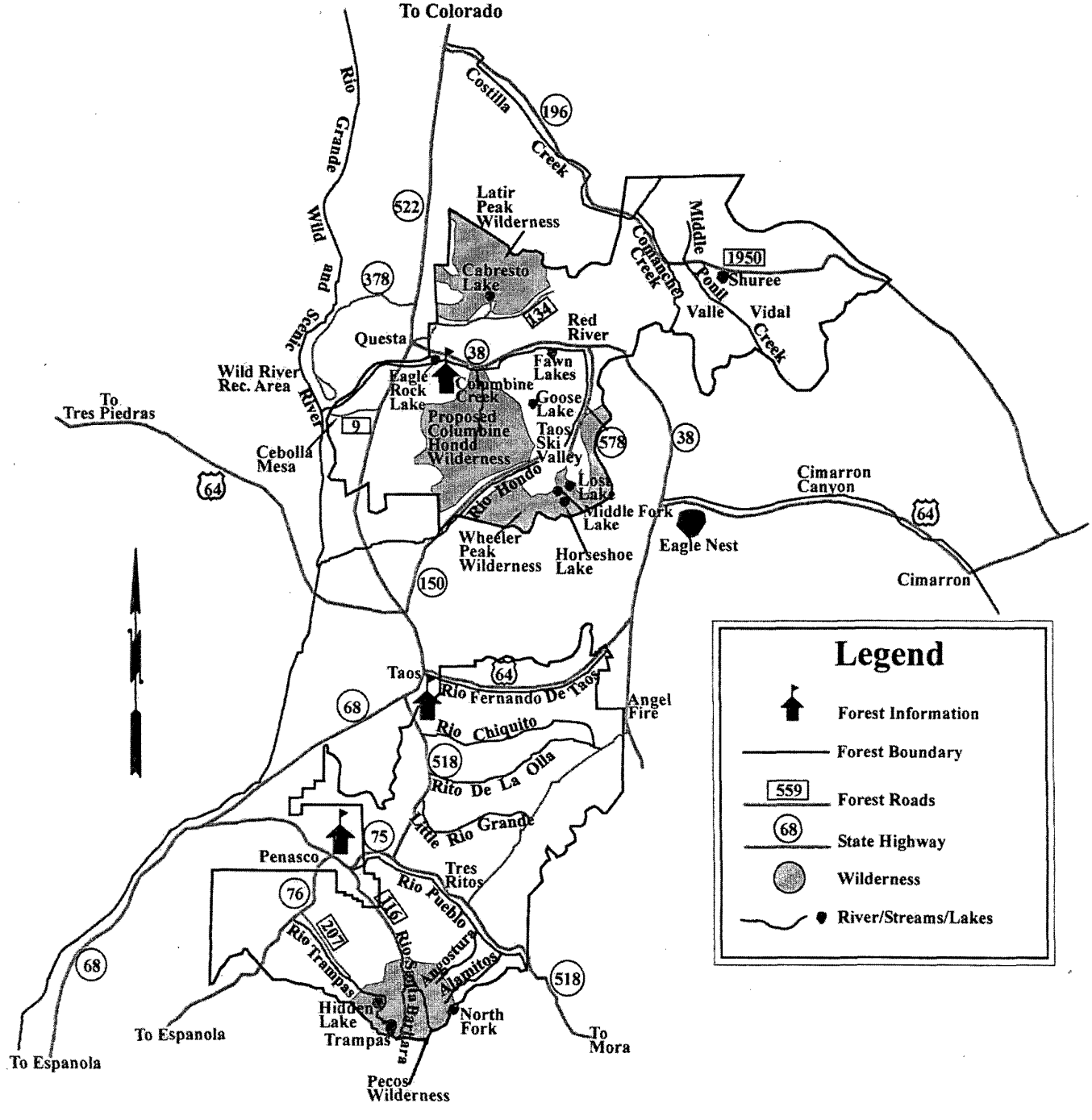
Rivers and Streams	
Alamitos	Rio Chama
Angostura	Rio Chiquito
Canjilon Creek	Rio Fernando
Costilla Creek	Rio Grande
Chama River	Rio Hondo
Columbine Creek	Rio Nutritas
Comanche Creek	Rio Pueblo
El Rito Creek	Rio Santa Barbara
Lagunitas Creek	Rio Trampas
La Junta	Rio Tusas
Little Rio Grande	Rio Vallecitos
Los Pinos River	Rito De La Olla
Middle Ponil Creek	San Antonio River
Red River	Tio Grande River

Other Related Links

- Fishing World - Kids Fishing Derby
- New Mexico Department of Game and Fish
- New Mexico State Parks
- Bureau of Land Management

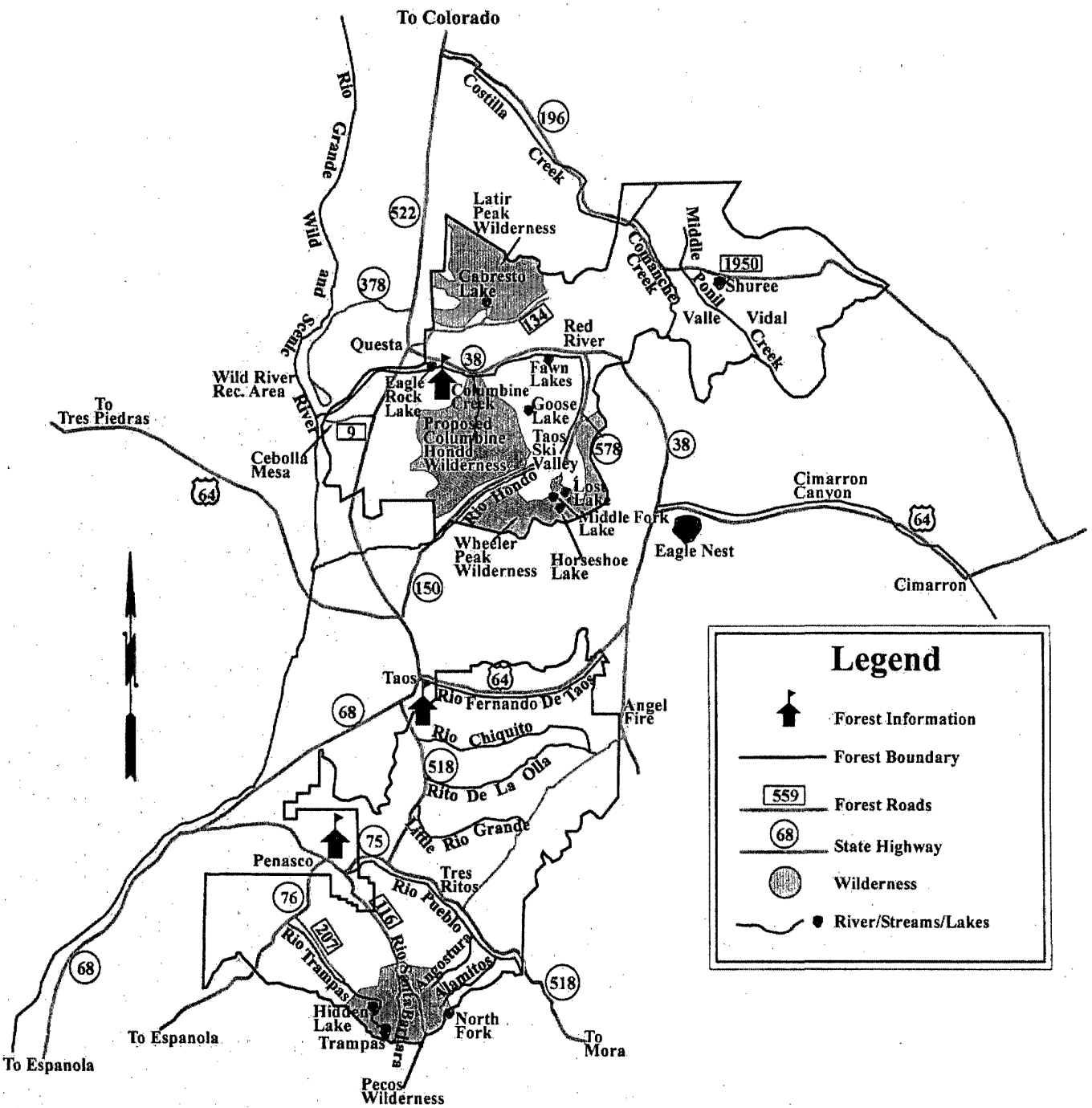
CMI09-00238

Carson National Forest
East Side



CMI09-00239

Carson National Forest
East Side



CMI09-00240

ATTACHMENT 3.6

8203-7-73
STCo

87999
12-21-83
2:50

74

SF-1 SHORT FORM WARRANTY DEED—Rev. 5-75—New Mexico Statutory Form THE VALLIANT CO. ALBUQUERQUE, N.M.

WARRANTY DEED

BIALQUIN RODRIQUEZ and LILA RODRIQUEZ, husband and wife, for consideration paid, grants to MOLYCORP, INC.

whose address is P.O. Box 469, Questa, New Mexico 87556

the following described real estate in TAOS County, New Mexico:

A certain tract of land in Questa, Taos County, New Mexico; located within the West 1/2 of Section 31, Township 29 North, Range 13 East, NMPM; described as part of Small Holding Claims 1951, Tract 2, of the USGLO 1896 survey of the Small Holding Claims in Section 31, Township 29 North, Range 13 East, NMPM; also described as part of Tract 13, Map 11, Survey 7, of the 1941 Taos County Reassessment Survey; and more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch rebar set for the NE corner of this tract, a point on the Northerly right-of-way of "Old SR 3", from whence AP 4 of Lot 20, Section 31, Township 29 North, Range 13 East, NMPM, a 1976 USBLM brass cap monument found, bears N 11° 34' E, 4232.7 ft. distant, thence continuing along said right-of-way;

S 58° 57' W, 171.7 ft. to a 3/8 inch rebar found for the SW corner, thence leaving said right of way;
N 01° 48' W, 124.4 ft. to a 1/2 inch rebar set for the NW corner, a point on the Northerly right-of-way of the "Tailings Pond Road", thence along said right-of-way;
S 76° 39' E, 155.2 ft. to the POINT AND PLACE OF BEGINNING.

This tract contains 9321 sq. ft. or 0.2140 acre, more or less.

with warranty covenants.

WITNESS our hand S and seal S this 1st day of, 19 83

(Seal) Bialquin Rodriquez (Seal)
BIALQUIN RODRIQUEZ

(Seal) Lila Rodriquez (Seal)
LILA RODRIQUEZ

ACKNOWLEDGMENT FOR NATURAL PERSONS

STATE OF NEW MEXICO } ss.
COUNTY OF TAOS }

The foregoing instrument was acknowledged before me this 1st day of DECEMBER, 19 83,
by Bialquin Rodriquez and Lila Rodriquez
(Name or Names of Person or Persons Acknowledging)

My commission expires: 2/20/85
(Seal)

Esther Fernandez
Notary Public

FOR RECORDER'S USE ONLY
STATE OF NEW MEXICO } SS
COUNTY OF TAOS }

This instrument was filed for record on the 21 day of December A.D. 1983 at 2:50 o'clock P.M. and duly recorded in book A-169 Page 117. Rec. 12-29-83

Marie Lorraine Dallemore
County Clerk & Recorder

By Beatrice Medina Deputy

ACKNOWLEDGMENT FOR CORPORATION

STATE OF NEW MEXICO } ss.
COUNTY OF }

The foregoing instrument was acknowledged before me this day of, 19
by (Name of Officer)
(Title of Officer) of (Name of Corporation Acknowledging)
(Name of Corporation) corporation, on behalf of said corporation.

My commission expires:
(Seal)

Notary Public

CMI09-00242

009073

#56884
8-14-70
2:10 Pm

WARRANTY DEED

Benjamin Gomez, for consideration paid, grants to Arturo Gomez, the following described real estate in Questa, Taos County , New Mexico, more particularly described and bounded as follows, to-wit:

A parcel of land containing Eighteen (18) acres, more or less, reserving about ½ acre for grantor, this being in the center of the tract herein conveyed, also a three room house therein and bounded as follows:

North by property of Molybdenum Corp of America;
East by property of M.CA and Willie Cardenas;
South by the Forest Service;
West by property of Arturo Gomez and Molybdenum Corporation.
together with water rights and other appurtenaces thereto.

with warranty comenants

IN WITNESS WHEREOF, we have set our hands and seals this 2nd day of June , 1969.

Benjamin Gomez
Rufina Gomez her mark X Luis Sena
Witness to her mark

STATE OF NEW MEXICO)
)SS
COUNTY OF TAOS)

On this 2nd day of June, 1969, personally appeared before me, Benjamin Gomez and Rufina H. Gomez, his wife and executed the foregoing instrument, and acknowledged that they executed it of their own free act and deed.

Jose R Rael
Notary Public

My commission expires
Feb. 9, 1971.

JOSE R. RAEL NOTARY PUBLIC COUNTY OF TAOS, N.M.

STATE OF NEW MEXICO

STATE OF NEW MEXICO)
COUNTY OF TAOS) SS.

This instrument was filed for record on the 14th day of August A.D. 19 70 at 2:10 O'clock P M and duly recorded in book A-120 Page 545 8-20-70

Aurora M. Montoya
County Clerk & Recorder
By Hannah Buzzi Deputy

Seal

CMI09-00243

009074

SF-3 SHORT FORM QUITCLAIM DEED—New Mexico Statutory Form—Rev. 6 75

QUITCLAIM DEED

ARTURO GOMEZ

for consideration paid, quitclaim

to MARIA BERLINDA GOMEZ

whose address is P.O. Box 615, Questa, New Mexico

the following described real estate in Taos County, New Mexico

A certain tract of land near Questa, Taos County, New Mexico, located within the N.W. 1/4 of Section 1, Township 28 North, Range 12 East, N.M.P.M., described as part of Small Holding Claim 5307, Tract 1 of the 1912 U.S.G.L.O. Survey of the Small Holding Claims in Section 1, Township 28 North, Range 12 East, N.M.P.M.; also described as part of Tract 6, Map 13, Survey 7 of the 1941 Taos County Reassessment Survey, and more particularly described by metes and bounds as follows:

BEGINNING at a 1/2 inch rebar set for the N.W. corner of this tract on the southerly right-of-way of a county road, from whence the 1912 U.S.G.L.O. brass cap monument found marking Corner 2, Small Holding Claim 5307, Tract 1, bears N. 06° 34' W., 1179.5 feet distant, thence along said right-of-way;

N. 46° 27' E., 20.1 feet to a point, thence;
N. 52° 51' E., 43.5 feet to a point, thence;
N. 54° 39' E., 95.0 feet to a point, thence;
N. 56° 19' E., 75.8 feet to a point, thence;
N. 59° 11' E., 4.4 feet to a 1/2 inch rebar set for the N.E. corner, thence along the westerly right-of-way of the 12.0 foot M.C. A. Road for waterline maintenance;

S. 07° 33' E., 260.4 feet to a 1/2 inch rebar set for the S.E. corner, thence leaving said right-of-way;
S. 83° 10' W., 213.5 feet to a 1/2 inch rebar set for the S.W. corner, thence along the easterly right-of-way of a county road;
N. 06° 50' W., 89.5 feet to a 1/2 inch rebar set, thence;
N. 05° 23' W., 55.5 feet to the point and place of beginning.

Further described as Tract B on Survey Plat No. 78-1425 prepared by Rio Grande Surveying, Taos, New Mexico for Arturo Gomez. This tract contains 1.000 acres, more or less. WITNESS hand and seal this 29th day of June, 1979

(Seal) Arturo Gomez (Seal)

(Seal) (Seal)

ACKNOWLEDGMENT FOR NATURAL PERSONS

STATE OF NEW MEXICO } ss.
COUNTY OF TAOS

The foregoing instrument was acknowledged before me this 29th day of June, 1979.

by Arturo Gomez
(Name or Names of Person or Persons Acknowledging)

My commission expires: November 27, 1981

Eugene Winfield
Notary Public

NOTARY PUBLIC STATE OF NEW MEXICO

ACKNOWLEDGMENT FOR CORPORATION

STATE OF NEW MEXICO } ss.
COUNTY OF

The foregoing instrument was acknowledged before me this day of , 19 ,

by (Name of Officer) ,

(Title of Officer) of (Name of Corporation Acknowledging)

a (State of Incorporation) corporation, on behalf of said corporation.

My commission expires:

(Seal) Notary Public

FOR RECORDER'S USE ONLY
STATE OF NEW MEXICO } SS
COUNTY OF TAOS }
This instrument was filed for record on the 13 day of July A.D. 1979 at 10:30 o'clock AM and duly recorded in book A-151 Page 302 Rev 7-21-79

County Clerk & Recorder

By Isabelle McGuire Deputy

THE VALLIANT CO. ALBUQUERQUE, N. M.

CMI09-00244

009075

WARRANTY DEED

#20939
10-15-96
2:08

ARTURO GOMEZ, for consideration paid, grant,
to NINA P. GOMEZ, a single person
P. O. Box 615/Questa, New Mexico 87556
the following described real estate in Taos County, New Mexico:

A certain parcel of land near Questa, Taos County, New Mexico, located within the N.W. 1/4 of Section 1, Township 28 North, Range 12, east described as part of Small Holding Claim 5307 Tract 1 and Part of Small Holding Claim 5183, Tract 1 of th e 1912 U.S. G .L.O. and being part of Tract 6 and 7, Map 13, Survey 7 of the 1941 Taos County Reassessment Survey and bounded as follows:
NORTH: 215.43 Ft. - Della Apodaca
SOUTH: 215.43 Ft. - Arturo Gomez
EAST: 80.00Ft. - Arturo Gomez/Moly Corp Easement
WEST: 98.00 ft.- County Road Easement
and Containing .46 Acres More or Less.

TOGETHER WITH WATER RIGHTS AND ALL IMPROVEMENTS THEREON.

with warranty covenants.
WITNESS hand and seal this 15th day of October 19 96

(Seal) Arturo Gomez (Seal)
ARTURO GOMEZ

(Seal) (Seal)

ACKNOWLEDGMENT FOR NATURAL PERSONS

STATE OF NEW MEXICO }
COUNTY OF TAOS } ss.
The foregoing instrument was acknowledged before me this 15th day of October 19 96
by ARTURO GOMEZ
(Name of Person or Persons Acknowledging)

OFFICIAL SEAL
CARMEN E. MEDINA
NOTARY PUBLIC - NEW MEXICO
Notary Bond Filed with Secretary of State
My Commission Expires 2-5-98

Notary Public

ACKNOWLEDGMENT FOR CORPORATION

STATE OF NEW MEXICO }
COUNTY OF } ss.
The foregoing instrument was acknowledged before me this
day of 19
by
(Name of Officer)
of
(Title of Officer) (Name of Corporation Acknowledging)
a corporation, on behalf of said corporation.
(State of Incorporation)
My commission expires:
(Seal)

Notary Public

FOR RECORDER'S USE ONLY

COUNTY OF TAOS }SS
STATE OF NEW MEXICO }
I hereby certify that this instrument was filed for record on the 15th day of Oct A.D. 19 96 at 2:08 o'clock P.M. and was duly recorded in book A-256 page 582 of the records of Taos County.
Witness my Hand and Seal of Office
Carmen M. Medina
County Clerk, Taos County, N.M.
Deputy

COUNTY CLERK RECORDER SEAL TAOS

000582

CMI09-00245

LEASE

This lease agreement, is made this 1st day of May, 2006, by and between Juan R. Montoya, (Lessor), and Molycorp, Inc., (Molycorp).

The parties agree as follows:

1. LEASE. Lessor is the owner of the following real property:

Part of tract 187, Map 11, Survey of New Mexico Reassessment Survey for Taos County, Questa, New Mexico. Also located in Part of P.C. No. 2116 tract 1 as shown by the U.S. Survey Map. This tract is located at the junction of New Mexico State Road No. 3 and Embargo Road. All in Section 31, T. 29N, R. 13 E., N.M.P.M.

In consideration of covenants and agreements herein contained, Lessor does hereby lease to Molycorp the premises described as follows:

A strip of land 60 feet in width for the use of pipelines and a roadway along the pipelines As they are presently installed. The lease to extend 20 feet on the east side and 40 feet on The west side from the center line of the pipes. The strip of land is 100 feet in length Plus or minus.

for the purpose of Molycorp using, maintaining, repairing and replacing, if necessary, a pipeline on the leased premises.

2. PIPELINE. As used herein, pipeline shall mean one or more pipelines, together with all necessary valves, gates, fittings, appliances and such other equipment as is necessary for the use of the pipeline. Such pipeline may be buried at depth necessary to maintain adequate grade, or placed on the surface of the leased premises, in the sole discretion of Molycorp, based upon which is necessary or practical.

3. TERM. The term of this lease shall be for a period of twenty-five years from the date hereof; but Molycorp shall have the right to terminate this lease five (5) years from the date hereof; or at any time thereafter, upon one (1) year's written notice to Lessor.

4. CONSTRUCTION AND MAINTENANCE. Molycorp shall have the right during this period of this lease to enter upon the leased premises, at any time that is necessary, to construct, maintain, patrol, inspect and repair pipelines, and with the right to excavate and refill ditches and trenches for the installing, burying, repairing, maintaining or removing such pipelines, to construct roads upon the leased premises and the further right to remove trees, bushes, undergrowth and other obstructions interfering with the location, construction, and maintenance of such pipelines. Molycorp shall have the right to grade the surface of the leased premises to such an extent as is necessary to allow Molycorp to construct, repair, inspect and maintain the pipeline. This shall

include the right from time to time to trim and cut down and clear away any and all trees and brush now or hereafter on the leased premises which now or hereafter in the opinion of Molycorp may be a hazard to the pipeline, or may interfere with the exercise of Molycorp's rights hereunder. Lessor shall allow Molycorp, in the installation, repair and maintenance of the pipelines, to bring onto the leased premises such trucks, machinery, men and equipment as are necessary to perform such work.

5. INGRESS AND EGRESS. Molycorp shall have the right of ingress and egress from the leased premises. Molycorp shall further have the right of grading for, constructing, maintaining and using roads on the leased premises. Molycorp shall have the right to install, maintain and use cattle guards through all fences which now cross or shall, during the term of this lease, cross the leased premises.

6. MARKING THE LEASED PREMISES. Molycorp shall have the right to mark the location of the leased premises and pipeline with suitable markers set in the ground.

7. DAMAGE TO LESSOR'S PROPERTY. Molycorp agrees to repair any ditches, roads, fences or property which are damaged during any installation, maintenance, repair or use of the pipeline, and to reimburse Lessor for any damage proximately caused by Molycorp or its use of pipeline, to lands adjoining the leased premises should Molycorp be unable to effect reasonable repair and restoration. Molycorp shall make arrangements with Lessor to enter Lessor's property to effect restoration or repairs of any such damage. Molycop shall be required to reimburse Lessor for damages which cannot be reasonably restored or repaired by Molycorp. Molycorp further agrees to grade and reseed, if necessary, any ground damaged by the installation, maintenance, use or repairs of the pipeline.

8. USE BY LESSOR. Lessor reserves the right to use the leased premises for purposes which will not interfere with Molycorp's full enjoyment of the rights hereby granted, provided that lessor shall not erect or construct any building or any other obstructions on the leased premises. Lessor shall have the right to build roads across the leased premises so long as they are not constructed in a manner which will interfere with Molycorp's use of the leased premises.

9. RENT. Molycorp, for and in consideration of this lease, agrees to pay Lessor as follows;

    a. $5,000.00 upon execution of this lease to be considered a one time signing bonus, and $1000.00 ($10.00 per foot for 100 linear feet) which amount is rent for the first year of this lease.

b. $10.00 per year, per linear foot, unadjusted annual rent, as periodically adjusted pursuant to part c. below, the first rental payment being due and payable on this date one year hence, and all subsequent payments being due and payable on the same date of each consecutive year thereafter, until this lease expires, or is terminated by Molycorp, as herein provided.

c. The annual rent paid by Molycorp shall be adjusted periodically to reflect changes in the cost of living as follows:

1. The cost-of-living adjustment shall be determined on the basis of the Revised Consumer's Price Index for All Items and Major Group Figures for All Urban Consumers (1967 = 100) (and at Molycorp's election, Western Region class D areas) published by the Bureau of Labor Statistics, U. S. Department of Labor, and referred to herein as the "index".
2. A cost-of-living adjustment shall be made every year; the initial adjustment to be made reflected in the rental payment due and payable one year from the date hereof. The cost-of-living adjustment shall be based on the percentage increase in the index figure from the month of execution hereof to the latest month which ends more than 90 days before the annual rent for the year of adjustment is due and payable.
3. The percentage increase in the index calculated above shall be applied to the unadjusted annual rent specified in part b. above. The resulting amount shall be the adjusted annual rent.

10. ARBITRATION. Any controversy, dispute or claim arising out of or relating to this agreement, or any breach thereof, which cannot be settled between the two parties, shall be settled in accordance with the Rules of the American Arbitration Association and judgment upon the award my be entered in any court having jurisdiction thereof.

11. TERMINATION. Upon termination of this lease by expiration of the full term thereof or upon prior termination by Molycorp as herein provided, Molycorp ~~may~~ shall remove its pipeline and related equipment or leave the same in place by mutual agreement by the parties. Should Molycorp elect to remove the pipeline and equipment, it shall restore the leased premises to as close to its present condition as is reasonably possible.

12. WARRANTY OF TITLE. a. Owner states that he is in possession of the leased premises conveyed to Molycorp as of the date of this agreement.
b, In the event Molycorp, in its sole discretion, determines that owner's title is not adequate for Molycorp's purposes, Molycorp shall have the right in its name or in the name of the owners to perform such acts and do such things as are necessary to cure any defects in owner's title, including, but not limited to,

quieting the title to owner's land or any part thereof in owner's name. This is a right granted to Molycorp, but Molycorp shall have no obligation to cure any defects in owner's title and shall cure such defects only in its sole discretion.

13. LEASE TO RUN WITH THE LAND. This lease shall run with the land and shall be binding on and shall inure to the benefit of the parties hereto, their heirs, successors, representatives and assigns.

14. NOTICE AND PAYMENT OF RENT. Notices given to either party and payments of rent by Molycorp shall be delivered by United States mail to the parties as follows:

Lessor: Juan R. Montoya
1409 Conchas NE
Albuquerque, NM 87112

Molycorp: Molycorp, Inc.
P.O. Box 469
Questa, NM 87556

15. QUIET ENJOYMENT. So long as molycorp pays the rent stated herein, Molycorp shall peaceably hold and quietly enjoy the leased premises without interference of lessor or any person or entity claiming under lessor.

16. ENTIRE AGREEMENT. This instrument contains the entire and only agreement between the parties, and no oral representations or statements or prior written matter not contained in this instrument shall have any force and effect. This lease shall not be modified in any way except by writing executed by both parties.

IN WITNESS WHEREOF, the parties have executed this lease this 12 day of April, 2006.

LESSOR:

Juan R Montoya

By_____

MOLYCORP, Inc.

By John Vialpando

STATE OF NEW MEXICO)
: ss.
COUNTY OF ~~TAOS~~ Bernalillo)

The foregoing instrument was acknowledged before me this 12 day of April, 2006, by Juan R. Montoya, Lessor.

OFFICIAL SEAL
CECILIA CHAVEZ
NOTARY PUBLIC-STATE OF NEW MEXICO
My commission expires: ~~10-2007~~

Cecilia Chavez
Notary Public

My commission expires_____

STATE OF NEW MEXICO)
; ss.
COUNTY OF TAOS)

The foregoing instrument was acknowledged before me this 11th day of April, 2006, by John Vialpando, Molycorp, Inc.

Beverly Dubovich
Notary Public

My commission expires 7-15-08

CMI09-00250

ATTACHMENT 4.1

CMI09-00251

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 30, 2009
or
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 1-368-2

Chevron Corporation

(Exact name of registrant as specified in its charter)

Delaware	**94-0890210**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification Number)*
6001 Bollinger Canyon Road, San Ramon, California	**94583-2324**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code: (925) 842-1000

NONE
(Former name or former address, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Outstanding as of September 30, 2009
Common stock, $.75 par value	2,006,267,842

CMI09-00252

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CAUTIONARY STATEMENT RELEVANT TO FORWARD-LOOKING INFORMATION FOR THE PURPOSE OF "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This quarterly report on Form 10-Q of Chevron Corporation contains forward-looking statements relating to Chevron's operations that are based on management's current expectations, estimates and projections about the petroleum, chemicals, and other energy-related industries. Words such as "anticipates," "expects," "intends," "plans," "targets," "projects," "believes," "seeks," "schedules," "estimates," "budgets" and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond the company's control and are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. The reader should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. Unless legally required, Chevron undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Among the important factors that could cause actual results to differ materially from those in the forward-looking statements are crude-oil and natural-gas prices; refining, marketing and chemicals margins; actions of competitors or regulators; timing of exploration expenses; timing of crude-oil liftings, the competitiveness of alternate-energy sources or product substitutes; technological developments; the results of operations and financial condition of equity affiliates; the inability or failure of the company's joint-venture partners to fund their share of operations and development activities; the potential failure to achieve expected net production from existing and future crude-oil and natural-gas development projects; potential delays in the development, construction or start-up of planned projects; the potential disruption or interruption of the company's net production or manufacturing facilities or delivery/transportation networks due to war, accidents, political events, civil unrest, severe weather or crude-oil production quotas that might be imposed by the Organization of Petroleum Exporting Countries (OPEC); the potential liability for remedial actions or assessments under existing or future environmental regulations and litigation; significant investment or product changes under existing or future environmental statutes, regulations and litigation; the potential liability resulting from pending or future litigation; the company's acquisition or disposition of assets; gains and losses from asset dispositions or impairments; government-mandated sales, divestitures, recapitalizations, industry-specific taxes, changes in fiscal terms or restrictions on scope of company operations; foreign-currency movements compared with the U.S. dollar; the effects of changed accounting rules under generally accepted accounting principles promulgated by rule-setting bodies; and the factors set forth under the heading "Risk Factors" on pages 30 and 31 of the company's 2008 Annual Report on Form 10-K. In addition, such statements could be affected by general domestic and international economic and political conditions. Unpredictable or unknown factors not discussed in this report could also have material adverse effects on forward-looking statements.

CMI09-00254

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PART I.

FINANCIAL INFORMATION

Item 1. ***Consolidated Financial Statements***

CHEVRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME
(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
	(Millions of dollars, except per-share amounts)			
Revenues and Other Income				
Sales and other operating revenues*	$ 45,180	$ 76,192	$ 119,814	$ 221,813
Income from equity affiliates	1,072	1,673	2,418	4,480
Other income	373	1,002	728	1,509
Total Revenues and Other Income	46,625	78,867	122,960	227,802
Costs and Other Deductions				
Purchased crude oil and products	26,969	49,238	71,047	147,822
Operating expenses	4,403	5,676	12,958	15,379
Selling, general and administrative expenses	1,177	1,278	3,197	4,264
Exploration expenses	242	271	1,061	831
Depreciation, depletion and amortization	2,988	2,449	8,954	6,939
Taxes other than on income*	4,644	5,614	13,008	16,756
Interest and debt expense	14	—	28	—
Total Costs and Other Deductions	40,437	64,526	110,253	191,991
Income Before Income Tax Expense	6,188	14,341	12,707	35,811
Income Tax Expense	2,342	6,416	5,246	16,681
Net Income	3,846	7,925	7,461	19,130
Less: Net income attributable to noncontrolling interests	15	32	48	94
Net Income Attributable to Chevron Corporation	$ 3,831	$ 7,893	$ 7,413	$ 19,036
Per Share of Common Stock:				
Net Income Attributable to Chevron Corporation				
— Basic	$ 1.92	$ 3.88	$ 3.72	$ 9.29
— Diluted	$ 1.92	$ 3.85	$ 3.71	$ 9.23
Dividends	$ 0.68	$ 0.65	$ 1.98	$ 1.88
Weighted Average Number of Shares Outstanding (000s)				
— Basic	1,992,452	2,032,433	1,991,733	2,049,812
— Diluted	2,000,586	2,044,616	1,999,925	2,063,149

* Includes excise, value-added and similar taxes: $ 2,079 $ 2,577 $ 6,023 $ 7,766

See accompanying notes to consolidated financial statements.

CMI09-00255

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CHEVRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
	(Millions of dollars)			
Net Income	$3,846	$7,925	$7,461	$19,130
Currency translation adjustment	31	(67)	44	(84)
Unrealized holding gain (loss) on securities:				
Net gain (loss) arising during period	8	(13)	3	(5)
Derivatives:				
Net derivatives gain (loss) on hedge transactions	7	126	(65)	74
Reclassification to net income of net realized (gain) loss	(9)	4	(25)	15
Income taxes on derivatives transactions	1	(44)	31	(32)
Total	(1)	86	(59)	57
Defined benefit plans:				
Actuarial loss:				
Amortization to net income of net actuarial loss	136	62	451	187
Prior service cost:				
Amortization to net income of net prior service credits	(15)	(16)	(49)	(47)
Defined benefit plans sponsored by equity affiliates	5	7	10	22
Income taxes on defined benefit plans	(45)	(17)	(152)	(65)
Total	81	36	260	97
Other Comprehensive Gain, Net of Tax	119	42	248	65
Comprehensive Income	3,965	7,967	7,709	19,195
Comprehensive income attributable to noncontrolling interests	(15)	(32)	(48)	(94)
Comprehensive Income Attributable to Chevron Corporation	$3,950	$7,935	$7,661	$19,101

See accompanying notes to consolidated financial statements.

CMI09-00256

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CHEVRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
(Unaudited)

	At September 30 2009	At December 31 2008
	(Millions of dollars, except per-share amounts)	
ASSETS		
Cash and cash equivalents	$ 7,568	$ 9,347
Marketable securities	121	213
Accounts and notes receivable, net	17,070	15,856
Inventories:		
Crude oil and petroleum products	4,652	5,175
Chemicals	333	459
Materials, supplies and other	1,338	1,220
Total inventories	6,323	6,854
Prepaid expenses and other current assets	4,459	4,200
Total Current Assets	35,541	36,470
Long-term receivables, net	2,394	2,413
Investments and advances	21,564	20,920
Properties, plant and equipment, at cost	183,547	173,299
Less: Accumulated depreciation, depletion and amortization	89,290	81,519
Properties, plant and equipment, net	94,257	91,780
Deferred charges and other assets	3,870	4,711
Goodwill	4,619	4,619
Assets held for sale	316	252
Total Assets	$162,561	$161,165
LIABILITIES AND EQUITY		
Short-term debt	$240	$2,818
Accounts payable	15,715	16,580
Accrued liabilities	5,501	8,077
Federal and other taxes on income	2,562	3,079
Other taxes payable	1,375	1,469
Total Current Liabilities	25,393	32,023
Long-term debt	9,973	5,742
Capital lease obligations	329	341
Deferred credits and other noncurrent obligations	17,497	17,678
Noncurrent deferred income taxes	11,738	11,539
Reserves for employee benefit plans	6,409	6,725
Total Liabilities	71,339	74,048
Preferred stock (authorized 100,000,000 shares, $1.00 par value, none issued)	—	—
Common stock (authorized 6,000,000,000 shares, $.75 par value, 2,442,676,580 shares issued at September 30, 2009, and December 31, 2008)	1,832	1,832
Capital in excess of par value	14,584	14,448
Retained earnings	104,575	101,102
Accumulated other comprehensive loss	(3,676)	(3,924)
Deferred compensation and benefit plan trust	(414)	(434)
Treasury stock, at cost (436,408,738 and 438,444,795 shares at September 30, 2009, and December 31, 2008, respectively)	(26,255)	(26,376)
Total Chevron Corporation Stockholders' Equity	90,646	86,648
Noncontrolling interests	576	469
Total Equity	91,222	87,117
Total Liabilities and Equity	$162,561	$161,165

See accompanying notes to consolidated financial statements.

CMI09-00257

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CHEVRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30	
	2009	2008
	(Millions of dollars)	
Operating Activities		
Net Income Attributable to Chevron Corporation	**$ 7,413**	$ 19,036
Adjustments		
Depreciation, depletion and amortization	**8,954**	6,939
Dry hole expense	**481**	287
Distributions less than income from equity affiliates	**(510)**	(278)
Net before-tax gains on asset retirements and sales	**(1,083)**	(757)
Net foreign currency effects	**481**	(74)
Deferred income tax provision	**335**	37
Net increase in operating working capital	**(2,993)**	(713)
Net income attributable to noncontrolling interests	**48**	94
Increase in long-term receivables	**(288)**	(221)
Decrease (increase) in other deferred charges	**131**	(70)
Cash contributions to employee pension plans	**(860)**	(169)
Other	**244**	313
Net Cash Provided by Operating Activities	**12,353**	24,424
Investing Activities		
Capital expenditures	**(14,488)**	(13,632)
Proceeds and deposits related to asset sales	**2,132**	1,384
Net sales of marketable securities	**113**	351
Repayment of loans by equity affiliates	**167**	169
Net sales of other short-term investments	**153**	359
Net Cash Used for Investing Activities	**(11,923)**	(11,369)
Financing Activities		
Net (payments) borrowings of short-term obligations	**(3,258)**	661
Proceeds from issuance of long-term debt	**5,339**	—
Repayments of long-term debt and other financing obligations	**(461)**	(926)
Cash dividends	**(3,945)**	(3,861)
Distributions to noncontrolling interests	**(37)**	(88)
Net sales (purchases) of treasury shares	**86**	(5,530)
Net Cash Used for Financing Activities	**(2,276)**	(9,744)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**67**	(37)
Net Change in Cash and Cash Equivalents	**(1,779)**	3,274
Cash and Cash Equivalents at January 1	**9,347**	7,362
Cash and Cash Equivalents at September 30	**$ 7,568**	$ 10,636

See accompanying notes to consolidated financial statements.

CMI09-00259

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Interim Financial Statements

The accompanying consolidated financial statements of Chevron Corporation and its subsidiaries (the company) have not been audited by an independent registered public accounting firm. In the opinion of the company's management, the interim data include all adjustments necessary for a fair statement of the results for the interim periods. These adjustments were of a normal recurring nature. The results for the three- and nine-month periods ended September 30, 2009, are not necessarily indicative of future financial results. The term "earnings" is defined as net income attributable to Chevron Corporation.

Certain notes and other information have been condensed or omitted from the interim financial statements presented in this Quarterly Report on Form 10-Q. Therefore, these financial statements should be read in conjunction with the company's 2008 Annual Report on Form 10-K.

Effective with the quarter ending September 30, 2009, the company implemented the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) system. The ASC supersedes literature of the FASB, Emerging Issues Task Force and other sources. The ASC did not change U.S. generally accepted accounting principles. Refer also to Note 15 beginning on page 21 for discussion of ASC.

Events subsequent to September 30, 2009, were evaluated until the time of the Form 10-Q filing with the Securities and Exchange Commission on November 5, 2009.

Earnings for the third quarter 2009 included $400 million of after-tax gains from asset sales and tax items related to an upstream project in Australia. Earnings for the first nine months of 2009 also included $540 million of after-tax gains reported in the first half of the year on sales of marketing businesses outside the United States.

Earnings for the third quarter and nine months of 2008 included approximately $400 million of expenses associated with damage to upstream facilities in the U.S. Gulf of Mexico caused by hurricanes. Largely offsetting the impact of these expenses were gains of about $350 million on U.S. upstream asset sales.

Note 2. Noncontrolling Interests

The company adopted the accounting standard for noncontrolling interests in consolidated financial statements effective January 1, 2009, and retroactive to the earliest period presented. Ownership interests in the company's subsidiaries held by parties other than the parent are presented separately from the parent's equity on the Consolidated Balance Sheet. The amount of consolidated net income attributable to the parent and the noncontrolling interests are both presented on the face of the Consolidated Statement of Income.

Activity for the equity attributable to noncontrolling interests for the first nine months of 2009 and 2008 is as follows:

	2009			2008		
	Chevron Corporation Stockholders' Equity	Noncontrolling Interest	Total Equity	Chevron Corporation Stockholders' Equity	Noncontrolling Interest	Total Equity
	(Millions of dollars)					
Balance at January 1	$86,648	$469	$87,117	$77,088	$204	$77,292
Net income	7,413	48	7,461	19,036	94	19,130
Dividends	(3,945)	—	(3,945)	(3,861)	—	(3,861)
Distributions to noncontrolling interests	—	(37)	(37)	—	(88)	(88)
Treasury shares, net	121	—	121	(5,523)	—	(5,523)
Other changes,						

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net*	409	96	505	214	1	215
Balance at September 30	**$90,646**	**$576**	**$91,222**	**$86,954**	**$211**	**$87,165**

* Includes components of comprehensive income, which are disclosed separately in the Consolidated Statement of Comprehensive Income.

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Note 3. Information Relating to the Consolidated Statement of Cash Flows

The "Net increase in operating working capital" was composed of the following operating changes:

	Nine Months Ended September 30	
	2009	2008
	(Millions of dollars)	
Increase in accounts and notes receivable	$ (877)	$(2,559)
Decrease (increase) in inventories	356	(979)
Increase in prepaid expenses and other current assets	(216)	(461)
(Decrease) increase in accounts payable and accrued liabilities	(1,597)	1,507
(Decrease) increase in income and other taxes payable	(659)	1,779
Net increase in operating working capital	$(2,993)	$ (713)

The "Net increase in operating working capital" includes reductions of $11 million and $102 million for excess income tax benefits associated with stock options exercised during the nine months ended September 30, 2009, and 2008, respectively. These amounts are offset by an equal amount in "Net sales (purchases) of treasury shares."

"Net Cash Provided by Operating Activities" included the following cash payments for interest on debt and for income taxes:

	Nine Months Ended September 30	
	2009	2008
	(Millions of dollars)	
Interest on debt (net of capitalized interest)	$ 11	$ —
Income taxes	4,825	14,298

The "Net sales of marketable securities" consisted of the following gross amounts:

	Nine Months Ended September 30	
	2009	2008
	(Millions of dollars)	
Marketable securities purchased	$ (24)	$(3,232)
Marketable securities sold	137	3,583
Net sales of marketable securities	$113	$ 351

The "Net sales (purchases) of treasury shares" represents the cost of common shares acquired less the cost of shares issued for share-based compensation plans. Net sales totaled $86 million in the first nine months of 2009 and net purchases totaled $5.5 billion in the 2008 period. Purchases in the 2008 period were under the company's stock repurchase program initiated in September 2007. No purchases were made under the program in the 2009 period.

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The major components of "Capital expenditures" and the reconciliation of this amount to the capital and exploratory expenditures, including equity affiliates, are as follows:

	Nine Months Ended September 30	
	2009	2008
	(Millions of dollars)	
Additions to properties, plant and equipment	**$13,542**	$12,812
Additions to investments	**793**	715
Current-year dry-hole expenditures	**399**	239
Payments for other liabilities and assets, net	**(246)**	(134)
Capital expenditures	**14,488**	13,632
Expensed exploration expenditures	**580**	544
Assets acquired through capital-lease obligations	**20**	14
Capital and exploratory expenditures, excluding equity affiliates	**15,088**	14,190
Company's share of expenditures by equity affiliates	**923**	1,587
Capital and exploratory expenditures, including equity affiliates	**$16,011**	$15,777

"Additions to properties, plant and equipment" in the 2009 period include $2 billion for a cash payment related to the extension of an upstream concession agreement.

Note 4. Operating Segments and Geographic Data

Although each subsidiary of Chevron is responsible for its own affairs, Chevron Corporation manages its investments in these subsidiaries and their affiliates. For this purpose, the investments are grouped as follows: upstream — exploration and production; downstream — refining, marketing and transportation; chemicals; and all other. The first three of these groupings represent the company's "reportable segments" and "operating segments" as defined in the accounting standards.

The segments are separately managed for investment purposes under a structure that includes "segment managers" who report to the company's "chief operating decision maker" (CODM) (terms as defined in the accounting standards). The CODM is the company's Executive Committee, a committee of senior officers that includes the Chief Executive Officer, and that in turn reports to the Board of Directors of Chevron Corporation.

The operating segments represent components of the company as described in the accounting standards that engage in activities (a) from which revenues are earned and expenses are incurred; (b) whose operating results are regularly reviewed by the CODM, which makes decisions about resources to be allocated to the segments and to assess their performance; and (c) for which discrete financial information is available.

Segment managers for the reportable segments are directly accountable to and maintain regular contact with the company's CODM to discuss the segment's operating activities and financial performance. The CODM approves annual capital and exploratory budgets at the reportable segment level, as well as reviews capital and exploratory funding for major projects and approves major changes to the annual capital and exploratory budgets. However, business-unit managers within the operating segments are directly responsible for decisions relating to project implementation and all other matters connected with daily operations. Company officers who are members of the Executive Committee also have individual management responsibilities and participate in other committees for purposes other than acting as the CODM.

"All Other" activities include mining operations, power generation businesses, worldwide cash management and debt financing activities, corporate administrative functions, insurance operations, real estate activities, alternative fuels and technology companies.

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The company's primary country of operation is the United States of America, its country of domicile. Other components of the company's operations are reported as "International" (outside the United States).

Segment Earnings The company evaluates the performance of its operating segments on an after-tax basis, without considering the effects of debt financing interest expense or investment interest income, both of which are managed by the company on a worldwide basis. Corporate administrative costs and assets are not allocated to the operating segments. However, operating segments are billed for the direct use of corporate services. Nonbillable costs remain at the corporate level in "All Other." Earnings by major operating area for the three- and nine-month periods ended September 30, 2009 and 2008 are presented in the following table:

Segment Earnings

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
	(Millions of dollars)			
Upstream				
United States	**$ 878**	$2,187	**$1,172**	$ 5,977
International	**2,762**	3,995	**5,256**	12,581
Total Upstream	**3,640**	6,182	**6,428**	18,558
Downstream				
United States	**34**	1,014	**72**	336
International	**160**	817	**1,106**	1,013
Total Downstream	**194**	1,831	**1,178**	1,349
Chemicals				
United States	**105**	30	**165**	32
International	**59**	40	**146**	122
Total Chemicals	**164**	70	**311**	154
Total Segment Earnings	**3,998**	8,083	**7,917**	20,061
All Other				
Interest Expense	**(11)**	—	**(22)**	—
Interest Income	**10**	52	**36**	157
Other	**(166)**	(242)	**(518)**	(1,182)
Net Income Attributable to Chevron Corporation	**$3,831**	$7,893	**$7,413**	$19,036

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Segment Assets Segment assets do not include intercompany investments or intercompany receivables. "All Other" assets in 2009 consist primarily of worldwide cash, cash equivalents and marketable securities, real estate, information systems, mining operations, power generation businesses, technology companies and assets of the corporate administrative functions. Segment assets at September 30, 2009, and December 31, 2008, are as follows:

Segment Assets

	At September 30 2009	At December 31 2008
	(Millions of dollars)	
Upstream		
United States	**$ 24,711**	$ 26,071
International	**74,125**	72,530
Goodwill	**4,619**	4,619
Total Upstream	**103,455**	103,220
Downstream		
United States	**17,697**	15,869
International	**25,080**	23,572
Total Downstream	**42,777**	39,441
Chemicals		
United States	**2,736**	2,535
International	**1,051**	1,086
Total Chemicals	**3,787**	3,621
Total Segment Assets	**150,019**	146,282
All Other		
United States	**6,804**	8,984
International	**5,738**	5,899
Total All Other	**12,542**	14,883
Total Assets — United States	**51,948**	53,459
Total Assets — International	**105,994**	103,087
Goodwill	**4,619**	4,619
Total Assets	**$162,561**	$161,165

Segment Sales and Other Operating Revenues Operating-segment sales and other operating revenues, including internal transfers, for the three- and nine-month periods ended September 30, 2009 and 2008, are presented in the table on the following page. Products are transferred between operating segments at internal product values that approximate market prices. Revenues for the upstream segment are derived primarily from the production and sale of crude oil and natural gas, as well as the sale of third-party production of natural gas. Revenues for the downstream segment are derived from the refining and marketing of petroleum products such as gasoline, jet fuel, gas oils, lubricants, residual fuel oils and other products derived from crude oil. This segment also generates revenues from the transportation and trading of crude oil and refined products. Revenues for the chemicals segment are derived primarily from the manufacture and sale of additives for lubricants and fuels. "All Other" activities include revenues from mining operations, power generation businesses, insurance operations, real estate activities and technology companies.

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Sales and Other Operating Revenues

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
	(Millions of dollars)			
Upstream				
United States	**$ 4,964**	$11,036	**$ 13,596**	$ 32,980
International	**8,321**	12,295	**22,256**	36,514
Sub-total	**13,285**	23,331	**35,852**	69,494
Intersegment Elimination — United States	**(3,008)**	(4,461)	**(6,910)**	(13,094)
Intersegment Elimination — International	**(4,864)**	(6,840)	**(12,695)**	(21,009)
Total Upstream	**5,413**	12,030	**16,247**	35,391
Downstream				
United States	**17,992**	27,692	**44,595**	77,803
International	**21,224**	35,924	**57,491**	107,086
Sub-total	**39,216**	63,616	**102,086**	184,889
Intersegment Elimination — United States	**(46)**	(126)	**(136)**	(377)
Intersegment Elimination — International	**(34)**	(44)	**(73)**	(107)
Total Downstream	**39,136**	63,446	**101,877**	184,405
Chemicals				
United States	**131**	146	**361**	424
International	**389**	443	**1,051**	1,265
Sub-total	**520**	589	**1,412**	1,689
Intersegment Elimination — United States	**(56)**	(60)	**(151)**	(189)
Intersegment Elimination — International	**(35)**	(43)	**(99)**	(122)
Total Chemicals	**429**	486	**1,162**	1,378
All Other				
United States	**474**	448	**1,181**	1,212
International	**18**	19	**47**	56
Sub-total	**492**	467	**1,228**	1,268
Intersegment Elimination — United States	**(281)**	(230)	**(679)**	(611)
Intersegment Elimination — International	**(9)**	(7)	**(21)**	(18)
Total All Other	**202**	230	**528**	639
Sales and Other Operating Revenues				
United States	**23,561**	39,322	**59,733**	112,419
International	**29,952**	48,681	**80,845**	144,921
Sub-total	**53,513**	88,003	**140,578**	257,340
Intersegment Elimination — United States	**(3,391)**	(4,877)	**(7,876)**	(14,271)
Intersegment Elimination — International	**(4,942)**	(6,934)	**(12,888)**	(21,256)
Total Sales and Other Operating Revenues	**$45,180**	$76,192	**$119,814**	$221,813

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Note 5. Summarized Financial Data — Chevron U.S.A. Inc.

Chevron U.S.A. Inc. (CUSA) is a major subsidiary of Chevron Corporation. CUSA and its subsidiaries manage and operate most of Chevron's U.S. businesses. Assets include those related to the exploration and production of crude oil, natural gas and natural gas liquids and those associated with refining, marketing, and supply and distribution of products derived from petroleum, excluding most of the regulated pipeline operations of Chevron. CUSA also holds the company's investment in the Chevron Phillips Chemical Company LLC joint venture, which is accounted for using the equity method.

During 2008, Chevron implemented legal reorganizations in which certain Chevron subsidiaries transferred assets to or under CUSA. The summarized financial information for CUSA and its consolidated subsidiaries presented in the table below gives retroactive effect to the reorganizations as if they had occurred on January 1, 2008. However, the financial information below may not reflect the financial position and operating results in the future or the historical results in the period presented if the reorganization actually had occurred on that date. The summarized financial information for CUSA and its consolidated subsidiaries is as follows:

	Nine Months Ended September 30	
	2009	2008
	(Millions of dollars)	
Sales and other operating revenues	**$86,522**	$166,627
Costs and other deductions	**85,461**	159,855
Net income attributable to Chevron U.S.A. Inc.	**852**	4,636

	At September 30 2009	At December 31 2008
	(Millions of dollars)	
Current assets	**$32,975**	$32,760
Other assets	**32,358**	31,806
Current liabilities	**13,806**	14,322
Other liabilities	**14,482**	14,049
Total Chevron U.S.A. Inc. net equity	**$37,045**	$36,195
Memo: Total debt	**$ 6,985**	$ 6,813

The amount for the nine months ended September 30, 2008, for "Net income attributable to Chevron U.S.A. Inc" and the balances at December 31, 2008, for "Other liabilities" and "Total Chevron U.S.A. Inc. net equity" have been adjusted by immaterial amounts associated with the allocation of income-tax liabilities among Chevron Corporation subsidiaries.

Note 6. Summarized Financial Data — Chevron Transport Corporation

Chevron Transport Corporation Limited (CTC), incorporated in Bermuda, is an indirect, wholly owned subsidiary of Chevron Corporation. CTC is the principal operator of Chevron's international tanker fleet and is engaged in the marine transportation of crude oil and refined petroleum products. Most of CTC's shipping revenue is derived by providing transportation services to other Chevron companies. Chevron Corporation has fully and unconditionally guaranteed this subsidiary's obligations in connection with certain debt securities issued by a third party. Summarized financial information for CTC and its consolidated subsidiaries is as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
	(Millions of dollars)		(Millions of dollars)	
Sales and other operating revenues	**$153**	$294	**$492**	$795

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Costs and other deductions	**186**	269	**565**	722
Net (loss) income attributable to Chevron Transport Corporation	**(34)**	25	**(73)**	115

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	At September 30 2009	At December 31 2008
	(Millions of dollars)	
Current assets	**$420**	$482
Other assets	**169**	172
Current liabilities	**104**	98
Other liabilities	**89**	88
Total Chevron Transport Corporation net equity	**$396**	$468

There were no restrictions on CTC's ability to pay dividends or make loans or advances at September 30, 2009.

Note 7. Income Taxes

Taxes on income for the third quarter and first nine months of 2009 were $2.3 billion and $5.2 billion, respectively, compared with $6.4 billion and $16.7 billion for the corresponding periods in 2008. The associated effective tax rates (calculated as the amount of Income Tax Expense divided by Income Before Income Tax Expense) for the third quarters of 2009 and 2008 were 38 percent and 45 percent, respectively. For the comparative nine-month periods, the effective tax rates were 41 percent and 47 percent, respectively.

The decline in the effective tax rates between the quarterly and nine-month periods was generally associated with the same factors. These factors included the effect in 2009 of relatively low tax rates on asset sales and deferred-tax benefits, both related to an international upstream project. In addition, a greater proportion of before-tax income was earned in 2009 by equity affiliates than in 2008. (Equity-affiliate income is reported as a single amount on an after-tax basis on the Consolidated Statement of Income.)

Note 8. Employee Benefits

Chevron has defined-benefit pension plans for many employees. The company typically prefunds defined-benefit plans as required by local regulations or in certain situations where pre-funding provides economic advantages. In the United States, this includes all qualified plans subject to the Employee Retirement Income Security Act of 1974 (ERISA) minimum funding standard. The company does not typically fund U.S. nonqualified pension plans that are not subject to funding requirements under applicable laws and regulations because contributions to these pension plans may be less economic and investment returns may be less attractive than the company's other investment alternatives.

The company also sponsors other postretirement plans that provide medical and dental benefits, as well as life insurance for some active and qualifying retired employees. The plans are unfunded, and the company and the retirees share the costs. Medical coverage for Medicare-eligible retirees in the company's main U.S. medical plan is secondary to Medicare (including Part D) and the increase to the company contribution for retiree medical coverage is limited to no more than 4 percent each year. Certain life insurance benefits are paid by the company.

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The components of net periodic benefit costs for 2009 and 2008 are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
	(Millions of dollars)		(Millions of dollars)	
Pension Benefits				
United States				
Service cost	$ 66	$ 63	$ 199	$ 188
Interest cost	121	125	361	374
Expected return on plan assets	(99)	(149)	(296)	(445)
Amortization of prior-service credits	(1)	(1)	(5)	(5)
Amortization of actuarial losses	74	14	223	44
Settlement losses	25	19	126	58
Total United States	186	71	608	214
International				
Service cost	31	34	90	102
Interest cost	76	81	215	224
Expected return on plan assets	(52)	(76)	(148)	(209)
Amortization of prior-service costs	6	6	17	19
Amortization of actuarial losses	30	19	81	56
Termination costs	—	—	—	1
Total International	91	64	255	193
Net Periodic Pension Benefit Costs	$277	$ 135	$ 863	$ 407
Other Benefits*				
Service cost	$ 9	$ 7	$ 25	$ 63
Interest cost	45	45	134	134
Amortization of prior-service credits	(20)	(21)	(61)	(61)
Amortization of actuarial losses	6	10	20	29
Curtailment gains	—	—	(5)	—
Net Periodic Other Benefit Costs	$ 40	$ 41	$ 113	$ 165

* Includes costs for U.S. and international other postretirement benefit plans. Obligations for plans outside the U.S. are not significant relative to the company's total other postretirement benefit obligation.

At the end of 2008, the company estimated it would contribute $800 million to employee pension plans during 2009 (composed of $550 million for the U.S. plans and $250 million for the international plans). Through September 30, 2009, a total of $860 million was contributed (including $741 million to the U.S. plans). Total contributions for the full year are currently estimated at $1 billion ($750 million for the U.S. plans and $250 million for the international plans). Actual contribution amounts are dependent upon investment returns, changes in pension obligations, regulatory environments and other economic factors. Additional funding may ultimately be required if investment returns are insufficient to offset increases in plan obligations.

During the first nine months of 2009, the company contributed $140 million to its other postretirement benefit plans. The company anticipates contributing about $70 million during the remainder of 2009.

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Note 9. Accounting for Suspended Exploratory Wells

Accounting standards for the cost of exploratory wells provide that an exploratory well continues to be capitalized after the completion of drilling when (a) the well has found a sufficient quantity of reserves to justify completion as a producing well and (b) the enterprise is making sufficient progress assessing the reserves and the economic and operating viability of the project. If either condition is not met or if the company obtains information that raises substantial doubt about the economic or operational viability of the project, the exploratory well would be assumed to be impaired, and its costs, net of any salvage value, would be charged to expense. The company's capitalized cost of suspended wells at September 30, 2009, was $2.3 billion, an increase of $173 million from year-end 2008. For the category of exploratory well costs at year-end 2008 that were suspended more than one year, a total of $76 million was expensed in the first nine months of 2009.

Note 10. Litigation

MTBE Chevron and many other companies in the petroleum industry have used methyl tertiary butyl ether (MTBE) as a gasoline additive. Chevron is a party to 50 pending lawsuits and claims, the majority of which involve numerous other petroleum marketers and refiners. Resolution of these lawsuits and claims may ultimately require the company to correct or ameliorate the alleged effects on the environment of prior release of MTBE by the company or other parties. Additional lawsuits and claims related to the use of MTBE, including personal-injury claims, may be filed in the future. The company's ultimate exposure related to pending lawsuits and claims is not currently determinable, but could be material to net income in any one period. The company no longer uses MTBE in the manufacture of gasoline in the United States.

Ecuador Chevron is a defendant in a civil lawsuit before the Superior Court of Nueva Loja in Lago Agrio, Ecuador, brought in May 2003 by plaintiffs who claim to be representatives of certain residents of an area where an oil production consortium formerly had operations. The lawsuit alleges damage to the environment from the oil exploration and production operations, and seeks unspecified damages to fund environmental remediation and restoration of the alleged environmental harm, plus a health monitoring program. Until 1992, Texaco Petroleum Company (Texpet), a subsidiary of Texaco Inc., was a minority member of this consortium with Petroecuador, the Ecuadorian state-owned oil company, as the majority partner; since 1990, the operations have been conducted solely by Petroecuador. At the conclusion of the consortium and following an independent third-party environmental audit of the concession area, Texpet entered into a formal agreement with the Republic of Ecuador and Petroecuador for Texpet to remediate specific sites assigned by the government in proportion to Texpet's ownership share of the consortium. Pursuant to that agreement, Texpet conducted a three-year remediation program at a cost of $40 million. After certifying that the sites were properly remediated, the government granted Texpet and all related corporate entities a full release from any and all environmental liability arising from the consortium operations.

Based on the history described above, Chevron believes that this lawsuit lacks legal or factual merit. As to matters of law, the company believes first, that the court lacks jurisdiction over Chevron; second, that the law under which plaintiffs bring the action, enacted in 1999, cannot be applied retroactively to Chevron; third, that the claims are barred by the statute of limitations in Ecuador; and, fourth, that the lawsuit is also barred by the releases from liability previously given to Texpet by the Republic of Ecuador and Petroecuador. With regard to the facts, the company believes that the evidence confirms that Texpet's remediation was properly conducted and that the remaining environmental damage reflects Petroecuador's failure to timely fulfill its legal obligations and Petroecuador's further conduct since assuming full control over the operations.

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In April 2008, a mining engineer appointed by the court to identify and determine the cause of environmental damage, and to specify steps needed to remediate it, issued a report recommending that the court assess $8 billion, which would, according to the engineer, provide financial compensation for purported damages, including wrongful death claims, and pay for, among other items, environmental remediation, health care systems, and additional infrastructure for Petroecuador. The engineer's report

also asserted that an additional $8.3 billion could be assessed against Chevron for unjust enrichment. The engineer's report is not binding on the court. Chevron also

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believes that the engineer's work was performed and his report prepared in a manner contrary to law and in violation of the court's orders. Chevron submitted a rebuttal to the report in which it asked the court to strike the report in its entirety. In November 2008, the engineer revised the report and, without additional evidence, recommended an increase in the financial compensation for purported damages to a total of $18.9 billion and an increase in the assessment for purported unjust enrichment to a total of $8.4 billion. Chevron submitted a rebuttal to the revised report, which the court dismissed. In September 2009, following the disclosure by Chevron of evidence that the judge participated in meetings in which businesspeople and individuals holding themselves out as government officials discussed the case and its likely outcome, the judge presiding over the case petitioned to be recused. In late September 2009, the judge was recused, and in October 2009, the full chamber of the provincial court affirmed the recusal, resulting in the appointment of a new judge. Chevron filed motions to annul all of the rulings made by the prior judge, but the new judge denied these motions. The court has completed most of the procedural aspects of the case and could render a judgment at any time. Chevron will continue a vigorous defense of any attempted imposition of liability.

In the event of an adverse judgment, Chevron would expect to pursue its appeals and vigorously defend against enforcement of any such judgment; therefore, the ultimate outcome — and any financial effect on Chevron — remains uncertain. Management does not believe an estimate of a reasonably possible loss (or a range of loss) can be made in this case. Due to the defects associated with the engineer's report, management does not believe the report has any utility in calculating a reasonably possible loss (or a range of loss). Moreover, the highly uncertain legal environment surrounding the case provides no basis for management to estimate a reasonably possible loss (or a range of loss).

Note 11. Other Contingencies and Commitments

Guarantees The company and its subsidiaries have certain other contingent liabilities with respect to guarantees, direct or indirect, of debt of affiliated companies or third parties. Under the terms of the guarantee arrangements, generally the company would be required to perform should the affiliated company or third party fail to fulfill its obligations under the arrangements. In some cases, the guarantee arrangements may have recourse provisions that would enable the company to recover any payments made under the terms of the guarantees from assets provided as collateral.

Off-Balance-Sheet Obligations The company and its subsidiaries have certain other contractual obligations relating to long-term unconditional purchase obligations and commitments, including throughput and take-or-pay agreements, some of which relate to suppliers' financing arrangements. The agreements typically provide goods and services, such as pipeline, storage and regasification capacity, drilling rigs, utilities and petroleum products, to be used or sold in the ordinary course of the company's business.

Indemnifications The company provided certain indemnities of contingent liabilities of Equilon and Motiva to Shell and Saudi Refining, Inc., in connection with the February 2002 sale of the company's interests in those investments. The company would be required to perform if the indemnified liabilities become actual losses. Were that to occur, the company could be required to make future payments up to $300 million. Through the end of September 2009, the company paid $48 million under these indemnities and continues to be obligated for possible additional indemnification payments in the future.

The company has also provided indemnities relating to contingent environmental liabilities related to assets originally contributed by Texaco to the Equilon and Motiva joint ventures and environmental conditions that existed prior to the formation of Equilon and Motiva or that occurred during the period of Texaco's ownership interest in the joint ventures. In general, the environmental conditions or events that are subject to these indemnities must have arisen prior to December 2001. Claims had to be asserted by February 2009 for Equilon indemnities and must be asserted no later than February 2012 for Motiva indemnities. Under the terms of these indemnities, there is no maximum limit on the amount of potential future payments. In February 2009, Shell delivered a letter to the company

purporting to preserve unmatured claims for certain Equilon indemnities. The letter itself provides no estimate of the ultimate claim amount, and management does not believe the letter or any other information

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

provides a basis to estimate the amount, if any, of a range of loss or potential range of loss with respect to the Equilon or the Motiva indemnities. The company posts no assets as collateral and has made no payments under the indemnities.

The amounts payable for the indemnities described on page 17 are to be net of amounts recovered from insurance carriers and others and net of liabilities recorded by Equilon or Motiva prior to September 30, 2001, for any applicable incident.

In the acquisition of Unocal, the company assumed certain indemnities relating to contingent environmental liabilities associated with assets that were sold in 1997. Under the indemnification agreement, the company's liability is unlimited until April 2022, when the liability expires. The acquirer of the assets sold in 1997 shares in certain environmental remediation costs up to a maximum obligation of $200 million, which had not been reached as of September 30, 2009.

Environmental The company is subject to loss contingencies pursuant to laws, regulations, private claims and legal proceedings related to environmental matters that are subject to legal settlements or that in the future may require the company to take action to correct or ameliorate the effects on the environment of prior release of chemicals or petroleum substances, including MTBE, by the company or other parties. Such contingencies may exist for various sites, including, but not limited to, federal Superfund sites and analogous sites under state laws, refineries, crude-oil fields, service stations, terminals, land development areas, and mining operations, whether operating, closed or divested. These future costs are not fully determinable due to such factors as the unknown magnitude of possible contamination, the unknown timing and extent of the corrective actions that may be required, the determination of the company's liability in proportion to other responsible parties, and the extent to which such costs are recoverable from third parties.

Although the company has provided for known environmental obligations that are probable and reasonably estimable, the amount of additional future costs may be material to results of operations in the period in which they are recognized. The company does not expect these costs will have a material effect on its consolidated financial position or liquidity. Also, the company does not believe its obligations to make such expenditures have had, or will have, any significant impact on the company's competitive position relative to other U.S. or international petroleum or chemical companies.

Financial Instruments The company believes it has no material market or credit risks to its operations, financial position or liquidity as a result of its commodities and other derivative activities.

Equity Redetermination For oil and gas producing operations, ownership agreements may provide for periodic reassessments of equity interests in estimated crude-oil and natural-gas reserves. These activities, individually or together, may result in gains or losses that could be material to earnings in any given period. One such equity-redetermination process has been under way since 1996 for Chevron's interests in four producing zones at the Naval Petroleum Reserve at Elk Hills, California, for the time when the remaining interests in these zones were owned by the U.S. Department of Energy. A wide range remains for a possible net settlement amount for the four zones. For this range of settlement, Chevron estimates its maximum possible net before-tax liability at approximately $200 million, and the possible maximum net amount that could be owed to Chevron is estimated at about $150 million. The timing of the settlement and the exact amount within this range of estimates are uncertain.

Other Contingencies Chevron receives claims from and submits claims to customers; trading partners; U.S. federal, state and local regulatory bodies; governments; contractors; insurers; and suppliers. The amounts of these claims, individually and in the aggregate, may be significant and take lengthy periods to resolve.

The company and its affiliates also continue to review and analyze their operations and may close, abandon, sell, exchange, acquire or restructure assets to achieve operational or strategic benefits and to improve competitiveness and profitability. These activities, individually or together, may result in gains or losses in future periods.

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Note 12. Fair Value Measurements

Accounting standards on fair-value measurement establish a framework for measuring fair value and stipulate disclosures about fair-value measurements. The standards apply to recurring and nonrecurring financial and nonfinancial assets and liabilities that require or permit fair-value measurements. A new accounting standard became effective for Chevron on January 1, 2008, for all financial assets and liabilities and recurring nonfinancial assets and liabilities. On January 1, 2009, the standard became effective for nonrecurring nonfinancial assets and liabilities. Among the required disclosures is the fair-value hierarchy of inputs the company uses to value an asset or a liability. The three levels of the fair-value hierarchy are described as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities. For the company, Level 1 inputs include exchange-traded futures contracts for which the parties are willing to transact at the exchange-quoted price and marketable securities that are actively traded.

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly. For the company, Level 2 inputs include quoted prices for similar assets or liabilities, prices obtained through third-party broker quotes and prices that can be corroborated with other observable inputs for substantially the complete term of a contract.

Level 3: Unobservable inputs. The company does not use Level 3 inputs for any of its recurring fair-value measurements. Level 3 inputs may be required for the determination of fair value associated with certain nonrecurring measurements of nonfinancial assets and liabilities. In the third quarter the company used Level 3 inputs to determine the fair value of nonrecurring nonfinancial assets.

The fair value hierarchy for recurring assets and liabilities measured at fair value at September 30, 2009, is as follows:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	At September 30 2009	Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
		(Millions of dollars)		
Marketable Securities	$121	$121	$—	$—
Derivatives	103	10	93	—
Total Recurring Assets at Fair Value	**$224**	**$131**	**$93**	**$—**
Derivatives	$131	$ 54	$77	$—
Total Recurring Liabilities at Fair Value	**$131**	**$ 54**	**$77**	**$—**

Marketable Securities The company calculates fair value for its marketable securities based on quoted market prices for identical assets and liabilities. The fair values reflect the cash that would have been received if the instruments were sold at September 30, 2009. Marketable securities had average maturities of less than one year.

Derivatives The company records its derivative instruments — other than any commodity derivative contracts that are designated as normal purchase and normal sale — on the Consolidated Balance Sheet at fair value, with virtually all the offsetting amounts to the Consolidated Statement of Income. For derivatives with identical or similar provisions as contracts that are publicly traded on a regular basis, the company uses the market values of the publicly traded instruments as an input for fair-value calculations.

The company's derivative instruments principally include crude oil, natural gas and refined-product futures, swaps, options and forward contracts. Derivatives classified as Level 1 include futures, swaps and options contracts traded in active markets such as the New York Mercantile Exchange.

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Derivatives classified as Level 2 include swaps, options, and forward contracts principally with financial institutions and other oil and gas companies, the fair values for which are obtained from third-party broker quotes, industry pricing services and exchanges. The company obtains multiple sources of pricing information for the Level 2 instruments. Since this pricing information is generated from observable market data, it has historically been very consistent. The company does not materially adjust this information. The company incorporates internal review, evaluation and assessment procedures, including a comparison of Level 2 fair values derived from the company's internally developed forward curves (on a sample basis) with the pricing information to document reasonable, logical and supportable fair-value determinations and proper level of classification.

The fair-value hierarchy for nonrecurring assets and liabilities measured at fair value at September 30, 2009, is as follows:

Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

	At September 30 2009	Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Loss (Before Tax) Three Months Ended September 30, 2009	Loss (Before Tax) Nine Months Ended September 30, 2009
	(Millions of dollars)					
Properties, plant and equipment, net (held and used)	$89	$—	$—	$89	$93	$358
Properties, plant and equipment, net (held for sale)	—	—	—	—	—	92
Total Nonrecurring Assets at Fair Value	**$89**	**$—**	**$—**	**$89**	**$93**	**$450**

Impairments of "Properties, plant and equipment" In accordance with the accounting standard for the impairment or disposal of long-lived assets, long-lived assets "held and used" with a carrying amount of $182 million were written down to a fair value of $89 million, resulting in a before-tax loss of $93 million. The fair values were determined from internal cash-flow models, using discount rates consistent with those used by the company to evaluate cash flows of other assets of a similar nature.

Assets and Liabilities not Required to be Measured at Fair Value Accounting standards for interim disclosures about fair value of financial instruments require certain fair-value disclosures to be presented in both interim and annual reports. The company holds cash equivalents in U.S. and non-U.S. portfolios. The instruments held are primarily time deposits and money market funds. Cash equivalents had carrying/fair values of $5.7 billion and $7.1 billion at September 30, 2009 and December 31, 2008, respectively, and average maturities under 90 days. The balance at September 30, 2009, includes $214 million of investments for restricted funds related to an international upstream development project and a U.S. downstream construction project. The amounts are included in "Deferred charges and other assets" on the Consolidated Balance Sheet. Long-term debt of $5.8 billion and $1.2 billion had estimated fair values of $6.4 billion and $1.4 billion at September 30, 2009 and December 31, 2008, respectively.

Fair values of other financial instruments at September 30, 2009, were not material.

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Note 13. Derivative Instruments and Hedging Activities

Accounting standards for the disclosure of derivative instruments and hedging activities require a discussion of how and why the company uses derivative instruments, how derivative instruments and

related hedged items are accounted for, and how derivative instruments affect the company's financial position, financial performance and cash flows.

The company's derivative instruments principally include crude-oil, natural-gas and refined-product futures, swaps, options and forward contracts. None of the company's derivative instruments is designated as a hedging instrument, although certain of the company's affiliates make such designation. The company's derivatives are not material to

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the company's financial position, financial performance or cash flows. The company believes it has no material market or credit risks to its operations, financial position or liquidity as a result of its commodities and other derivatives activities.

Derivative instruments measured at fair value at September 30, 2009, and their classification on the Consolidated Balance Sheet and Consolidated Statement of Income are presented in the following tables:

Consolidated Balance Sheet:
Fair Value of Derivatives not Designated as Hedging Instruments

		Asset Derivatives — Fair Value		(Millions of Dollars)	Liability Derivatives — Fair Value	
Type of Derivative Contract	Balance Sheet Classification	At September 30 2009	At December 31 2008	Balance Sheet Classification	At September 30 2009	At December 31 2008
Foreign Exchange	Accounts and notes receivable, net	$ —	$ 5	Accrued liabilities	$ —	$ 89
Commodity	Accounts and notes receivable, net	94	764	Accounts payable	115	344
Commodity	Long-term receivables, net	9	30	Deferred credits and other noncurrent obligations	16	83
		$103	$799		$131	$516

Consolidated Statement of Income:
The Effect of Derivatives not Designated as Hedging Instruments

		Gain/(Loss) Three Months Ended September 30		Gain/(Loss) Nine Months Ended September 30	
		2009	2008	2009	2008
Type of Derivative Contract	Statement of Income Classification	(Millions of dollars)		(Millions of dollars)	
Foreign Exchange	Other income	$ —	$ (89)	$ 85	$ (91)
Commodity	Sales and other operating revenues	31	568	(63)	131
Commodity	Purchased crude oil and products	(18)	555	(295)	(182)
Commodity	Other income	5	1	1	(5)
		$ 18	$1,035	$(272)	$(147)

Note 14. Assets Held For Sale

At September 30, 2009, the company classified $316 million of net properties, plant and equipment as "Assets held for sale" on the Consolidated Balance Sheet. These assets are associated with upstream, downstream and mining businesses and are expected to be sold before the end of 2009.

Note 15. New Accounting Standards

In June 2009, the FASB issued an accounting standard for transfers of financial assets, which will become effective for the company on January 1, 2010. The standard changes how companies account for transfers of financial assets and eliminates the concept of qualifying special-purpose entities. Adoption of the guidance is not expected to have an impact on the company's results of operations, financial position or liquidity.

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In June 2009, the FASB issued an accounting standard for variable-interest entities (VIEs), which will

become effective for the company January 1, 2010. The standard requires the enterprise to qualitatively assess if it is the

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primary beneficiary of the VIE and, if so, the VIE must be consolidated. Adoption of the standard is not expected to have a material impact on the company's results of operations, financial position or liquidity.

In June 2009, the FASB issued its Accounting Standards Codification (ASC) system, which became effective for the company in the quarter ending September 30, 2009. This standard established the ASC as the single authoritative source of U.S. generally accepted accounting principles (GAAP) and superseded existing literature of the FASB, Emerging Issues Task Force, American Institute of CPAs and other sources. The ASC did not change GAAP but organized the literature into about 90 accounting Topics. Adoption of the ASC did not affect the company's accounting.

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Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

Third Quarter 2009 Compared with Third Quarter 2008
And Nine Months 2009 Compared with Nine Months 2008

Key Financial Results

Earnings by Business Segment

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
	(Millions of dollars)			
Upstream — Exploration and Production				
United States	**$ 878**	$2,187	**$1,172**	$ 5,977
International	**2,762**	3,995	**5,256**	12,581
Total Upstream	**3,640**	6,182	**6,428**	18,558
Downstream — Refining, Marketing and Transportation				
United States	**34**	1,014	**72**	336
International	**160**	817	**1,106**	1,013
Total Downstream	**194**	1,831	**1,178**	1,349
Chemicals	**164**	70	**311**	154
Total Segment Earnings	**3,998**	8,083	**7,917**	20,061
All Other	**(167)**	(190)	**(504)**	(1,025)
Net Income Attributable to Chevron Corporation(1)(2)	**$3,831**	$7,893	**$7,413**	$19,036
(1) Includes foreign currency effects	**$ (170)**	$ 303	**$ (677)**	$ 384

(2) Also referred to as "earnings" in the discussions that follow.

Net income attributable to Chevron Corporation for the third quarter 2009 was $3.83 billion ($1.92 per share — diluted), compared with $7.89 billion ($3.85 per share — diluted) in the corresponding 2008 period. Net income attributable to Chevron Corporation for the first nine months of 2009 was $7.41 billion ($3.71 per share — diluted), versus $19.04 billion ($9.23 per share — diluted) in the 2008 first nine months.

Upstream earnings in the third quarter 2009 were $3.64 billion, compared with $6.18 billion in the 2008 quarter. Earnings for the first nine months of 2009 were $6.43 billion, versus $18.56 billion a year earlier. The decrease between both comparative periods was due mainly to lower prices for crude oil and natural gas.

Downstream earnings were $194 million in the third quarter 2009, compared with $1.83 billion in the year-earlier period. Earnings for the first nine months of 2009 were $1.18 billion, versus $1.35 billion in the corresponding 2008 period. Earnings for the first nine months of 2009 included $540 million of gains in the first half of the year on sales of marketing businesses outside the United States.

Chemicals earned $164 million and $311 million for the third quarter and the first nine months of 2009, respectively. Comparative amounts in 2008 were $70 million and $154 million. Earnings increased on lower utility and manufacturing costs in Chevron Phillips Chemical Company LLC and higher margins on the sale of lubricant and fuel additives by Chevron's Oronite subsidiary.

Refer to pages 27 through 30 for additional discussion of results by business segment and "All Other" activities for the third quarter and first nine months of 2009 versus the same periods in 2008.

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Business Environment and Outlook

Chevron is a global energy company with significant business activities in the following countries: Angola, Argentina, Australia, Azerbaijan, Bangladesh, Brazil, Cambodia, Canada, Chad, China, Colombia, Democratic Republic of the Congo, Denmark, Indonesia, Kazakhstan, Myanmar, the Netherlands, Nigeria, Norway, the Partitioned Neutral Zone between Saudi Arabia and Kuwait, the Philippines, Republic of the Congo, Singapore, South Africa, South Korea, Thailand, Trinidad and Tobago, the United Kingdom, the United States, Venezuela, and Vietnam.

Earnings of the company depend largely on the profitability of its upstream (exploration and production) and downstream (refining, marketing and transportation) business segments. The single biggest factor that affects the results of operations for both segments is movement in the price of crude oil. In the downstream business, crude oil is the largest cost component of refined products. The overall trend in earnings is typically less affected by results from the company's chemicals business and other activities and investments. Earnings for the company in any period may also be influenced by events or transactions that are infrequent and/or unusual in nature.

In recent years and through most of 2008, Chevron and the oil and gas industry at large experienced an increase in certain costs that exceeded the general trend of inflation in many areas of the world. This increase in costs affected the company's operating expenses and capital programs for all business segments, but particularly for upstream. These cost pressures began to soften somewhat in late 2008, and the general trend has continued into 2009. The company is actively managing its schedule of work, contracting, procurement and supply-chain activities to capture the value associated with this decline in costs. (Refer to the "Upstream" section below for a discussion of the trend in crude-oil prices.)

The company's operations, especially upstream, can also be affected by changing economic, regulatory and political environments in the various countries in which it operates, including the United States. Civil unrest, acts of violence or strained relations between a government and the company or other governments may impact the company's operations or investments. Those developments have at times significantly affected the company's operations and results and are carefully considered by management when evaluating the level of current and future activity in such countries.

To sustain its long-term competitive position in the upstream business, the company must develop and replenish an inventory of projects that offer adequate financial returns for the investment required. Identifying promising areas for exploration, acquiring the necessary rights to explore for and to produce crude oil and natural gas, drilling successfully, and handling the many technical and operational details in a safe and cost-effective manner are all important factors in this effort. Projects often require long lead times and large capital commitments. From time to time, certain governments have sought to renegotiate contracts or impose additional costs on the company. Governments may attempt to do so in the future. The company will continue to monitor these developments, take them into account in evaluating future investment opportunities, and otherwise seek to mitigate any risks to the company's current operations or future prospects.

The company also continually evaluates opportunities to dispose of assets that are not expected to provide sufficient long-term value or to acquire assets or operations complementary to its asset base to help augment the company's growth. Refer to the "Results of Operations" section beginning on page 27 for discussions of net gains on asset sales during the first nine months of 2009. Asset dispositions and restructurings may also occur in future periods and could result in significant gains or losses.

The company continues to closely monitor developments in the financial and credit markets, the level of worldwide economic activity and the implications to the company of movements in prices for crude oil and natural gas. Management is taking these developments into account in the conduct of daily operations and for business planning. The company remains confident of its underlying financial strength to deal with potential problems presented in this environment. (Refer also to discussion of the company's liquidity and capital resources on page 34.)

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Comments related to earnings trends for the company's major business areas are as follows:

Upstream Earnings for the upstream segment are closely aligned with industry price levels for crude

oil and natural gas. Crude-oil and natural-gas prices are subject to external factors over which the company has no control,

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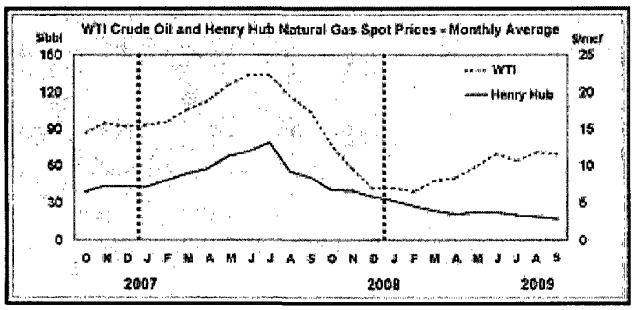
including product demand connected with global economic conditions, industry inventory levels, production quotas imposed by the Organization of Petroleum Exporting Countries (OPEC), weather-related damage and disruptions, competing fuel prices, and regional supply interruptions or fears thereof that may be caused by military conflicts, civil unrest or political uncertainty. Moreover, any of these factors could also inhibit the company's production capacity in an affected region. The company monitors developments closely in the countries in which it operates and holds investments, and attempts to manage risks in operating its facilities and business. Besides the impact of the fluctuation in prices for crude oil and natural gas, the longer-term trend in earnings for the upstream segment is also a function of other factors, including the company's ability to find or acquire and efficiently produce crude oil and natural gas, changes in fiscal terms of contracts and changes in tax laws and regulations.

Price levels for capital and exploratory costs and operating expenses associated with the efficient production of crude oil and natural gas can also be subject to external factors beyond the company's control. External factors include not only the general level of inflation but also commodity prices and prices charged by the industry's material- and service-providers, which can be affected by the volatility of the industry's own supply-and-demand conditions for such materials and services. Capital and exploratory expenditures and operating expenses also can be affected by damage to production facilities caused by severe weather or civil unrest. The chart below shows the trend in benchmark prices for West Texas Intermediate (WTI) crude oil and U.S. Henry Hub natural gas. During 2008, industry price levels for WTI averaged $100 per barrel. The WTI price peaked at $147 in July 2008 and fell sharply to $45 at the end of the year. The WTI price in the first nine months of 2009 averaged $57 and ended October at about $77. The decline in prices from July 2008 is largely associated with a weakening in global economic conditions and a reduction in the demand for crude oil and petroleum products. In an October 2009 report, the International Energy Agency (IEA) predicted global demand for crude oil in 2009 would decline 1.9 percent from the 2008 level of consumption. Such a contraction in demand would be the most severe since the early 1980s. In the same report, IEA projected 2010 demand will increase 1.7 percent from expected consumption for the full-year 2009.



A differential in crude-oil prices exists between high-quality (high-gravity, low sulfur) crudes and those of lower-quality (low-gravity, high sulfur). The amount of the differential in any period is associated with the supply of heavy crude available versus the demand that is a function of number of refineries that are able to process this lower-quality feedstock into light products (motor gasoline, jet fuel, aviation gasoline and diesel fuel). The differential has narrowed significantly over the past year as production curtailments in the industry mainly have been of lower-quality crudes. Chevron produces or shares in the production of heavy crude oil in California, Chad, Indonesia, the Partitioned Neutral Zone between Saudi Arabia and Kuwait, Venezuela and in certain fields in Angola, China and the United Kingdom North Sea. (Refer to page 33 for the company's average U.S. and international crude-oil realizations.)

In contrast to price movements in the global market for crude oil, price changes for natural gas in many regional markets are more closely aligned with supply and demand conditions in those markets. Prices at Henry Hub averaged about $3.50 per thousand cubic feet (MCF) in the first nine months of 2009, compared with about $10 for the first nine months of 2008 and almost $9 for the full-year 2008. At the end of October 2009, the Henry Hub spot price was about $4.12 per MCF. Fluctuations in the price for natural gas in the United States are closely associated with the volumes produced in North America and the level of inventory in underground storage relative to customer demand. The lower U.S. price levels in 2009 are also associated with weaker demand as a result of the economic slowdown. In an October 2009 report, the U.S. Energy Information Administration (EIA) forecasted

2009 natural-gas demand in the United States would drop 2.0 percent from 2008 consumption levels and 2010 demand is expected to be about the same as in 2009.

Certain other regions of the world in which the company operates have different supply, demand and regulatory circumstances, which until recently resulted in significantly lower average sales prices than in the United States for

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the company's production of natural gas. As a result of the U.S. natural gas supply-and-demand conditions in the first nine months of 2009, the company's U.S. and international realizations were about the same. (Refer to page 33 for the company's average natural gas realizations for the U.S. and international regions.)

For the first nine months of 2009, the company's worldwide net oil-equivalent production averaged 2.68 million barrels per day. During the first half of 2009, the company's net oil production was curtailed by an average of about 40,000 barrels per day due to quotas imposed by OPEC. Curtailments by OPEC did not constrain the company's production in the third quarter 2009. About one-fifth of the company's net oil-equivalent production in the first nine months occurred in the OPEC-member countries of Angola, Nigeria and Venezuela and in the Partitioned Neutral Zone between Saudi Arabia and Kuwait.

The company estimates that production for the full-year 2009 will be at about the same level as in the first nine months. This estimate is subject to many factors and uncertainties, including additional quotas that may be imposed by OPEC, price effects on production volumes calculated under cost-recovery and variable-royalty provisions of certain contracts, changes in fiscal terms or restrictions on the scope of company operations, delays in project startups, fluctuations in demand for natural gas in various markets, weather conditions that may shut in production, civil unrest, changing geopolitics, or other disruptions to operations. The outlook for future production levels also is affected by the size and number of economic investment opportunities and, for new large-scale projects, the time lag between initial exploration and the beginning of production. Investments in upstream projects generally begin well in advance of the start of the associated crude-oil and natural-gas production. A significant majority of Chevron's upstream investment is currently being made outside the United States.

Refer to the Results of Operations on pages 27 through 28 for additional discussion of the company's upstream business.

Downstream Earnings for the downstream segment are closely tied to margins on the refining and marketing of products that include gasoline, diesel, jet fuel, lubricants, fuel oil and feedstocks for chemical manufacturing. Industry margins are sometimes volatile and can be affected by the global and regional supply-and-demand balance for refined products and by changes in the price of crude oil used for refinery feedstock. Industry margins can also be influenced by refined-product inventory levels, geopolitical events, cost of materials and services, refinery maintenance programs and disruptions at refineries resulting from unplanned outages that may be due to severe weather, fires or other operational events.

Other factors affecting profitability for downstream operations include the reliability and efficiency of the company's refining and marketing network, and the effectiveness of the crude-oil and product-supply functions. Profitability can also be affected by the volatility of tanker-charter rates for the company's shipping operations, which are driven by the industry's demand for crude-oil and product tankers. Other factors beyond the company's control include the general level of inflation and energy costs to operate the company's refinery and distribution network.

The company's most significant marketing areas are the West Coast of North America, the U.S. Gulf Coast, Latin America, Asia, southern Africa and the United Kingdom. Chevron operates or has significant ownership interests in refineries in each of these areas, except Latin America. As part of its downstream strategy to focus on areas of market strength, the company completed sales of marketing businesses during the first nine months of 2009 in Brazil and certain countries in Africa.

The company's refining and marketing margins in the first nine months of 2009 were generally weak, as demand for refined products in most areas was dampened by the economic slowdown, resulting in refined-product supplies that were plentiful in most areas.

Refer to the Results of Operations on pages 29 through 30 for additional discussion of the company's downstream operations.

Chemicals Earnings in the petrochemicals business are closely tied to global chemical demand, industry inventory levels and plant capacity utilization. Feedstock and fuel costs, which tend to follow crude-oil and natural-gas price movements, also influence earnings in this segment.

Refer to the Results of Operations on page 30 for additional discussion of chemical earnings. **CMI09-00290**

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Operating Developments

Recent milestones for upstream projects were achieved in:

Australia

- Final investment decision to proceed with the development of the Gorgon LNG project, in which Chevron will have an approximate 47 percent-owned and operated interest.
- Discoveries of natural gas in the Carnarvon Basin off the northwest coast in the 67 percent-owned Block WA-205-P, the 50 percent-owned Block WA-365-P and the 50 percent-owned Block WA-374-P, all Chevron-operated.
- Agreements signed with two companies to join Chevron's planned Wheatstone LNG project as combined 25 percent owners and suppliers of natural gas for the project's first two LNG trains.

Angola

- Start-up of the 31 percent-owned and operated deepwater Tombua-Landana project in Block 14, which is expected to reach maximum total production of approximately 100,000 barrels of crude oil per day in 2011.
- Discovery of crude oil and natural gas offshore in the 39 percent-owned and operated Block 0 concession, extending a trend of earlier discoveries in the Greater Vanza Longui Area.

Results of Operations

Business Segments The following section presents the results of operations for the company's business segments — upstream, downstream and chemicals — as well as for "all other" — the departments and companies managed at the corporate level. (Refer to Note 4 beginning on page 9 for a discussion of the company's "reportable segments," as defined under the accounting standards for segment reporting.)

Upstream

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
		(Millions of dollars)		
U.S. Upstream Earnings	**$878**	$2,187	**$1,172**	$5,977

U.S. upstream earnings of $878 million in the third quarter of 2009 decreased about $1.3 billion from the same period last year. Lower prices for crude oil and natural gas reduced earnings by about $1.9 billion between periods, while gains on asset sales were approximately $300 million lower. These effects were partly offset by a benefit to income of about $800 million due to an increase in net oil-equivalent production. An additional benefit to income of approximately $500 million from lower operating expenses was substantially offset by higher depreciation and other items. The benefit from lower operating expenses was largely associated with charges recorded in the third quarter 2008 due to hurricane damages.

Earnings for the first nine months of 2009 were approximately $1.2 billion, down about $4.8 billion from the corresponding period in 2008. Lower prices for crude oil and natural gas reduced earnings by about $5.3 billion between periods, while an increase in net oil- equivalent production benefited income by about $600 million. Other items of lesser significance were largely offsetting between periods.

The average realization per barrel for crude oil and natural gas liquids in the third quarter of 2009 was approximately $60, compared with $107 a year earlier. For the nine-month periods, average realizations were about $50 and $101 for 2009 and 2008, respectively. The average natural-gas realization in the third quarter 2009 was $3.28 per thousand cubic feet, compared with $8.64 in the year-ago period. The nine-month realizations were $3.56 in 2009 and $8.66 in 2008.

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Net oil-equivalent production of 745,000 barrels per day in the third quarter 2009 was up 98,000 barrels per day, or 15 percent, from the corresponding period in 2008. Nine-month 2009 production was 705,000 barrels per day, up 17,000 from the nine-month period of 2008. The increase in production was primarily associated with start-up of the Blind Faith Field in late 2008 and the Tahiti Field in second quarter 2009. The net liquids component of oil-equivalent production was 509,000 barrels per day and 472,000 barrels per day for the third quarter and nine months of 2009, respectively. Those volumes were about 24 percent and 10 percent higher than the corresponding 2008 periods. Net natural gas production was about 1.4 billion cubic feet per day for both the third quarter and nine months of 2009, down about 1 percent and 10 percent from the comparative 2008 periods.

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
	(Millions of dollars)			
International Upstream Earnings*	**$2,762**	$3,995	**$5,256**	$12,581
* Includes foreign currency effects	**$ (81)**	$ 316	**$ (524)**	$ 229

International upstream earnings of approximately $2.8 billion in the third quarter 2009 decreased about $1.2 billion from the corresponding period in 2008. Lower prices for crude oil and natural gas reduced earnings by about $2.3 billion between periods. Partially offsetting this effect was an approximate $1 billion benefit due to an increase in sales volumes of crude oil. Another benefit of $400 million associated with third-quarter 2009 asset sales and tax items related to the Gorgon project in Australia was substantially offset by an unfavorable swing in foreign-currency effects.

Earnings for the first nine months of 2009 were $5.3 billion, down $7.3 billion from the same period in 2008. Lower prices for crude oil and natural gas decreased earnings by $8.2 billion, while foreign-currency effects and higher expenses (operating, depreciation and exploration) reduced income by a total of $1.5 billion between periods. Partially offsetting these items were benefits of $2.1 billion resulting from an increase in sales volumes of crude oil and $400 million related to the Gorgon project (discussed above).

The average realization per barrel of crude oil and natural gas liquids in the third quarter 2009 was about $62, compared with $103 in the corresponding 2008 period. For the 2009 nine-month period, the average realization was about $52 per barrel, down from $100 in 2008. The average natural-gas realization in the 2009 third quarter was $3.92 per thousand cubic feet, down from $5.37 in the third quarter last year. Between the nine-month periods, the average natural-gas realization decreased to $3.95 from $5.21.

Net oil-equivalent production, including volumes from oil sands in Canada, was about 1.96 million barrels per day in the third quarter 2009, up about 161,000 barrels per day from the year-ago period. Included in the increase was about 220,000 barrels per day of production associated with two projects — Agbami in Nigeria, which commenced operations in the third quarter of last year, and the expansion at Tengiz in Kazakhstan. Partially offsetting this increase was production offline in the 2009 third quarter due to civil unrest in Nigeria.

Net oil-equivalent production, including volumes from oil sands in Canada, for the nine-months of 2009 was 1.97 million barrels per day, up 135,000 barrels per day from the 2008 period. Included in the increase was about 120,000 barrels per day from Agbami and approximately 70,000 barrels per day from Tengiz. Factors other than normal field declines that partially offset these increases included lower production in Thailand and the effect of civil unrest in Nigeria.

The net liquids component of oil-equivalent production, including volumes from oil sands in Canada, was 1.38 million barrels per day in both the third quarter and the nine-month period of 2009, an increase of 15 and 12 percent for the respective periods. Net natural-gas production of 3.48 billion cubic feet per day in the third quarter 2009 and 3.57 billion cubic feet per day in the corresponding 2009 period decreased about 4 percent and 3 percent, respectively.

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Downstream

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
	(Millions of dollars)			
U.S. Downstream Earnings	**$34**	$1,014	**$72**	$336

U.S. downstream earned $34 million in the third quarter 2009, compared with $1.0 billion a year earlier. Substantially all of the decline was associated with weaker margins on the sale of gasoline and other refined products and the absence of gains recorded in the third quarter 2008 on commodity derivative instruments. A decline in operating expenses benefited income by about $100 million between periods.

Earnings for the first nine months of 2009 were $72 million, compared with $336 million in the same period of 2008. A decline in refined-product margins between periods was partially offset by a benefit of about $200 million from lower operating expenses.

Crude-oil inputs to the company's refineries were 879,000 barrels per day in the third quarter 2009, down 43,000 barrels per day from a year earlier due primarily to the effects of a planned shutdown in this year's third quarter at the refinery in Richmond, California. Inputs of 913,000 barrels per day for the nine months of 2009 increased about 4 percent from the corresponding 2008 period due mainly to less planned and unplanned refinery downtime.

Refined-product sales were 1.42 million barrels per day for both the quarterly and nine-month periods in 2009, essentially unchanged from the comparative periods in 2008. Branded gasoline sales volumes were 623,000 and 625,000 barrels per day for the third quarter and nine months in 2009, each representing an approximate 4 percent increase from the corresponding 2008 periods.

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
	(Millions of dollars)			
International Downstream Earnings*	**$160**	$817	**$1,106**	$1,013
* Includes foreign currency effects	**$(97)**	$ 63	**$ (187)**	$ 220

International downstream earned $160 million in the third quarter 2009, compared with $817 million a year earlier. An approximate $800 million decline was associated with weaker margins on the sale of gasoline and other refined products and the absence of gains recorded in the third quarter 2008 on commodity derivative instruments. An unfavorable swing in foreign-currency effects totaled $160 million. A decline in operating expenses benefited income by about $300 million between periods.

Earnings for the first nine months of 2009 were about $1.1 billion, up less than $100 million from the corresponding 2008 period. An approximate $800 million decline between periods was associated with weaker margins on the sale of gasoline and other refined products and the absence of gains recorded in the first nine months of 2008 on commodity derivative instruments. An unfavorable swing in foreign-currency effects totaled about $400 million. More than offsetting these items were benefits of about $800 million from lower operating expenses and $540 million from gains on asset sales in Latin America and Africa. The lower operating expenses were associated mainly with transportation expenses and labor costs.

The company's share of crude-oil inputs to refineries was 985,000 barrels per day in the 2009 third quarter, up 9,000 from the year-ago period. For the nine months of 2009, crude-oil inputs were 980,000 barrels per day, up 15,000 from the year-ago period. The increase for both comparative periods was attributable mainly to less planned and unplanned refinery downtime.

Refined-product sales volumes of 1.82 million barrels per day in the 2009 third quarter and 1.87 million barrels per day for the first nine months of 2009 were each about 9 percent lower than in the corresponding periods of 2008. The declines were due mainly to asset sales (discussed above). Excluding the impact of asset sales, refined-product

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sales were down 2 percent between quarters and 4 percent between the nine-month periods on reduced volumes of jet fuel and fuel oil.

Chemicals

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
	(Millions of dollars)			
Earnings*	**$164**	$70	**$311**	$154
* Includes foreign currency effects	**$ 1**	$(5)	**$ 14**	$ (5)

Chemical operations earned $164 million in the third quarter of 2009, compared with $70 million in the year-ago quarter. Nine-month earnings increased from $154 million in 2008 to $311 million in 2009. For both comparative periods, earnings increased at the 50 percent-owned Chevron Phillips Chemical Company LLC (CPChem) due to lower utility costs, the effect of which was partially offset by lower margins on the sale of commodity chemicals. For Chevron's Oronite subsidiary, earnings in the third quarter and for the nine-month periods of 2009 increased from a year earlier on higher margins for the sale of lubricant and fuel additives, the effect of which more than offset the impact of lower sales volumes.

All Other

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
	(Millions of dollars)			
Net Charges*	**$(167)**	$(190)	**$(504)**	$(1,025)
* Includes foreign currency effects	**$ 7**	$ (71)	**$ 20**	$ (60)

All Other consists of mining operations, power generation businesses, worldwide cash management and debt financing activities, corporate administrative functions, insurance operations, real estate activities, alternative fuels and technology companies.

Net charges in the third quarter 2009 were $167 million, essentially unchanged from the year-ago period. For the nine months of 2009, net charges were $504 million, compared with $1.0 billion a year earlier. Net charges were lower in the 2009 nine-month period for environmental remediation at sites that previously had been closed or sold, corporate tax items and employee compensation and benefits.

Consolidated Statement of Income

Explanations of variations between periods for certain income statement categories are provided below:

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
	(Millions of dollars)			
Sales and other operating revenues	**$45,180**	$76,192	**$119,814**	$221,813

Sales and other operating revenues for the quarterly and nine-month periods decreased $31 billion and $102 billion, respectively, due mainly to lower prices for crude oil, natural gas and refined products.

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
	(Millions of dollars)			
Income from equity affiliates	**$1,072**	$1,673	**$2,418**	$4,480

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Income from equity affiliates decreased between the quarterly and nine-month periods due mainly to lower upstream-related earnings from Tengizchevroil in Kazakhstan and Petropiar in Venezuela caused by lower prices for crude oil. Downstream-related earnings were also lower between the comparative periods due primarily to an unfavorable swing in foreign-exchange effects at GS Caltex in South Korea.

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
	(Millions of dollars)			
Other income	**$373**	$1,002	**$728**	$1,509

Other income for the quarterly period in 2009 decreased mainly due to lower gains on asset sales, foreign-exchange losses associated with weakening of the U.S. dollar and lower interest income. The decline for the nine-month period was primarily the result of an unfavorable swing in foreign-exchange effects and lower interest income. These items were partially offset by increased gains on asset sales.

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
	(Millions of dollars)			
Purchased crude oil and products	**$26,969**	$49,238	**$71,047**	$147,822

Purchases decreased $22 billion and $77 billion in the quarterly and nine-month periods due mainly to lower prices for crude oil, natural gas and refined products.

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
	(Millions of dollars)			
Operating, selling, general and administrative expenses	**$5,580**	$6,954	**$16,155**	$19,643

Operating, selling, general and administrative expenses decreased approximately $1.4 billion between quarters and $3.5 billion between the nine-month periods. Lower expenses related to materials, services, equipment rentals, contract labor, fuel and shipping charters and other transportation accounted for approximately $500 million and $1.9 billion of the decline between the quarterly and nine-month periods, respectively. In addition, hurricane-related charges net of insurance recoveries declined $800 million between both comparative periods.

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
	(Millions of dollars)			
Exploration expenses	**$242**	$271	**$1,061**	$831

The decline in exploration expenses between quarters was due to lower amounts for well write-offs. Exploration expenses in the nine month period in 2009 increased due to higher amounts for well write-offs and geological and geophysical costs.

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
	(Millions of dollars)			
Depreciation, depletion and amortization	**$2,988**	$2,449	**$8,954**	$6,939

The increase in both comparative periods was associated mainly with production start-ups for upstream projects in the United States and Africa and higher depreciation rates for certain other oil and gas producing fields.

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	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
	(Millions of dollars)			
Taxes other than on income	**$4,644**	$5,614	**$13,008**	$16,756

Taxes other than on income decreased primarily due to lower import duties in the company's U.K. downstream operations.

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
	(Millions of dollars)			
Income tax expense	**$2,342**	$6,416	**$5,246**	$16,681

Effective income tax rates for the 2009 and 2008 third quarters were 38 percent and 45 percent, respectively. For the year-to-date periods, the effective tax rates were 41 and 47 percent, respectively.

The decline in the effective tax rates between the quarterly and nine-month periods was generally associated with the same factors. These factors included the effect in 2009 of relatively low tax rates on asset sales and deferred-tax benefits, both related to an international upstream project. In addition, a greater proportion of before-tax income was earned in 2009 by equity affiliates than in 2008. (Equity-affiliate income is reported as a single amount on an after-tax basis on the Consolidated Statement of Income.)

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Selected Operating Data

The following table presents a comparison of selected operating data:

Selected Operating Data(1)(2)

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
U.S. Upstream				
Net crude-oil and natural-gas-liquids production (MBPD)	**509**	409	**472**	428
Net natural-gas production (MMCFPD)(3)	**1,420**	1,431	**1,398**	1,561
Net oil-equivalent production (MBOEPD)	**745**	647	**705**	688
Sales of natural gas (MMCFPD)	**5,832**	7,142	**5,974**	7,591
Sales of natural gas liquids (MBPD)	**161**	155	**158**	156
Revenue from net production				
Crude oil and natural gas liquids ($/Bbl.)	**$60.20**	$107.22	**$49.53**	$100.73
Natural gas ($/MCF)	**$ 3.28**	$ 8.64	**$ 3.56**	$ 8.66
International Upstream				
Net crude-oil and natural-gas-liquids production (MBPD)	**1,350**	1,167	**1,352**	1,201
Net natural-gas production (MMCFPD)(3)	**3,475**	3,618	**3,570**	3,669
Net oil-equivalent production (MBOEPD)(4)	**1,957**	1,796	**1,973**	1,838
Sales of natural gas (MMCFPD)	**4,035**	4,224	**4,084**	4,201
Sales of natural gas liquids (MBPD)	**104**	105	**110**	122
Revenue from liftings				
Crude oil and natural gas liquids ($/Bbl.)	**$61.90**	$102.73	**$51.50**	$ 99.93
Natural gas ($/MCF)	**$ 3.92**	$ 5.37	**$ 3.95**	$ 5.21
U.S. and International Upstream				
Total net oil-equivalent production, including volumes from oil sands (MBOEPD)(3)(4)	**2,702**	2,443	**2,678**	2,526
U.S. Downstream				
Gasoline sales (MBPD)(5)	**737**	706	**725**	694
Sales of other refined products (MBPD)	**679**	716	**695**	719
Total	**1,416**	1,422	**1,420**	1,413
Refinery input (MBPD)	**879**	922	**913**	878
International Downstream				
Gasoline sales (MBPD)(5)	**435**	500	**458**	505
Sales of other refined products (MBPD)	**868**	1,007	**905**	1,034
Share of affiliate sales (MBPD)	**519**	501	**504**	503
Total	**1,822**	2,008	**1,867**	2,042
Refinery input (MBPD)	**985**	976	**980**	965

(1) Includes company share of equity affiliates.
(2) MBPD — thousands of barrels per day; MMCFPD — millions of cubic feet per day; Bbl. — Barrel; MCF — thousands of cubic feet; oil-equivalent gas (OEG) conversion ratio is 6,000 cubic feet of natural gas = 1 barrel of crude oil; MBOEPD — thousands of barrels of oil-equivalent per day.
(3) Includes natural gas consumed in operations (MMCFPD):

United States	**56**	69	**57**	77
International(6)	**455**	434	**467**	447
(4) Includes production from oil sands — net (MBPD):	**27**	26	**26**	26

(5) Includes branded and unbranded gasoline.
(6) 2008 conformed to 2009 presentation.

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Liquidity and Capital Resources

Cash, cash equivalents and marketable securities totaled approximately $7.7 billion at September 30, 2009, down $1.9 billion from year-end 2008. Cash provided by operating activities in the first nine months of 2009 was $12.4 billion, compared with $24.4 billion in the year-ago period. The net cash provided by operating activities in the 2009 period was slightly higher than the $11.9 billion of cash used for investing activities, which included $2 billion for the extension of an upstream concession. (Refer also to the discussion of the company's capital and exploratory expenditures on page 35.)

Dividends The company paid dividends of $3.9 billion to common stockholders during the first nine months of 2009. In October 2009, the company declared a quarterly dividend of 68 cents per common share payable in December 2009.

Debt and Capital Lease and Noncontrolling Interest Obligations Chevron's total debt and capital lease obligations were $10.5 billion at September 30, 2009, up from $8.9 billion at December 31, 2008. The company also had noncontrolling interest obligations of $576 million at September 30, 2009.

The $1.6 billion increase in total debt and capital lease obligations during the first nine months of 2009 included the net effect of a $5 billion public bond issuance, $350 million issuance of a tax-exempt Gulf Opportunity Zone bond, $3.2 billion decrease in commercial paper, and $400 million payment of principal for Texaco Capital Inc. bonds that matured in January. The company's debt and capital lease obligations due within one year, consisting primarily of commercial paper and the current portion of long-term debt, totaled $4.5 billion at September 30, 2009, and $7.8 billion at December 31, 2008. Of these amounts, $4.3 billion and $5.0 billion were reclassified to long-term at the end of the respective periods. At September 30, 2009, settlement of these obligations was not expected to require the use of working capital within one year, as the company had the intent and the ability, as evidenced by committed credit facilities, to refinance them on a long-term basis.

At September 30, 2009, the company had $5.1 billion in committed credit facilities with various major banks, which permit the refinancing of short-term obligations on a long-term basis. These facilities support commercial paper borrowing and also can be used for general corporate purposes. The company's practice has been to continually replace expiring commitments with new commitments on substantially the same terms, maintaining levels management believes appropriate. Any borrowings under the facilities would be unsecured indebtedness at interest rates based on London Interbank Offered Rate or an average of base lending rates published by specified banks and on terms reflecting the company's strong credit rating. No borrowings were outstanding under these facilities at September 30, 2009. In addition, the company has an automatic shelf registration statement that expires in March 2010 for an unspecified amount of nonconvertible debt securities issued or guaranteed by the company.

The company has outstanding public bonds issued by Chevron Corporation, Chevron Corporation Profit Sharing/Savings Plan Trust Fund, Texaco Capital Inc. and Union Oil Company of California. All of these securities are the obligations of, or guaranteed by, Chevron Corporation and are rated AA by Standard and Poor's Corporation and Aa1 by Moody's Investors Service. The company's U.S. commercial paper is rated A-1+ by Standard and Poor's and P-1 by Moody's. All of these ratings denote high-quality, investment-grade securities.

The company's future debt level is dependent primarily on results of operations, the capital-spending program and cash that may be generated from asset dispositions. The company believes that it has substantial borrowing capacity to meet unanticipated cash requirements and that during periods of low prices for crude oil and natural gas and narrow margins for refined products and commodity chemicals, it has the flexibility to increase borrowings and/or modify capital-spending plans to continue paying the common stock dividend and maintain the company's high-quality debt ratings.

Common Stock Repurchase Program In September 2007, the company authorized the acquisition of up to $15 billion of its common shares from time to time at prevailing prices, as permitted by securities laws and other legal requirements and subject to market conditions and other factors. The program is for a period of up to three years and may be discontinued at any time. The company did not acquire any shares during the first nine months of 2009 and does not plan to acquire any shares in the 2009 fourth quarter. From the inception of the program, the company has acquired 119 million shares at a cost of $10.1 billion.

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Current Ratio — current assets divided by current liabilities. The current ratio was 1.4 at September 30, 2009, and 1.1 at December 31, 2008. The current ratio is adversely affected by the valuation of Chevron's inventories on a LIFO basis. At September 30, 2009, the book value of inventory was significantly lower than replacement cost. The company does not consider its inventory valuation methodology to affect liquidity.

Debt Ratio — total debt as a percentage of total debt plus Chevron Corporation stockholders' equity. This ratio was 10.4 percent at September 30, 2009, and 9.3 percent at year-end 2008.

Pension Obligations At the end of 2008, the company estimated it would contribute $800 million to employee pension plans during 2009 (composed of $550 million for the U.S. plans and $250 million for the international plans). Through September 30, 2009, a total of $860 million was contributed (including $741 million to the U.S. plans). Total contributions for the full year are currently estimated at $1 billion ($750 million for the U.S. plans and $250 million for the international plans). Actual contribution amounts are dependent upon investment returns, changes in pension obligations, regulatory environments and other economic factors. Additional funding may ultimately be required if investment returns are insufficient to offset increases in plan obligations.

Capital and Exploratory Expenditures Total expenditures, including the company's share of spending by affiliates, were $16.0 billion in the first nine months of 2009, compared with $15.8 billion in the corresponding 2008 period. The amounts included the company's share of equity-affiliate expenditures of about $900 million and $1.6 billion in the 2009 and 2008 periods, respectively. Outlays in the 2009 period included $2 billion for the extension of an upstream concession. Expenditures for upstream projects in the first nine months of 2009 were about $12.5 billion, representing 78 percent of the companywide total.

Capital and Exploratory Expenditures by Major Operating Area

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
United States				
Upstream	**$ 662**	$1,296	**$ 2,474**	$ 3,986
Downstream	**446**	497	**1,369**	1,397
Chemicals	**57**	195	**131**	322
All Other	**100**	153	**256**	418
Total United States	**1,265**	2,141	**4,230**	6,123
International				
Upstream	**2,698**	2,938	**10,070**	8,661
Downstream	**610**	395	**1,653**	949
Chemicals	**23**	18	**57**	40
All Other	**—**	1	**1**	4
Total International	**3,331**	3,352	**11,781**	9,654
Worldwide	**$4,596**	$5,493	**$16,011**	$15,777

Contingencies and Significant Litigation

MTBE Chevron and many other companies in the petroleum industry have used methyl tertiary butyl ether (MTBE) as a gasoline additive. Chevron is a party to 50 pending lawsuits and claims, the majority of which involve numerous other petroleum marketers and refiners. Resolution of these lawsuits and claims may ultimately require the company to correct or ameliorate the alleged effects on the environment of prior release of MTBE by the company or other parties. Additional lawsuits and claims related to the use of MTBE, including personal-injury claims, may be filed in the future. The company's ultimate exposure related to pending lawsuits and claims is not currently determinable, but could be material to net income in any one period. The company no longer uses MTBE in the manufacture of gasoline in the United States.

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Ecuador Chevron is a defendant in a civil lawsuit before the Superior Court of Nueva Loja in Lago Agrio, Ecuador, brought in May 2003 by plaintiffs who claim to be representatives of certain residents of an area where an oil production consortium formerly had operations. The lawsuit alleges damage to the environment from the oil exploration and production operations, and seeks unspecified damages to fund environmental remediation and restoration of the alleged environmental harm, plus a health monitoring program. Until 1992, Texaco Petroleum Company (Texpet), a subsidiary of Texaco Inc., was a minority member of this consortium with Petroecuador, the Ecuadorian state-owned oil company, as the majority partner; since 1990, the operations have been conducted solely by Petroecuador. At the conclusion of the consortium and following an independent third-party environmental audit of the concession area, Texpet entered into a formal agreement with the Republic of Ecuador and Petroecuador for Texpet to remediate specific sites assigned by the government in proportion to Texpet's ownership share of the consortium. Pursuant to that agreement, Texpet conducted a three-year remediation program at a cost of $40 million. After certifying that the sites were properly remediated, the government granted Texpet and all related corporate entities a full release from any and all environmental liability arising from the consortium operations.

Based on the history described above, Chevron believes that this lawsuit lacks legal or factual merit. As to matters of law, the company believes first, that the court lacks jurisdiction over Chevron; second, that the law under which plaintiffs bring the action, enacted in 1999, cannot be applied retroactively to Chevron; third, that the claims are barred by the statute of limitations in Ecuador; and, fourth, that the lawsuit is also barred by the releases from liability previously given to Texpet by the Republic of Ecuador and Petroecuador. With regard to the facts, the company believes that the evidence confirms that Texpet's remediation was properly conducted and that the remaining environmental damage reflects Petroecuador's failure to timely fulfill its legal obligations and Petroecuador's further conduct since assuming full control over the operations.

In April 2008, a mining engineer appointed by the court to identify and determine the cause of environmental damage, and to specify steps needed to remediate it, issued a report recommending that the court assess $8 billion, which would, according to the engineer, provide financial compensation for purported damages, including wrongful death claims, and pay for, among other items, environmental remediation, health care systems, and additional infrastructure for Petroecuador. The engineer's report also asserted that an additional $8.3 billion could be assessed against Chevron for unjust enrichment. The engineer's report is not binding on the court. Chevron also believes that the engineer's work was performed and his report prepared in a manner contrary to law and in violation of the court's orders. Chevron submitted a rebuttal to the report in which it asked the court to strike the report in its entirety. In November 2008, the engineer revised the report and, without additional evidence, recommended an increase in the financial compensation for purported damages to a total of $18.9 billion and an increase in the assessment for purported unjust enrichment to a total of $8.4 billion. Chevron submitted a rebuttal to the revised report, which the court dismissed. In September 2009, following the disclosure by Chevron of evidence that the judge participated in meetings in which businesspeople and individuals holding themselves out as government officials discussed the case and its likely outcome, the judge presiding over the case petitioned to be recused. In late September 2009, the judge was recused, and in October 2009, the full chamber of the provincial court affirmed the recusal, resulting in the appointment of a new judge. Chevron filed motions to annul all of the rulings made by the prior judge, but the new judge denied these motions. The court has completed most of the procedural aspects of the case and could render a judgment at any time. Chevron will continue a vigorous defense of any attempted imposition of liability.

In the event of an adverse judgment, Chevron would expect to pursue its appeals and vigorously defend against enforcement of any such judgment; therefore, the ultimate outcome — and any financial effect on Chevron — remains uncertain. Management does not believe an estimate of a reasonably possible loss (or a range of loss) can be made in this case. Due to the defects associated with the engineer's report, management does not believe the report has any utility in calculating a reasonably possible loss (or a range of loss). Moreover, the highly uncertain legal environment surrounding the case provides no basis for management to estimate a reasonably possible loss (or a range of loss).

Guarantees The company and its subsidiaries have certain other contingent liabilities with respect to guarantees, direct or indirect, of debt of affiliated companies or third parties. Under the terms of the guarantee arrangements, generally the company would be required to perform should the affiliated

company or third party fail to fulfill its

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obligations under the arrangements. In some cases, the guarantee arrangements may have recourse provisions that would enable the company to recover any payments made under the terms of the guarantees from assets provided as collateral.

Off-Balance-Sheet Obligations The company and its subsidiaries have certain other contractual obligations relating to long-term unconditional purchase obligations and commitments, including throughput and take-or-pay agreements, some of which relate to suppliers' financing arrangements. The agreements typically provide goods and services, such as pipeline, storage and regasification capacity, drilling rigs, utilities and petroleum products, to be used or sold in the ordinary course of the company's business.

Indemnifications The company provided certain indemnities of contingent liabilities of Equilon and Motiva to Shell and Saudi Refining, Inc., in connection with the February 2002 sale of the company's interests in those investments. The company would be required to perform if the indemnified liabilities become actual losses. Were that to occur, the company could be required to make future payments up to $300 million. Through the end of September 2009, the company paid $48 million under these indemnities and continues to be obligated for possible additional indemnification payments in the future.

The company has also provided indemnities relating to contingent environmental liabilities related to assets originally contributed by Texaco to the Equilon and Motiva joint ventures and environmental conditions that existed prior to the formation of Equilon and Motiva or that occurred during the period of Texaco's ownership interest in the joint ventures. In general, the environmental conditions or events that are subject to these indemnities must have arisen prior to December 2001. Claims had to be asserted by February 2009 for Equilon indemnities and must be asserted no later than February 2012 for Motiva indemnities. Under the terms of these indemnities, there is no maximum limit on the amount of potential future payments. In February 2009, Shell delivered a letter to the company purporting to preserve unmatured claims for certain Equilon indemnities. The letter itself provides no estimate of the ultimate claim amount, and management does not believe the letter or any other information provides a basis to estimate the amount, if any, of a range of loss or potential range of loss with respect to the Equilon or the Motiva indemnities. The company posts no assets as collateral and has made no payments under the indemnities.

The amounts payable for the indemnities described above are to be net of amounts recovered from insurance carriers and others and net of liabilities recorded by Equilon or Motiva prior to September 30, 2001, for any applicable incident.

In the acquisition of Unocal, the company assumed certain indemnities relating to contingent environmental liabilities associated with assets that were sold in 1997. Under the indemnification agreement, the company's liability is unlimited until April 2022, when the liability expires. The acquirer of the assets sold in 1997 shares in certain environmental remediation costs up to a maximum obligation of $200 million, which had not been reached as of September 30, 2009.

Environmental The company is subject to loss contingencies pursuant to laws, regulations, private claims and legal proceedings related to environmental matters that are subject to legal settlements or that in the future may require the company to take action to correct or ameliorate the effects on the environment of prior release of chemicals or petroleum substances, including MTBE, by the company or other parties. Such contingencies may exist for various sites, including, but not limited to, federal Superfund sites and analogous sites under state laws, refineries, crude-oil fields, service stations, terminals, land development areas, and mining operations, whether operating, closed or divested. These future costs are not fully determinable due to such factors as the unknown magnitude of possible contamination, the unknown timing and extent of the corrective actions that may be required, the determination of the company's liability in proportion to other responsible parties, and the extent to which such costs are recoverable from third parties.

Although the company has provided for known environmental obligations that are probable and reasonably estimable, the amount of additional future costs may be material to results of operations in the period in which they are recognized. The company does not expect these costs will have a material effect on its consolidated financial position or liquidity. Also, the company does not believe its obligations to make such expenditures have had, or will

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have, any significant impact on the company's competitive position relative to other U.S. or international petroleum or chemical companies.

Financial Instruments The company believes it has no material market or credit risks to its operations, financial position or liquidity as a result of its commodities and other derivative activities.

Equity Redetermination For oil and gas producing operations, ownership agreements may provide for periodic reassessments of equity interests in estimated crude-oil and natural-gas reserves. These activities, individually or together, may result in gains or losses that could be material to earnings in any given period. One such equity-redetermination process has been under way since 1996 for Chevron's interests in four producing zones at the Naval Petroleum Reserve at Elk Hills, California, for the time when the remaining interests in these zones were owned by the U.S. Department of Energy. A wide range remains for a possible net settlement amount for the four zones. For this range of settlement, Chevron estimates its maximum possible net before-tax liability at approximately $200 million, and the possible maximum net amount that could be owed to Chevron is estimated at about $150 million. The timing of the settlement and the exact amount within this range of estimates are uncertain.

Noncontrolling Interests The company has commitments of $576 million related to noncontrolling interests in subsidiary companies.

Income Taxes Tax positions for Chevron and its subsidiaries and affiliates are subject to income tax audits by many tax jurisdictions throughout the world. For the company's major tax jurisdictions, examinations of tax returns for certain prior tax years had not been completed as of September 30, 2009. For Chevron's major tax jurisdictions, the latest years for which income tax examinations had been finalized were as follows: United States — 2005, Nigeria — 1994, Angola — 2001 and Saudi Arabia — 2003.

Settlement of open tax years, as well as tax issues in other countries where the company conducts its businesses, is not expected to have a material effect on the consolidated financial position or liquidity of the company and, in the opinion of management, adequate provision has been made for income and franchise taxes for all years under examination or subject to future examination.

Other Contingencies Chevron receives claims from and submits claims to customers; trading partners; U.S. federal, state and local regulatory bodies; governments; contractors; insurers; and suppliers. The amounts of these claims, individually and in the aggregate, may be significant and take lengthy periods to resolve.

The company and its affiliates also continue to review and analyze their operations and may close, abandon, sell, exchange, acquire or restructure assets to achieve operational or strategic benefits and to improve competitiveness and profitability. These activities, individually or together, may result in gains or losses in future periods.

New Accounting Standards

In June 2009, the FASB issued an accounting standard for transfers of financial assets, which will become effective for the company on January 1, 2010. The standard changes how companies account for transfers of financial assets and eliminates the concept of qualifying special-purpose entities. Adoption of the guidance is not expected to have an impact on the company's results of operations, financial position or liquidity.

In June 2009, the FASB issued an accounting standard for variable-interest entities (VIEs), which will become effective for the company January 1, 2010. The standard requires the enterprise to qualitatively assess if it is the primary beneficiary of the VIE and, if so, the VIE must be consolidated. Adoption of the standard is not expected to have a material impact on the company's results of operations, financial position or liquidity.

In June 2009, the FASB issued its Accounting Standards Codification (ASC) system, which became effective for the company in the quarter ending September 30, 2009. This standard established the ASC as the single authoritative source of U.S. generally accepted accounting principles (GAAP) and superseded existing literature of the FASB, Emerging Issues Task Force, American Institute of CPAs and other sources. The ASC did not change GAAP but organized the literature into about 90

accounting Topics. Adoption of the ASC did not affect the company's accounting.

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Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

Information about market risks for the three months ended September 30, 2009, does not differ materially from that discussed under Item 7A of Chevron's 2008 Annual Report on Form 10-K.

Item 4. ***Controls and Procedures***

(a) Evaluation of disclosure controls and procedures

The company's management has evaluated, with the participation of the Chief Executive Officer and Chief Financial Officer, the effectiveness of the company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the company's disclosure controls and procedures were effective as of September 30, 2009.

(b) Changes in internal control over financial reporting

During the quarter ended September 30, 2009, there were no changes in the company's internal control over financial reporting that have materially affected, or were reasonably likely to materially affect, the company's internal control over financial reporting.

PART II

OTHER INFORMATION

Item 1. ***Legal Proceedings***

In July 2009, the Hawaii Department of Health ("DOH") alleged that Chevron is obligated to pay stipulated civil penalties exceeding $100,000 in conjunction with commitments the company undertook to install and operate certain air pollution abatement equipment at its Hawaii Refinery pursuant to Clean Air Act settlement with the United States Environmental Protection Agency and DOH. The company has disputed many of the allegations.

In October 2009, Chevron and SFO Fuel entered into a settlement with the United States Environmental Protection Agency regarding alleged violations of the Clean Water Act Spill Prevention Control and Countermeasure ("SPCC") regulations. The alleged violations relate to spill containment structures at a SFO Fuel bulk jet fuel terminal located at San Francisco International Airport. As part of the settlement, Chevron and SFO Fuel will pay a civil penalty of $177,500.

Item 1A. ***Risk Factors***

Chevron is a major fully integrated petroleum company with a diversified business portfolio, a strong balance sheet, and a history of generating sufficient cash to fund capital and exploratory expenditures and to pay dividends. Nevertheless, some inherent risks could materially impact the company's financial results of operations or financial condition.

Information about risk factors for the three months ended September 30, 2009, does not differ materially from that set forth in Part I, Item 1A, of Chevron's 2008 Annual Report on Form 10-K.

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Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

CHEVRON CORPORATION

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased(1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Number of Shares that May Yet Be Purchased Under the Program(2)
July 1-31, 2009	200	66.50	—	
August 1-31, 2009	—	—	—	
September 1-30, 2009	43	69.91	—	
Total	243	67.11	—	

(1) Pertains to common shares repurchased during the three-month period ended September 30, 2009, from company employees for required personal income tax withholdings on the exercise of the stock options issued to management and employees under the company's long-term incentive plans. Also includes shares delivered or attested to in satisfaction of the exercise price by holders of certain former Texaco Inc. employee stock options exercised during the three-month period ended September 30, 2009.

(2) In September 2007, the company authorized common stock repurchases of up to $15 billion that may be made from time to time at prevailing prices as permitted by securities laws and other requirements, and subject to market conditions and other factors. The program will occur over a period of up to three years and may be discontinued at any time. Through September 30, 2009, $10.1 billion had been expended to repurchase 118,996,749 shares since the common stock repurchase program began.

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Item 6. ***Exhibits***

Exhibit Number	Description
(4)	Pursuant to the Instructions to Exhibits, certain instruments defining the rights of holders of long-term debt securities of the company and its consolidated subsidiaries are not filed because the total amount of securities authorized under any such instrument does not exceed 10 percent of the total assets of the corporation and its subsidiaries on a consolidated basis. A copy of such instrument will be furnished to the Commission upon request.
(12.1)	Computation of Ratio of Earnings to Fixed Charges
(31.1)	Rule 13a-14(a)/15d-14(a) Certification by the company's Chief Executive Officer
(31.2)	Rule 13a-14(a)/15d-14(a) Certification by the company's Chief Financial Officer
(32.1)	Section 1350 Certification by the company's Chief Executive Officer
(32.2)	Section 1350 Certification by the company's Chief Financial Officer
(101.INS)	XBRL Instance Document
(101.SCH)	XBRL Schema Document
(101.CAL)	XBRL Calculation Linkbase Document
(101.LAB)	XBRL Label Linkbase Document
(101.PRE)	XBRL Presentation Linkbase Document
(101.DEF)	XBRL Definition Linkbase Document

Attached as Exhibit 101 to this report are documents formatted in XBRL (Extensible Business Reporting Language). Users of this data are advised pursuant to Rule 406T of Regulation S-T that the interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of section 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, and otherwise not subject to liability under these sections. The financial information contained in the XBRL-related documents is "unaudited" or "unreviewed."

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CHEVRON CORPORATION
(REGISTRANT)

/s/ M.A. HUMPHREY
M.A. Humphrey, Vice President and Comptroller
(Principal Accounting Officer and Duly Authorized Officer)

Date: November 5, 2009

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EXHIBIT INDEX

Exhibit Number	Description
(4)	Pursuant to the Instructions to Exhibits, certain instruments defining the rights of holders of long-term debt securities of the company and its consolidated subsidiaries are not filed because the total amount of securities authorized under any such instrument does not exceed 10 percent of the total assets of the corporation and its subsidiaries on a consolidated basis. A copy of such instrument will be furnished to the Commission upon request.
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* Filed herewith.

Copies of above exhibits not contained herein are available to any security holder upon written request to the Corporate Governance Department, Chevron Corporation, 6001 Bollinger Canyon Road, San Ramon, California 94583-2324.

CMI09-00319

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ATTACHMENT 4.2

CMI09-00320

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10kWIZARD
SEC POWER SEARCH

FORM 10-K

CHEVRON CORP - CVX

Filed: February 26, 2009 (period: December 31, 2008)

Annual report which provides a comprehensive overview of the company for the past year

CMI09-00321

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EX-10.2 (EX-10.2)

EX-10.3 (EX-10.3)

EX-10.5 (EX-10.5)

EX-10.6 (EX-10.6)

EX-10.7 (EX-10.7)

EX-10.13 (EX-10.13)

EX-10.19 (EX-10.19)

EX-12.1 (EX-12.1)

EX-21.1 (EX-21.1)

EX-23.1 (EX-23.1)

EX-24.1 (EX-24.1)

EX-24.2 (EX-24.2)

EX-24.3 (EX-24.3)

EX-24.4 (EX-24.4)

EX-24.5 (EX-24.5)

EX-24.6 (EX-24.6)

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EX-24.8 (EX-24.8)

EX-24.9 (EX-24.9)

EX-24.10 (EX-24.10)

EX-24.11 (EX-24.11)

EX-24.12 (EX-24.12)

EX-24.13 (EX-24.13)

EX-31.1 (EX-31.1)

EX-31.2 (EX-31.2)

EX-32.1 (EX-32.1)

EX-32.2 (EX-32.2)

EX-99.1 (EX-99.1)

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

☑ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2008**

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from_____ to_____

Commission File Number 1-368-2

Chevron Corporation

(Exact name of registrant as specified in its charter)

Delaware	94-0890210	6001 Bollinger Canyon Road, San Ramon, California 94583-2324
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)	(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (925) 842-1000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common stock, par value $.75 per share	New York Stock Exchange, Inc.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

Aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter — $203,659,751,369 (As of June 30, 2008)

CMI09-00325

Source: CHEVRON CORP, 10-K, February 26, 2009

Number of Shares of Common Stock outstanding as of February 20, 2009 — 2,004,559,279

DOCUMENTS INCORPORATED BY REFERENCE
(To The Extent Indicated Herein)

Notice of the 2009 Annual Meeting and 2009 Proxy Statement, to be filed pursuant to Rule 14a-6(b) under the Securities Exchange Act of 1934, in connection with the company's 2009 Annual Meeting of Stockholders (in Part III)

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Source: CHEVRON CORP, 10-K, February 26, 2009

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EX-10.5
EX-10.6
EX-10.7
EX-10.13
EX-10.19
EX-12.1
EX-21.1
EX-23.1
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INSTANCE DOCUMENT
SCHEMA DOCUMENT
CALCULATION LINKBASE DOCUMENT
LABELS LINKBASE DOCUMENT
PRESENTATION LINKBASE DOCUMENT
DEFINITION LINKBASE DOCUMENT

CMI09-00328

Source: CHEVRON CORP, 10-K, February 26, 2009

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CAUTIONARY STATEMENT RELEVANT TO FORWARD-LOOKING INFORMATION FOR THE PURPOSE OF "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This *Annual Report on Form 10-K* of Chevron Corporation contains forward-looking statements relating to Chevron's operations that are based on management's current expectations, estimates and projections about the petroleum, chemicals and other energy-related industries. Words such as "anticipates," "expects," "intends," "plans," "targets," "projects," "believes," "seeks," "schedules," "estimates," "budgets" and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond the company's control and are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. The reader should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. Unless legally required, Chevron undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Among the important factors that could cause actual results to differ materially from those in the forward-looking statements are crude-oil and natural-gas prices; refining, marketing and chemical margins; actions of competitors or regulators; timing of exploration expenses; timing of crude-oil liftings; the competitiveness of alternate-energy sources or product substitutes; technological developments; the results of operations and financial condition of equity affiliates; the inability or failure of the company's joint-venture partners to fund their share of operations and development activities; the potential failure to achieve expected net production from existing and future crude-oil and natural-gas development projects; potential delays in the development, construction or start-up of planned projects; the potential disruption or interruption of the company's net production or manufacturing facilities or delivery/transportation networks due to war, accidents, political events, civil unrest, severe weather or crude-oil production quotas that might be imposed by OPEC (Organization of Petroleum Exporting Countries); the potential liability for remedial actions or assessments under existing or future environmental regulations and litigation; significant investment or product changes under existing or future environmental statutes, regulations and litigation; the potential liability resulting from pending or future litigation; the company's acquisition or disposition of assets; gains and losses from asset dispositions or impairments; government-mandated sales, divestitures, recapitalizations, industry-specific taxes, changes in fiscal terms or restrictions on scope of company operations; foreign currency movements compared with the U.S. dollar; the effects of changed accounting rules under generally accepted accounting principles promulgated by rule-setting bodies; and the factors set forth under the heading "Risk Factors" on pages 30 and 31 in this report. In addition, such statements could be affected by general domestic and international economic and political conditions. Unpredictable or unknown factors not discussed in this report could also have material adverse effects on forward-looking statements.

CMI09-00329

Source: CHEVRON CORP, 10-K, February 26, 2009

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PART I

Item 1. Business

(a) General Development of Business

Summary Description of Chevron

Chevron Corporation,[1] a Delaware corporation, manages its investments in subsidiaries and affiliates and provides administrative, financial, management and technology support to U.S. and international subsidiaries that engage in fully integrated petroleum operations, chemicals operations, mining operations, power generation and energy services. Exploration and production (upstream) operations consist of exploring for, developing and producing crude oil and natural gas and also marketing natural gas. Refining, marketing and transportation (downstream) operations relate to refining crude oil into finished petroleum products; marketing crude oil and the many products derived from petroleum; and transporting crude oil, natural gas and petroleum products by pipeline, marine vessel, motor equipment and rail car. Chemical operations include the manufacture and marketing of commodity petrochemicals, plastics for industrial uses, and fuel and lubricant oil additives.

A list of the company's major subsidiaries is presented on pages E-125 and E-126. As of December 31, 2008, Chevron had approximately 67,000 employees (including about 5,000 service station employees). Approximately 32,000 employees (including about 4,000 service station employees), or 48 percent, were employed in U.S. operations.

Overview of Petroleum Industry

Petroleum industry operations and profitability are influenced by many factors, and individual petroleum companies have little control over some of them. Governmental policies, particularly in the areas of taxation, energy and the environment have a significant impact on petroleum activities, regulating how companies are structured and where and how companies conduct their operations and formulate their products and, in some cases, limiting their profits directly. Prices for crude oil and natural gas, petroleum products and petrochemicals are generally determined by supply and demand for these commodities. However, some governments impose price controls on refined products such as gasoline or diesel fuel. The members of the Organization of Petroleum Exporting Countries (OPEC) are typically the world's swing producers of crude oil, and their production levels are a major factor in determining worldwide supply. Demand for crude oil and its products and for natural gas is largely driven by the conditions of local, national and global economies, although weather patterns and taxation relative to other energy sources also play a significant part. Seasonality is not a primary driver to changes in the company's quarterly earnings during the year.

Strong competition exists in all sectors of the petroleum and petrochemical industries in supplying the energy, fuel and chemical needs of industry and individual consumers. Chevron competes with fully integrated major global petroleum companies, as well as independent and national petroleum companies, for the acquisition of crude oil and natural gas leases and other properties and for the equipment and labor required to develop and operate those properties. In its downstream business, Chevron also competes with fully integrated major petroleum companies and other independent refining, marketing and transportation entities in the sale or acquisition of various goods or services in many national and international markets.

Operating Environment

Refer to pages FS-2 through FS-8 of this Form 10-K in Management's Discussion and Analysis of Financial Condition and Results of Operations for a discussion of the company's current business environment and outlook.

[1] Incorporated in Delaware in 1926 as Standard Oil Company of California, the company adopted the name Chevron Corporation in 1984 and ChevronTexaco Corporation in 2001. In 2005, ChevronTexaco Corporation changed its name to Chevron Corporation. As used in this report, the term "Chevron" and such terms as "the company," "the corporation," "our," "we" and "us" may refer to Chevron Corporation, one or more of its consolidated subsidiaries, or all of them taken as a whole, but unless stated otherwise, it does not include "affiliates" of Chevron — i.e., those companies accounted for by the equity method (generally owned 50 percent or less) or investments accounted for by the cost method. All of these terms are used for convenience only and are not intended as a precise description of any of the separate companies, each of which manages its own affairs.

CMI09-00330

Source: CHEVRON CORP, 10-K, February 26, 2009

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Chevron Strategic Direction

Chevron's primary objective is to create stockholder value and achieve sustained financial returns from its operations that will enable it to outperform its competitors. As a foundation for achieving this objective, the company has established the following strategies:

Strategies for Major Businesses

- ***Upstream*** — grow profitably in core areas, build new legacy positions and commercialize the company's equity natural-gas resource base while growing a high-impact global gas business
- ***Downstream*** — improve returns and selectively grow, with a focus on integrated value creation

The company also continues to invest in renewable-energy technologies, with an objective of capturing profitable positions.

Enabling Strategies Companywide

- ***Invest in people*** to achieve the company's strategies
- ***Leverage technology*** to deliver superior performance and growth
- ***Build organizational capability*** to deliver world-class performance in operational excellence, cost management, capital stewardship and profitable growth

(b) Description of Business and Properties

The upstream, downstream and chemicals activities of the company and its equity affiliates are widely dispersed geographically, with operations in North America, South America, Europe, Africa, the Middle East, Asia and Australia. Tabulations of segment sales and other operating revenues, earnings and income taxes for the three years ending December 31, 2008, and assets as of the end of 2008 and 2007 — for the United States and the company's international geographic areas — are in Note 9 to the Consolidated Financial Statements beginning on page FS-38. Similar comparative data for the company's investments in and income from equity affiliates and property, plant and equipment are in Notes 12 and 13 on pages FS-41 to FS-43.

Capital and Exploratory Expenditures

Total expenditures for 2008 were $22.8 billion, including $2.3 billion for Chevron's share of expenditures by affiliated companies, which did not require cash outlays by the company. In 2007 and 2006, expenditures were $20 billion and $16.6 billion, respectively, including the company's share of affiliates' expenditures of $2.3 billion and $1.9 billion in the corresponding periods.

Of the $22.8 billion in expenditures for 2008, about three-fourths, or $17.5 billion, was related to upstream activities. Approximately the same percentage was also expended for upstream operations in 2007 and 2006. International upstream accounted for about 70 percent of the worldwide upstream investment in each of the three years, reflecting the company's continuing focus on opportunities that are available outside the United States.

In 2009, the company estimates capital and exploratory expenditures will be $22.8 billion, including $1.8 billion of spending by affiliates. About three-fourths of the total, or $17.5 billion, is budgeted for exploration and production activities, with $13.9 billion of that amount outside the United States.

Refer also to a discussion of the company's capital and exploratory expenditures on page FS-11 and FS-12.

Upstream — Exploration and Production

The table on the following page summarizes the net production of liquids and natural gas for 2008 and 2007 by the company and its affiliates.

CMI09-00331

Source: CHEVRON CORP, 10-K, February 26, 2009

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Net Production of Crude Oil and Natural Gas Liquids and Natural Gas[1]

	Oil-Equivalent (Thousands of Barrels per Day)		Components of Oil-Equivalent: Crude Oil & Natural Gas Liquids (Thousands of Barrels per Day)		Components of Oil-Equivalent: Natural Gas (Millions of Cubic Feet per Day)	
	2008	2007	2008	2007	2008	2007
United States:						
California	215	221	201	205	88	97
Gulf of Mexico	160	214	86	118	439	576
Texas (Onshore)	149	153	76	77	441	457
Other States	147	155	58	60	533	569
Total United States	671	743	421	460	1,501	1,699
Africa:						
Angola	154	179	145	171	52	48
Nigeria	154	129	142	126	72	15
Chad	29	32	28	31	5	4
Republic of the Congo	13	8	11	7	12	7
Democratic Republic of the Congo	2	3	2	3	1	2
Total Africa	352	351	328	338	142	76
Asia-Pacific:						
Thailand	217	224	67	71	894	916
Partitioned Neutral Zone (PNZ)[2]	106	112	103	109	20	17
Australia	96	100	34	39	376	372
Bangladesh	71	47	2	2	414	275
Kazakhstan	66	66	41	41	153	149
Azerbaijan	29	61	28	60	7	5
Philippines	26	26	5	5	128	126
China	22	26	19	22	22	22
Myanmar	15	17	—	—	89	100
Total Asia-Pacific	648	679	299	349	2,103	1,982
Indonesia	235	241	182	195	319	277
Other International:						
United Kingdom	106	115	71	78	208	220
Denmark	61	63	37	41	142	132
Argentina	44	47	37	39	45	50
Canada	37	36	36	35	4	5
Colombia	35	30	—	—	209	178
Trinidad and Tobago	32	29	—	—	189	174
Netherlands	9	4	2	3	40	5
Norway	6	6	6	6	1	1
Total Other International	330	330	189	202	838	765
Total International	1,565	1,601	998	1,084	3,402	3,100
Total Consolidated Operations	2,236	2,344	1,419	1,544	4,903	4,799
Equity Affiliates[3]	267	248	230	212	222	220
Total Including Affiliates[4]	2,503	2,592	1,649	1,756	5,125	5,019

[1] Excludes Athabasca oil sands production, net: 27 27 27 27 — —

[2] Located between Saudi Arabia and Kuwait.

[3] Volumes represent Chevron's share of production by affiliates, including Tengizchevroil (TCO) in Kazakhstan and Petroboscan, Petroindependiente and Petropiar/Hamaca in Venezuela.

[4] Volumes include natural gas consumed in operations of 520 million and 498 million cubic feet per day in 2008 and 2007, respectively.

Worldwide oil-equivalent production, including volumes from oil sands (refer to footnote 1 above), was 2.53 million barrels per day, down about 3 percent from 2007. The decline was mostly attributable to damages to facilities caused by September 2008 hurricanes in the U.S. Gulf of Mexico and the impact of higher prices on certain production-sharing and variable-royalty agreements outside the United States. Refer to the "Results of Operations" section beginning on page FS-6 for a detailed discussion of the factors explaining the 2006 — 2008 changes in

production for crude oil and natural gas liquids and natural gas.

Source: CHEVRON CORP, 10-K, February 26, 2009

The company estimates that its average worldwide oil-equivalent production in 2009 will be approximately 2.63 million barrels per day. This estimate is subject to many uncertainties, including quotas that may be imposed by OPEC, the price effect on production volumes calculated under cost-recovery and variable-royalty provisions of certain contracts, changes in fiscal terms or restrictions on the scope of company operations, delays in project start-ups, fluctuations in demand for natural gas in various markets, and production that may have to be shut in due to weather conditions, civil unrest, changing geopolitics or other disruptions to operations. Future production levels also are affected by the size and number of economic investment opportunities and, for new large-scale projects, the time lag between initial exploration and the beginning of production. Refer to the "Review of Ongoing Exploration and Production Activities in Key Areas," beginning on page 9, for a discussion of the company's major oil and gas development projects.

Average Sales Prices and Production Costs per Unit of Production

Refer to Table IV on page FS-67 for the company's average sales price per barrel of crude oil and natural gas liquids and per thousand cubic feet of natural gas produced and the average production cost per oil-equivalent barrel for 2008, 2007 and 2006.

Gross and Net Productive Wells

The following table summarizes gross and net productive wells at year-end 2008 for the company and its affiliates:

Productive Oil and Gas Wells[1] at December 31, 2008

	Productive[2] Oil Wells		Productive[2] Gas Wells	
	Gross	Net	Gross	Net
United States:				
California	25,726	23,921	188	44
Gulf of Mexico	1,489	1,214	922	701
Other U.S.	23,729	8,460	10,587	4,824
Total United States	50,944	33,595	11,697	5,569
Africa	2,126	723	17	7
Asia-Pacific	2,479	1,150	2,468	1,560
Indonesia	7,879	7,737	203	165
Other International	1,091	680	275	105
Total International	13,575	10,290	2,963	1,837
Total Consolidated Companies	64,519	43,885	14,660	7,406
Equity in Affiliates	1,174	413	7	2
Total Including Affiliates	65,693	44,298	14,667	7,408
Multiple completion wells included above:	881	549	411	318

1 Includes wells producing or capable of producing and injection wells temporarily functioning as producing wells. Wells that produce both oil and gas are classified as oil wells.
2 Gross wells include the total number of wells in which the company has an interest. Net wells include wholly owned wells and the sum of the company's fractional interests in gross wells.

Reserves

Refer to Table V beginning on page FS-67 for a tabulation of the company's proved net oil and gas reserves by geographic area, at the beginning of 2006 and each year-end from 2006 through 2008, and an accompanying discussion of major changes to proved reserves by geographic area for the three-year period ending December 31, 2008. During 2008, the company provided oil and gas reserves estimates for 2007 to the Department of Energy, Energy Information Administration (EIA), that agree with the 2007 reserve volumes in Table V. This reporting fulfilled the requirement that such estimates are to be consistent with, and do not differ more than 5 percent from, the information furnished to the Securities and Exchange Commission in the company's 2007 Annual Report on Form 10-K. During 2009, the company will file estimates of oil and gas reserves with the Department of Energy, EIA, consistent with the 2008 reserve data reported in Table V.

CMI09-00334

Source: CHEVRON CORP, 10-K, February 26, 2009

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CMI09-00335

Source: CHEVRON CORP, 10-K, February 26, 2009

The net proved-reserve balances at the end of each of the three years 2006 through 2008 are shown in the table below:

Net Proved Reserves at December 31

	2008	2007	2006
Liquids* — Millions of barrels			
Consolidated Companies	4,735	4,665	5,294
Affiliated Companies	2,615	2,422	2,512
Natural Gas — Billions of cubic feet			
Consolidated Companies	19,022	19,137	19,910
Affiliated Companies	4,053	3,003	2,974
Total Oil-Equivalent — Millions of barrels			
Consolidated Companies	7,905	7,855	8,612
Affiliated Companies	3,291	2,922	3,008

* Crude oil, condensate and natural gas liquids

Acreage

At December 31, 2008, the company owned or had under lease or similar agreements undeveloped and developed oil and gas properties located throughout the world. The geographical distribution of the company's acreage is shown in the following table.

Acreage[1] at December 31, 2008
(Thousands of Acres)

	Undeveloped[2]		Developed[2]		Developed and Undeveloped	
	Gross	Net	Gross	Net	Gross	Net
United States:						
California	138	122	183	176	321	298
Gulf of Mexico	2,108	1,500	1,568	1,141	3,676	2,641
Other U.S.	3,441	2,784	4,461	2,497	7,902	5,281
Total United States	5,687	4,406	6,212	3,814	11,899	8,220
Africa	17,686	7,710	2,487	921	20,173	8,631
Asia-Pacific	45,429	22,447	5,937	2,649	51,366	25,096
Indonesia	8,031	5,348	383	341	8,414	5,689
Other International	35,236	19,957	1,924	613	37,160	20,570
Total International	106,382	55,462	10,731	4,524	117,113	59,986
Total Consolidated Companies	112,069	59,868	16,943	8,338	129,012	68,206
Equity in Affiliates	640	300	259	104	899	404
Total Including Affiliates	112,709	60,168	17,202	8,442	129,911	68,610

1 Gross acreage includes the total number of acres in all tracts in which the company has an interest. Net acreage includes wholly owned interests and the sum of the company's fractional interests in gross acreage.
2 Developed acreage is spaced or assignable to productive wells. Undeveloped acreage is acreage on which wells have not been drilled or completed to permit commercial production and that may contain undeveloped proved reserves. The gross undeveloped acres that will expire in 2009, 2010 and 2011 if production is not established by certain required dates are 5,707, 8,290 and 4,720, respectively.

CMI09-00336

Source: CHEVRON CORP, 10-K, February 26, 2009

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Delivery Commitments

The company sells crude oil and natural gas from its producing operations under a variety of contractual obligations. Most contracts generally commit the company to sell quantities based on production from specified properties, but some natural gas sales contracts specify delivery of fixed and determinable quantities, as discussed below.

In the United States, the company is contractually committed to deliver to third parties and affiliates 414 billion cubic feet of natural gas through 2011. The company believes it can satisfy these contracts from quantities available from production of the company's proved developed U.S. reserves. These contracts include a variety of pricing terms, including both index and fixed-price contracts.

Outside the United States, the company is contractually committed to deliver to third parties a total of 865 billion cubic feet of natural gas from 2009 through 2011 from Argentina, Australia, Canada, Colombia, Denmark and the Philippines. The sales contracts contain variable pricing formulas that are generally referenced to the prevailing market price for crude oil, natural gas or other petroleum products at the time of delivery. The company believes it can satisfy these contracts from quantities available from production of the company's proved developed reserves in Argentina, Australia, Colombia, Denmark and the Philippines. The company plans to meet its Canadian contractual delivery commitments of 28 billion cubic feet through third-party purchases.

Development Activities

Refer to Table I on page FS-62 for details associated with the company's development expenditures and costs of proved property acquisitions for 2008, 2007 and 2006.

The table below summarizes the company's net interest in productive and dry development wells completed in each of the past three years and the status of the company's development wells drilling at December 31, 2008. A "development well" is a well drilled within the proved area of a crude oil or natural gas reservoir to the depth of a stratigraphic horizon known to be productive.

Development Well Activity

	Wells Drilling at 12/31/08[2]		Net Wells Completed[1]					
			2008		2007		2006	
	Gross	Net	Prod.	Dry	Prod.	Dry	Prod.	Dry
United States:								
California	8	1	533	—	620	—	600	—
Gulf of Mexico	44	25	26	3	30	1	34	5
Other U.S.	9	8	287	1	225	4	317	6
Total United States	61	34	846	4	875	5	951	11
Africa	13	8	33	—	43	—	45	2
Asia-Pacific	13	4	203	1	223	—	235	1
Indonesia	2	2	462	—	374	—	258	—
Other International	7	2	41	—	52	—	43	—
Total International	35	16	739	1	692	—	581	3
Total Consolidated Companies	96	50	1,585	5	1,567	5	1,532	14
Equity in Affiliates	2	1	16	—	3	—	13	—
Total Including Affiliates	98	51	1,601	5	1,570	5	1,545	14

1 Indicates the fractional number of wells completed during the year, regardless of when drilling was initiated. Completion refers to the installation of permanent equipment for the production of crude oil or natural gas or, in the case of a dry well, the reporting of abandonment to the appropriate agency.

2 Represents wells in the process of drilling, including wells for which drilling was not completed and which were temporarily suspended at the end of 2008. Gross wells include the total number of wells in which the company has an interest. Net wells include wholly owned wells and the sum of the company's fractional interests in gross wells.

CMI09-00337

Source: CHEVRON CORP, 10-K, February 26, 2009

009168

Exploration Activities

The following table summarizes the company's net interests in productive and dry exploratory wells completed in each of the last three years and the number of exploratory wells drilling at December 31, 2008. "Exploratory wells" are wells drilled to find and produce crude oil or natural gas in unproved areas and include delineation wells, which are wells drilled to find a new reservoir in a field previously found to be productive of crude oil or natural gas in another reservoir or to extend a known reservoir beyond the proved area.

Exploratory Well Activity

	Wells Drilling at 12/31/08[3]		Net Wells Completed[1,2]					
			2008		2007		2006	
	Gross	Net	Prod.	Dry	Prod.	Dry	Prod.	Dry
United States:								
California	—	—	—	—	—	—	—	—
Gulf of Mexico	9	3	8	1	4	7	9	8
Other U.S.	—	—	—	1	—	1	7	—
Total United States	9	3	8	2	4	8	16	8
Africa	8	3	2	1	6	2	1	—
Asia-Pacific	4	2	10	1	14	9	18	7
Indonesia	—	—	4	1	1	—	2	—
Other International	2	—	39	2	41	6	6	3
Total International	14	5	55	5	62	17	27	10
Total Consolidated Companies	23	8	63	7	66	25	43	18
Equity in Affiliates	—	—	—	—	—	—	1	—
Total Including Affiliates	23	8	63	7	66	25	44	18

1 2007 conformed to 2008 presentation.

2 Indicates the fractional number of wells completed during the year, regardless of when drilling was initiated. Completion refers to the installation of permanent equipment for the production of crude oil or natural gas or, in the case of a dry well, the reporting of abandonment to the appropriate agency. Some exploratory wells are not drilled with the intention of producing from the well bore. In such cases, "completion" refers to the completion of drilling. Further categorization of productive or dry is based on the determination as to whether hydrocarbons in a sufficient quantity were found to justify completion as a producing well, whether or not the well is actually going to be completed as a producer.

3 Represents wells that are in the process of drilling but have been neither abandoned nor completed as of the last day of the year, including wells for which drilling was not completed and which were temporarily suspended at the end of 2008. Does not include wells for which drilling was completed at year-end 2008 and that were reported as suspended wells in Note 20 beginning on page FS-48. Gross wells include the total number of wells in which the company has an interest. Net wells include wholly owned wells and the sum of the company's fractional interests in gross wells.

Refer to Table I on page FS-62 for detail of the company's exploration expenditures and costs of unproved property acquisitions for 2008, 2007 and 2006.

Review of Ongoing Exploration and Production Activities in Key Areas

Chevron's 2008 key upstream activities, some of which are also discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations beginning on page FS-2, are presented below. The comments include references to "total production" and "net production," which are defined under "Production" in Exhibit 99.1 on page E-146.

The discussion that follows references the status of proved reserves recognition for significant long-lead-time projects not yet on production and for projects recently placed on production. Reserves are not discussed for recent discoveries that have yet to advance to a project stage or for mature areas of production that do not have individual projects requiring significant levels of capital or exploratory investment. Amounts indicated for project costs represent total project costs, not the company's share of costs for projects that are less than wholly owned.

CMI09-00338

Source: CHEVRON CORP, 10-K, February 26, 2009

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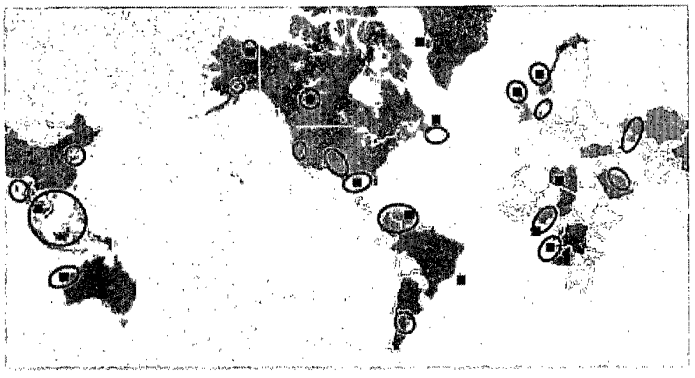
Consolidated Operations

Upstream Portfolio

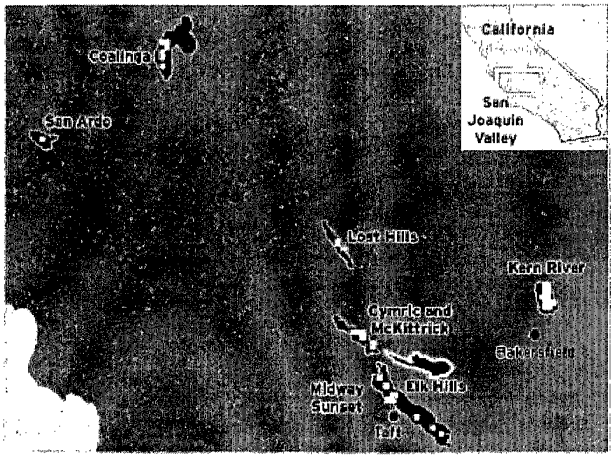


○ Production ■ Exploration

Chevron has production and exploration activities in most of the world's major hydrocarbon basins. The company's upstream strategy is to grow profitably in core areas, build new legacy positions and commercialize the company's equity natural-gas resource base while growing a high-impact global gas business. The map at left indicates Chevron's primary areas of production and exploration.

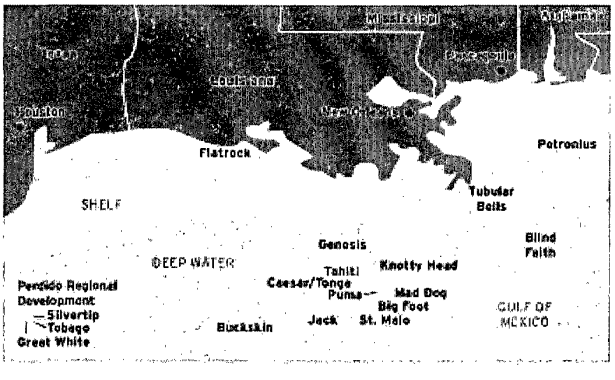
a) United States

Upstream activities in the United States are concentrated in California, the Gulf of Mexico, Louisiana, Texas, New Mexico, the Rocky Mountains and Alaska. Average net oil-equivalent production in the United States during 2008 was 671,000 barrels per day, composed of 421,000 barrels of crude oil and natural gas liquids and 1.5 billion cubic feet of natural gas. Refer to Table V beginning on page FS-67 for a discussion of the net proved reserves and different hydrocarbon characteristics for the company's major U.S. producing areas.



Chevron Activity Highlight ● Crude Oil Field

California: The company has significant production in the San Joaquin Valley. In 2008, average net oil-equivalent production was 215,000 barrels per day, composed of 196,000 barrels of crude oil, 88 million cubic feet of natural gas and 5,000 barrels of natural gas liquids. Approximately 84 percent of the crude-oil production is considered heavy oil (typically with API gravity lower than 22 degrees).



Chevron Activity Highlight

Gulf of Mexico: Average net oil-equivalent production during 2008 for the company's combined interests in the Gulf of Mexico shelf and deepwater areas, and the onshore fields in the region was 160,000 barrels per day. The daily oil-equivalent production comprised 76,000 barrels of crude oil, 439 million cubic feet of natural gas and 10,000 barrels of natural gas liquids.

Production levels in 2008 were adversely affected by damage to facilities caused by hurricanes Gustav and Ike in September. At the end of 2008, approximately 50,000 barrels per day of oil-equivalent production remained offline, with restoration of the volumes to occur

as repairs to third-party pipelines and producing facilities are completed.

Source: CHEVRON CORP, 10-K, February 26, 2009

During 2008, Chevron was engaged in various development and exploration activities in the deepwater Gulf of Mexico. Production start-up occurred in fourth quarter 2008 at the 75 percent-owned and operated Blind Faith project. The project was designed for daily production capacity of 65,000 barrels of crude oil and 55 million cubic feet of natural gas from subsea wells tied back to a semisubmersible hull. Proved undeveloped reserves were initially recorded in 2005, and a portion was transferred to the proved-developed category in 2008 coincident with project start-up. The production life of the field is estimated to be approximately 20 years.

At Caesar/Tonga, the company participated in a successful appraisal well in 2008. The Tonga and Caesar partnerships have formed a unit agreement for the area, with Chevron having a 20 percent nonoperated working interest. First oil is expected by 2011. Development plans include a subsea tie-back to a nearby third-party production facility.

The company is also participating in the ultra-deep Perdido Regional Development. The project encompasses the installation of a producing host facility to service multiple fields, including Chevron's 33 percent-owned Great White, 60 percent-owned Silvertip and 58 percent-owned Tobago. Chevron has a 38 percent interest in the Perdido Regional Host. All of these fields and the production facility are partner-operated. Activities during 2008 included facility construction, development drilling and spar installation. First oil is expected in early 2010, with the facility capable of handling 130,000 barrels of oil-equivalent per day. The project has an expected life of approximately 25 years. Proved undeveloped reserves related to the project were first recorded in 2006, and the phased reclassification of these reserves to the proved-developed category is anticipated near the time of production start-up.

At the 58 percent-owned and operated Tahiti Field, development work continued following a delay in 2007 due to metallurgical problems with the facility's mooring shackles, which problems have been resolved. The project is designed as a subsea development, with the wells tied back to a truss-spar floating production facility. Production start-up is expected in mid-2009. Initial booking of proved undeveloped reserves occurred in 2003 for the project, with the transfer of a portion of these reserves into the proved-developed category anticipated near the time of production start-up. With an estimated production life of 30 years, Tahiti is designed to have a maximum total daily production of 125,000 barrels of crude oil and 70 million cubic feet of natural gas. In early 2009, a possible second phase of field development was under evaluation.

Deepwater exploration activities in 2008 and early 2009 included participation in 12 exploratory wells — four wildcat and eight appraisal. Exploratory work included the following:

- Big Foot — 60 percent-owned and operated. A successful appraisal well was completed in first quarter 2008. A final appraisal well began drilling in November 2008, and was completed in January 2009. As of late February 2009, evaluation of the drilling results was under way.
- Buckskin — 55 percent-owned and operated. A successful wildcat well was completed in early 2009.
- Jack & St. Malo — 50 percent- and 41 percent-owned and operated interests, respectively. The prospects are being evaluated together due to their relative proximity. Successful appraisal wells were drilled during 2008 at both Jack and St. Malo, bringing the total wells drilled to three at Jack and four at St. Malo.
- Knotty Head — 25 percent-owned and nonoperated working interest. Subsurface studies continued during 2008 at this 2005 discovery, with an appraisal well planned for third quarter 2009.
- Puma — 22 percent-owned and nonoperated working interest. An appraisal well began drilling in late 2008 and was scheduled for completion in second quarter 2009.
- Tubular Bells — 30 percent-owned and nonoperated working interest. An appraisal well was completed in 2008.

At the end of 2008, the company had not yet recognized proved reserves for any of the exploration projects discussed above.

Besides the activities connected with the development and exploration projects in the Gulf of Mexico, the company also has access to liquefied natural gas (LNG) for the North America natural gas market through the Sabine Pass LNG terminal in Louisiana. The terminal was completed in mid-2008, and Chevron has contracted for 1 billion cubic feet per day of regasification capacity at the facility beginning in July 2009. The company also has completed the permitting process to develop the Casotte Landing regasification facility adjacent to the company's Pascagoula refinery in Mississippi. Casotte Landing remains a development option for Chevron to bring LNG into the United States.

Also in the Sabine Pass area of Louisiana, the company has a binding agreement to be one of the anchor shippers in a 3.2 billion-cubic-feet-per-day third-party-owned natural gas pipeline. Chevron has contracted to have 1.6 billion cubic

CMI09-00341

Source: CHEVRON CORP, 10-K, February 26, 2009

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CMI09-00342

Source: CHEVRON CORP, 10-K, February 26, 2009

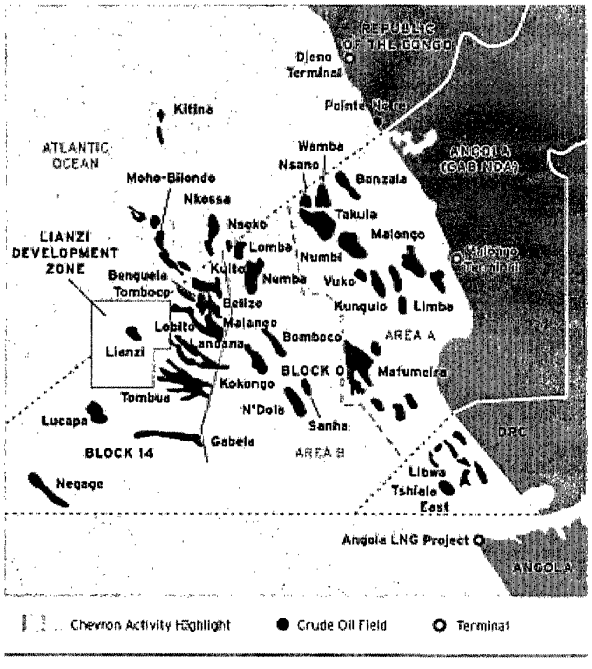
feet per day of capacity in the pipeline, of which 1 billion cubic feet per day is in a new pipeline and 600 million cubic feet per day is interconnecting capacity to an existing pipeline. The new pipeline system, expected to be completed in second quarter 2009, will provide access to Chevron's Sabine and Bridgeline pipelines, which connect to the Henry Hub. The Henry Hub interconnects to nine interstate and four intrastate pipelines and is the pricing point for natural gas futures contracts traded on the NYMEX (New York Mercantile Exchange).

Other U.S. Areas: Outside California and the Gulf of Mexico, the company manages operations across the mid-continental United States and Alaska. During 2008, the company's U.S. production outside California and the Gulf of Mexico averaged 296,000 net oil-equivalent barrels per day, composed of 101,000 barrels of crude oil, 974 million cubic feet of natural gas and 33,000 barrels of natural gas liquids.

In the Piceance Basin in northwestern Colorado, the company is continuing a natural-gas development in which it holds a 100 percent operated working interest. A pipeline to transport the gas to a gathering system was completed in 2008 and facilities to produce 60 million cubic feet of natural gas per day are expected to be completed in mid-2009. Development drilling began in 2007, and reserves will be recognized over the life of the project based upon drilling results.

b) Africa

In Africa, the company is engaged in exploration and production activities in Angola, Chad, Democratic Republic of the Congo, Libya, Nigeria and Republic of the Congo.



Angola: Chevron holds company-operated working interests in offshore Blocks 0 and 14 and nonoperated working interests in offshore Block 2 and the onshore Fina Sonangol Texaco (FST) area. Net production from these operations in 2008 averaged 154,000 barrels of oil-equivalent per day.

The company operates in areas A and B of the 39 percent-owned Block 0, which averaged 109,000 barrels per day of net liquids production in 2008. The Block 0 concession extends through 2030.

Start-up of the Mafumeira Field in Area A of Block 0 is expected in third quarter 2009, with crude-oil production ramping up to the expected maximum total of 35,000 barrels per day in 2011.

Two delineation wells were drilled in Area A. One well found commercial quantities of hydrocarbons and was placed into production during the year. The acquisition of seismic data started in late 2008 and is expected to be finalized in 2010.

Also in Area A are three gas management projects that are expected to eliminate routine flaring of natural gas by injecting excess natural gas into various reservoirs. The Takula gas-processing platform started production in December 2008. The Cabinda Gas Plant is scheduled for start-up in the second half of 2009. The Takula and Malongo Flare and Relief project is scheduled for start-up in stages beginning in the second half of 2009 and continuing into 2011. In Area B, development drilling occurred during 2008 at the Nemba and Kokongo fields. Front-end engineering and development (FEED) continued on the South N'Dola field development.

In 31 percent-owned Block 14, net production in 2008 averaged 33,000 barrels of liquids per day. Activities in 2008 included development drilling at the Benguela Belize-Lobito Tomboco (BBLT) project and the ongoing evaluation of the Negage project. Development and production rights for the various fields in Block 14 expire between 2027 and 2029.

Also in Block 14, development of the Tombua and Landana fields continued. Installation of producing facilities was completed in late 2008, with expected start-up in the second half of 2009. Production from the Landana North reservoir is expected to continue to utilize the BBLT infrastructure after start-up. The maximum total production

from Tombua and Landana of 100,000 barrels of crude oil per day is expected to occur in 2011. Proved undeveloped reserves were recognized for Tombua and Landana in 2001 and 2002, respectively. Reclassification from proved undeveloped to proved developed for Landana occurred in 2006 and 2007. Further reclassification is expected between 2009 and 2012 as the Tombua-Landana facilities and the drilling program are completed.

CMI09-00344

Source: CHEVRON CORP, 10-K, February 26, 2009

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During 2008, in the Lucapa provisional development area of Block 14, exploratory drilling included an appraisal well that was the second successful appraisal of the 2006 Lucapa discovery. Studies to evaluate development alternatives at Lucapa began in second quarter 2008. At the end of 2008, proved reserves had not been recognized. At the 20 percent-owned Block 2 and the 16 percent-owned FST area, combined production during 2008 averaged 3,000 barrels of net liquids per day.

Refer also to page 22 for a discussion of affiliate operations in Angola.

Angola-Republic of the Congo Joint Development Area: Chevron operates and holds a 31 percent interest in the Lianzi Development Area located between Angola and Republic of the Congo. In 2006, the development of the Lianzi area was approved by a committee of representatives from the two countries, and a conceptual field development plan was also submitted to this committee. In late 2008, the project entered FEED, and further development planning is scheduled in 2009.

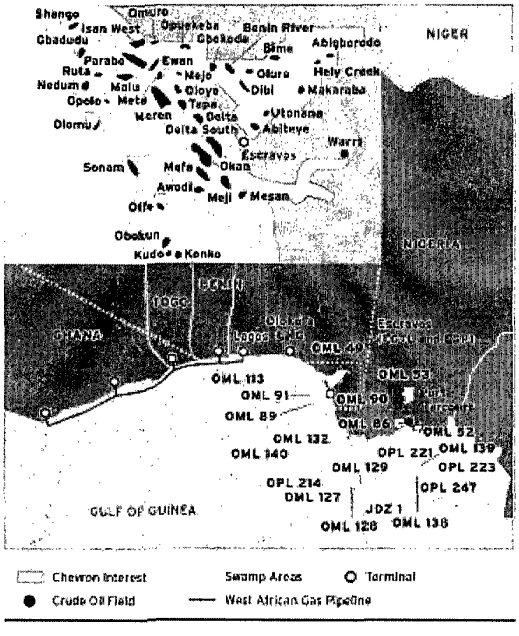
Republic of the Congo: Chevron has a 32 percent nonoperated working interest in the Nkossa, Nsoko and Moho-Bilondo exploitation permits and a 29 percent nonoperated working interest in the Kitina exploitation permit, all of which are offshore. Net production from the Republic of the Congo fields averaged 13,000 barrels of oil-equivalent per day in 2008.

Production at the Moho-Bilondo subsea development project started in April 2008. Maximum total production of 90,000 barrels of crude oil per day is expected in 2010. Proved undeveloped reserves were initially recognized in 2001. Transfer to the proved-developed category occurred in 2008. Chevron's development and production rights for Moho-Bilondo expire in 2030. One appraisal well was drilled in the Moho-Bilondo permit area during 2008. Drilling began on an exploration well in early 2009.

Chad/Cameroon: Chevron participates in a project to develop crude-oil fields in southern Chad and transport the produced volumes by pipeline to the coast of Cameroon for export. Chevron has a 25 percent nonoperated working interest in the producing operations and a 21 percent interest in two affiliates that own the pipeline.

Average daily net production in 2008 was 29,000 barrels of oil-equivalent. In late 2008, the development application for the Timbre Field in the Doba area was approved. The Chad producing operations are conducted under a concession that expires in 2030. Partners relinquished rights to exploration acreage not covered by field-development rights in February 2009.

Libya: Chevron is the operator and holds a 100 percent interest in the onshore Block 177 exploration license. A two-well exploration program is scheduled for 2009.



Nigeria: Chevron holds a 40 percent interest in 13 concessions predominantly in the onshore and near-offshore region of the Niger Delta. The company operates under a joint-venture arrangement in this region with the Nigerian National Petroleum Corporation (NNPC), which owns a 60 percent interest. The company also owns varying interests in deepwater offshore blocks. In 2008, the company's net oil-equivalent production in Nigeria averaged 154,000 barrels per day, composed of 142,000 barrels of liquids and 72 million cubic feet of natural gas.

In deepwater offshore, initial production occurred in July 2008 at the 68 percent-owned and operated Agbami Field in OML 127 and OML 128. The project is a subsea design, with wells tied back to a floating production, storage and offloading (FPSO) vessel. By year-end 2008, total crude-oil production was averaging approximately 130,000 barrels per day. Maximum total production of crude oil and natural gas liquids of 250,000 barrels per day is expected to be achieved by year-end 2009. The company initially recognized proved undeveloped reserves for Agbami in 2002. A portion of the proved undeveloped reserves was reclassified to proved developed in 2008 at production start-up. The total cost for the first phase of

this project was $7 billion. Additional development drilling is being evaluated. The leases that contain the Agbami Field expire in 2023 and 2024.

Also in the deepwater area, the Aparo Field in OML 132 and OML 140 and the Bonga SW Field in offshore OML 118 share a common geologic structure and are planned to be jointly developed under a proposed unitization agreement. Work continued in early 2009 on agreements between Chevron and partners in OML 118. At the end of 2008, the company had not recognized proved reserves for this project.

Chevron operates and holds a 95 percent interest in the deepwater Nsiko discovery on OML 140. Development activities continued in 2008, with FEED expected to commence after commercial terms are resolved. At the end of 2008, the company had not recognized proved reserves for this project.

The company also holds a 30 percent nonoperated working interest in the deepwater Usan project in OML 138. The development plans involve subsea wells producing to an FPSO vessel. Major construction contracts were awarded in 2008, and development drilling is scheduled to begin in the second half of 2009. Production start-up is scheduled for 2012. Maximum total production of 180,000 barrels of crude oil per day is expected to be achieved within one year of start-up. The company recognized proved undeveloped reserves for the project in 2004, and a portion is expected to be reclassified to the proved-developed category near production start-up.

Chevron participated in three successful deepwater exploration wells during 2008. Hydrocarbons were confirmed in two wells in OPL 214 and one well in OML 113. Additional reservoir studies are scheduled for 2009, and one exploration well is planned later in the year. The company has 20 percent and 18 percent nonoperated working interests in the two leases, respectively. At the end of 2008, proved reserves had not been recognized for these activities.

In the Niger Delta, construction is under way on the Phase 3A expansion of the Escravos Gas Plant (EGP), which is expected to be installed in late 2009 and start up production in 2010. Phase 3A scope includes offshore natural-gas gathering and compression infrastructure and a second gas processing facility, which potentially would increase processing capacity from 285 million to 680 million cubic feet of natural gas per day and increase LPG and condensate export capacity from 15,000 to 58,000 barrels per day. EGP Phase 3A is designed to process natural gas from the Meji, Delta South, Okan and Mefa fields. Proved undeveloped reserves associated with EGP Phase 3A were recognized in 2002. These reserves are expected to be reclassified to proved developed as various project milestones are reached and related projects are completed. The anticipated life of EGP Phase 3A is 25 years. Phase 3B of the EGP project is designed to gather natural gas from eight offshore fields and to compress and transport natural gas to onshore facilities beginning in 2013.

Engineering and procurement activities continued during 2008 for certain onshore fields that had been shut in since 2003 due to civil unrest. The 40 percent-owned and operated Onshore Asset Gas Management project is designed to restore approximately 125 million cubic feet of natural gas per day to the Nigerian domestic gas market. A major construction contract is expected to be awarded in 2010.

Refer to page 23 for a discussion of affiliate operations in Nigeria and to page 25 for a discussion of the planned gas-to-liquids facility at Escravos. Refer also to "Pipelines" under "Transportation Operations" beginning on page 26 for a discussion of the West African Gas Pipeline operations.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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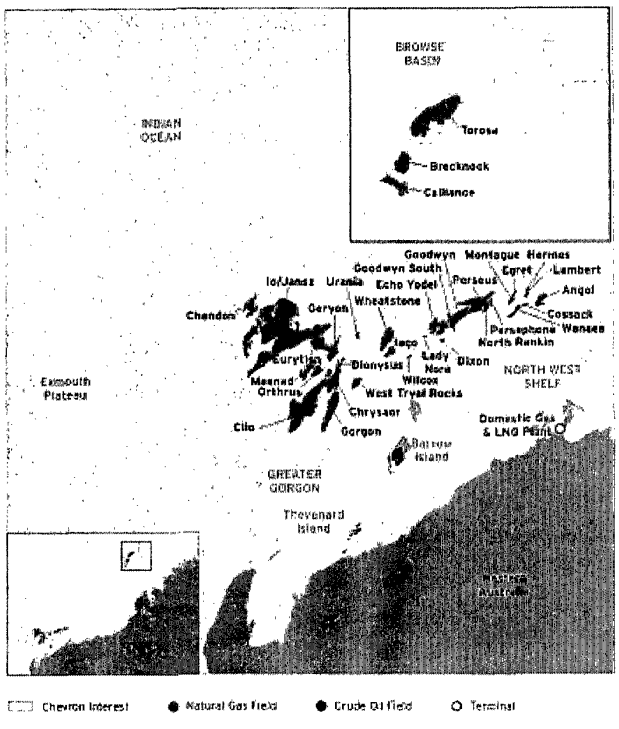
c) Asia-Pacific

Major producing countries in the Asia-Pacific region include Australia, Azerbaijan, Bangladesh, Kazakhstan, the Partitioned Neutral Zone located between Saudi Arabia and Kuwait, and Thailand.



Australia: During 2008, the average net oil-equivalent production from Chevron's interests in Australia was 96,000 barrels per day, composed of 34,000 barrels of liquids and 376 million cubic feet of natural gas.

Chevron has a 17 percent nonoperated working interest in the North West Shelf (NWS) Venture offshore Western Australia. Daily net production from the project during 2008 averaged 25,000 barrels of crude oil and condensate, 374 million cubic feet of natural gas, and 4,000 barrels of LPG. Approximately 70 percent of the natural gas was sold in the form of LNG to major utilities in Japan, South Korea and China, primarily under long-term contracts. The remaining natural gas was sold to the Western Australia domestic market.

In September 2008, a fifth LNG train increased processing and export capacity from approximately 12 million metric tons per year to more than 16 million. Part of the natural gas for these expanded facilities is being supplied from the Angel natural-gas field, which started production in October 2008. Additional supply will be provided by the North Rankin 2 project, for which an investment decision was made in March 2008. The project is scheduled to start production in 2013.Proved undeveloped reserves were booked in prior years and will be reclassified to proved developed upon completion of the project.

The NWS Venture is also advancing plans to extend the period of crude-oil production. The NWS Oil Redevelopment Project is designed to replace an FPSO and a portion of existing subsea infrastructure that services production from the Cossack, Hermes, Lambert and Wanaea offshore fields. A final investment decision was made in November 2008 and start-up is expected early 2011. The project is expected to extend production past 2020. The concession for the NWS Venture expires in 2034.

On Barrow and Thevenard islands off the northwest coast of Australia, Chevron operates crude-oil producing facilities that had combined net production of 5,000 barrels per day in 2008. Chevron's interests in these operations are 57 percent for Barrow and 51 percent for Thevenard.

Also off the northwest coast of Australia, Chevron is the operator of the Gorgon development and has a 50 percent ownership interest across most of the Greater Gorgon Area. Chevron and two joint-venture participants are planning for the combined development of Gorgon and nearby natural-gas fields as one large-scale project. Environmental approvals were in process and a final investment decision is expected to be made in the second half of 2009 for a three-train, 15 million-metric-ton-per-year LNG facility. Natural gas for the project is expected to be supplied from the Gorgon and Io/Jansz fields. The Gorgon project has an expected economic life of at least 40 years.

At the end of 2008, the company had not recognized proved reserves for any of the Greater Gorgon Area fields. Recognition is contingent on securing sufficient LNG sales agreements and achieving other key project milestones, including receipt of environmental permits. In 2008, negotiations continued to finalize sales agreements with three utility customers in Japan and GS Caltex, a Chevron affiliated company. Purchases by each of these customers are expected to range from 250,000 metric tons per year to 1.5 million metric tons per year over 25 years.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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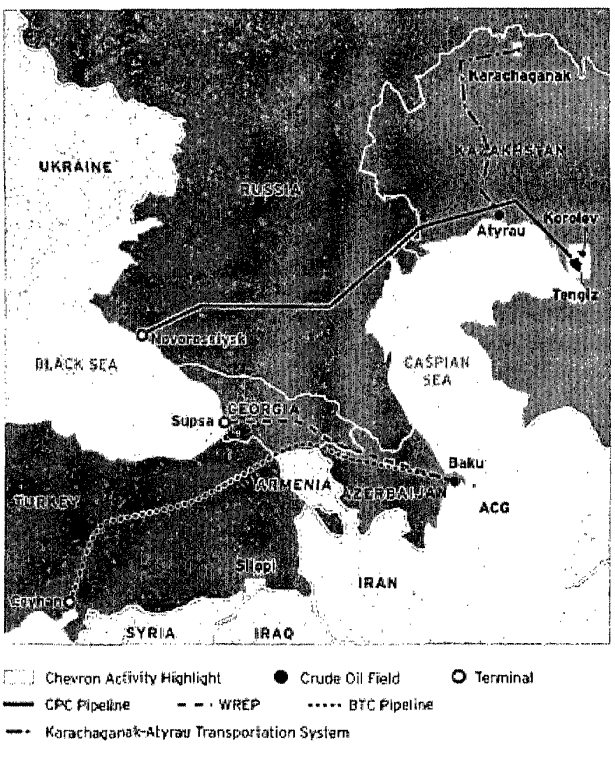
In 2008, the company also announced plans for a multi-train LNG plant to process natural gas from its wholly owned Wheatstone discovery located on the northwest cost of mainland Australia. The project is expected to begin FEED during the second half of 2009. During 2008, Chevron conducted appraisal drilling in the Wheatstone and Iago fields. During 2009, the company plans to drill multiple exploration and appraisal wells in its operated acreage. At the end of 2008, the company had not recognized proved reserves for this project.

In the Browse Basin, the company conducted successful appraisal drilling programs in the Calliance and Torosa fields. A commitment well was also drilled to test the northern extension of the Ichthys Field in the eastern Browse Basin. At the end of 2008, proved reserves had not been recognized.



Azerbaijan: Chevron holds a 10 percent nonoperated working interest in the Azerbaijan International Operating Company (AIOC), which produces crude oil in the Caspian Sea from the Azeri-Chirag-Gunashli (ACG) project. Chevron also has a 9 percent interest in the Baku-Tbilisi-Ceyhan (BTC) affiliate, which transports AIOC production by pipeline from Baku, Azerbaijan, through Georgia to Mediterranean deepwater port facilities in Ceyhan, Turkey. (Refer to "Pipelines" under "Transportation Operations" beginning on page 26 for a discussion of the BTC operations.)

In 2008, the company's daily net production from AIOC averaged 29,000 barrels of oil-equivalent. First oil from Phase III of ACG development occurred during the second quarter 2008. Reserves were reclassified to proved developed shortly before start-up. In early 2009, total production was averaging about 670,000 barrels per day. The AIOC operations are conducted under a 30-year production-sharing contract (PSC) that expires in 2024.

Kazakhstan: Chevron holds a 20 percent nonoperated working interest in the Karachaganak project, which is being developed in phases. During 2008, Karachaganak net oil-equivalent production averaged 66,000 barrels per day, composed of 41,000 barrels of liquids and 153 million cubic feet of natural gas. In 2008, access to the Caspian Pipeline Consortium (CPC) and Atyrau-Samara (Russia) pipelines enabled Karachaganak sales of approximately 163,000 barrels per day (30,000 net barrels) of processed liquids at world-market prices. The remaining liquids were sold into Russian markets. During 2008, work continued on a fourth train that is designed to increase the export of processed liquids by 56,000 barrels per day (11,000 net barrels). The fourth train is expected to start up in 2011.

During 2008, partners continued to evaluate alternatives for a Phase III development of Karachaganak. Timing for the recognition of Phase III proved reserves is uncertain and depends on finalizing a Phase III project design and achievement of project milestones. Karachaganak operations are conducted under a 40-year PSC that expires in 2038.

Refer also to page 23 for a discussion of Tengizchevroil, a 50 percent-owned affiliate with operations in Kazakhstan, and to page 26 in "Pipelines" under "Transportation Operations" for a discussion of CPC operations.

Bangladesh: Chevron operates and has 98 percent interests in three PSCs in onshore Blocks 12, 13 and 14 and an 88 percent interest in Block 7. Net oil-equivalent production from these operations in 2008 averaged 71,000 barrels per day, composed of 414 million cubic feet of natural gas and 2,000 barrels of liquids.

Cambodia: Chevron operates and holds a 55 percent interest in the 1.2 million-acre (4,709 sq-km) Block A, located offshore in the Gulf of Thailand. During 2008 and early 2009, evaluation continued of the exploratory and appraisal drilling programs that occurred in 2007. Proved reserves had not been recognized as of the end of 2008.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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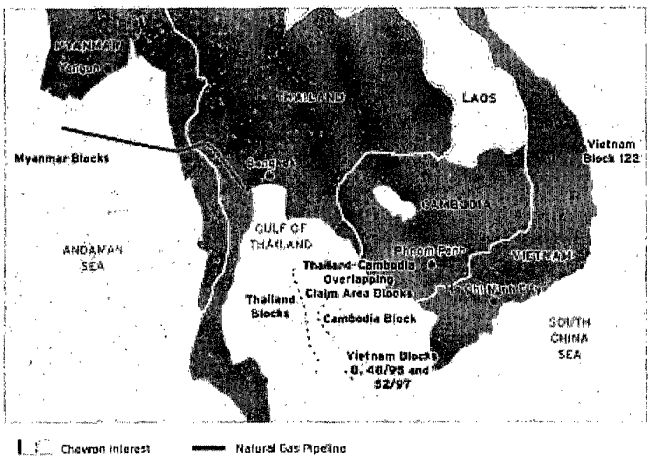
CMI09-00349

Source: CHEVRON CORP, 10-K, February 26, 2009

Myanmar: Chevron has a 28 percent nonoperated working interest in a PSC for the production of natural gas from the Yadana and Sein fields offshore in the Andaman Sea. The company also has a 28 percent interest in a pipeline company that transports the natural gas from Yadana to the Myanmar-Thailand border for delivery to power plants in Thailand. Most of the natural gas is purchased by Thailand's PTT Public Company Limited (PTT). The company's average net natural gas production in 2008 was 89 million cubic feet per day.



Thailand: Chevron has operated and nonoperated working interests in several different offshore blocks. The company's net oil-equivalent production in 2008 averaged 217,000 barrels per day, composed of 67,000 barrels of crude oil and condensate and 894 million cubic feet of natural gas. All of the company's natural gas production is sold to PTT under long-term sales contracts.

Operated interests are in Pattani and other fields with ownership interests ranging from 35 percent to 80 percent in Blocks 10 through 13, B12/27, B8/32, 9A, G4/43 and G4/48. Blocks B8/32 and 9A produce crude oil and natural gas from six operating areas, and Blocks 10 through 13 and B12/27 produce crude oil, condensate and natural gas from 16 operating areas. First production from Block G4/43 occurred in first quarter 2008.

For Blocks 10 through 13, a final investment decision was made in March 2008 for the construction of a second central natural-gas processing facility in the Platong area. The 70 percent-owned and operated Platong Gas II project is designed to add 420 million cubic feet per day of processing capacity in 2011. The company expects to reclassify proved undeveloped reserves to proved developed throughout the project's life as the wellhead platforms are installed. Concessions for Blocks 10 through 13 expire in 2022.

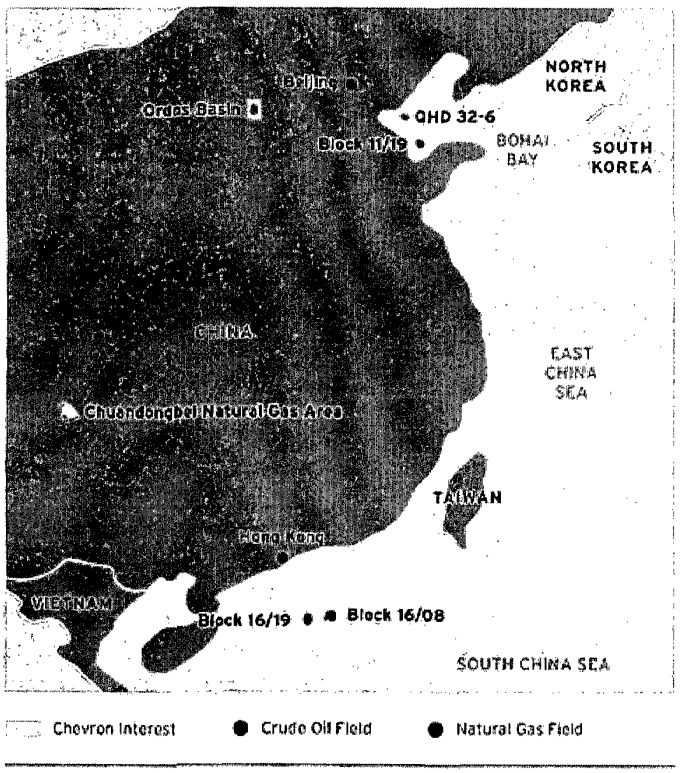
Chevron has a 16 percent nonoperated working interest in Blocks 14A, 15A, 16A, G9/48 and G8/50, known collectively as the Arthit Field. First production from Arthit occurred in 2008 and averaged 10,000 net oil-equivalent barrels per day through the end of the year.

During 2008, 13 exploration wells were drilled in the Gulf of Thailand, and all were successful. In Block G4/50, an exploratory joint operating agreement was signed in late 2008. A 3-D seismic survey and geological studies are scheduled for 2009. Three exploratory wells are planned for 2010. At the end of 2008, proved reserves had not been recognized for these activities. In addition, Chevron holds exploration interests in a number of blocks that are currently inactive, pending resolution of border issues between Thailand and Cambodia.

Vietnam: The company operates off the southwest coast and has a 42 percent interest in a PSC that includes Blocks B and 48/95, and a 43 percent interest in another PSC for Block 52/97. Chevron also has a third PSC with a 50 percent-owned and operated interest in Block B122 offshore eastern Vietnam. No production occurred in these areas during 2008.

In the blocks off the southwest coast, the Vietnam Gas Project is aimed at developing an area in the Malay Basin to supply natural gas to state-owned PetroVietnam. The project includes installation of wellhead and hub platforms, an FSO vessel, field pipelines and a central processing platform. The timing of first natural-gas production is dependent upon the outcome of commercial negotiations. Maximum total production of approximately 500 million cubic feet of natural gas per day is projected within five years of start-up. At the end of 2008, proved reserves had not been recognized for this project.

During the year, two exploratory wells confirmed hydrocarbons in Block B and Block 52/97. In Block 122, 2-D seismic information was purchased in late 2008, with processing scheduled for 2009. Proved reserves had not been recognized as of the end of 2008. Future activity in Block 122 may be affected by an ongoing territorial dispute between Vietnam and China.

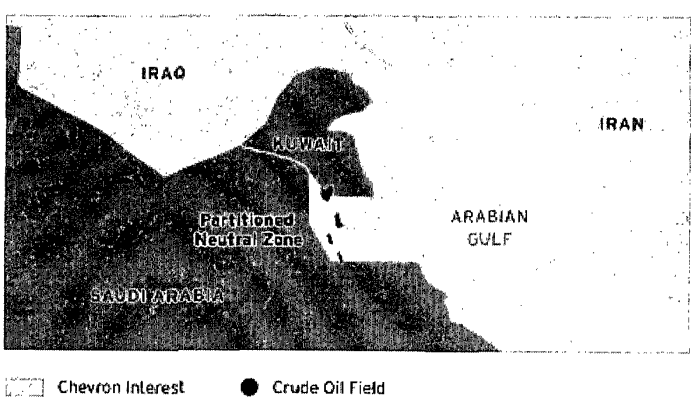


China: Chevron has one operated and three nonoperated working interests in several areas. Net oil-equivalent production from the nonoperated areas in 2008 averaged 22,000 barrels per day, composed of 19,000 barrels of crude oil and condensate and 22 million cubic feet of natural gas.

The company holds a 49 percent operated interest in the Chuandongbei area in the onshore Sichuan Basin, where the company entered into a 30-year PSC effective February 2008 to develop natural gas resources. Project plans included two sour-gas purification plants with an aggregate design capacity of 740 million cubic feet per day. A final investment decision was made for the first stage of the project in December 2008, and proved undeveloped reserves were recognized at that time.

In the South China Sea, the company has nonoperated working interests of 33 percent in Blocks 16/08 and 16/19 located in the Pearl River Delta Mouth Basin, 25 percent in the QHD-32-6 Field in Bohai Bay and 16 percent in the unitized and producing BZ 25-1 Field in Bohai Bay Block 11/19. Chevron also holds a 50 percent nonoperated working interest in one prospective onshore natural-gas block in the Ordos Basin.

The joint development of the HZ 25-3 and HZ 25-1 crude-oil fields in Block 16/19 is expected to achieve first production in the third quarter 2009. The maximum total production of approximately 11,000 barrels of crude oil per day is anticipated by early 2011.



Partitioned Neutral Zone (PNZ): During 2008, the company negotiated a 30-year extension to its agreement with the Kingdom of Saudi Arabia to operate on behalf of the Saudi government its 50 percent interest in the petroleum resources of the onshore area of the PNZ between Saudi Arabia and Kuwait. Under the extension, Chevron has rights to this 50 percent interest in the hydrocarbon resource and pays a royalty and other taxes on the associated volumes produced until 2039. As a result of the contract extension, the company recognized additional proved reserves.

During 2008, the company's average net oil-equivalent production was 106,000 barrels per day, composed of 103,000 barrels of crude oil and 20 million cubic feet of natural gas. Steam injection for the second phase of a steamflood pilot project is anticipated to begin in mid-2009. This pilot is a unique application of steam injection into a carbonate reservoir and, if successful, could significantly increase heavy oil recovery.

Philippines: The company holds a 45 percent nonoperated working interest in the Malampaya natural-gas field located 50 miles (80 km) offshore Palawan Island. Net oil-equivalent production in 2008 averaged 26,000 barrels per day, composed of 128 million cubic feet of natural gas and 5,000 barrels of condensate. Chevron also develops and produces geothermal resources under an agreement with the National Power Corporation, a Philippine government-owned company. The combined generating capacity of the facilities is 637 megawatts.

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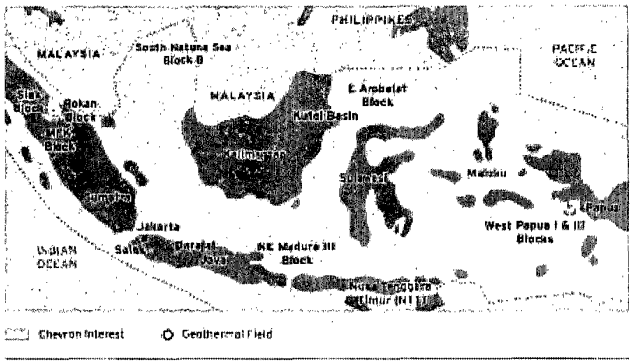
Source: CHEVRON CORP, 10-K, February 26, 2009

d) Indonesia



Chevron's operated interests in Indonesia are managed by several wholly owned subsidiaries, including PT. Chevron Pacific Indonesia (CPI). CPI holds operated interests of 100 percent in the Rokan and Siak PSCs. Other subsidiaries operate four PSCs in the Kutei Basin, located offshore East Kalimantan, and one PSC in the East Ambalat Block, located offshore northeast Kalimantan. These interests range from 80 percent to 100 percent. Chevron also has nonoperated working interests in a joint venture in Block B in the South Natuna Sea and in the NE Madura III Block in the East Java Sea Basin. Chevron's interests in these PSCs range from 25 percent to 40 percent.

The company's net oil-equivalent production in 2008 from all of its interests in Indonesia averaged 235,000 barrels per day. The daily oil-equivalent rate comprised 182,000 barrels of crude oil and 319 million cubic feet of natural gas. The largest producing field is Duri, located in the Rokan PSC. Duri has been under steamflood operation since 1985 and is one of the world's largest steamflood developments. The North Duri Development is located in the northern area of the Duri Field and is divided into multiple expansion areas. The Area 12 expansion area started production November 2008. Maximum total daily production from Area 12 is estimated at 34,000 barrels of crude oil in 2012. Proved undeveloped reserves for the North Duri development were recognized in previous years, and reclassification from proved undeveloped to proved developed is scheduled to occur during various stages of sequential completion. The Rokan PSC expires in 2021.

Chevron has plans to develop the Gendalo and Gehem deepwater natural-gas fields located in the Kutei Basin as a single project with one development concept. In October 2008, the company received approval from the government of Indonesia for the final development plans. The Bangka natural-gas project remained under evaluation in 2008 and, based on the evaluation results, may be developed in parallel with Gendalo and Gehem. The development timing is dependent on government approvals, market conditions and the achievement of key project milestones. At the end of 2008, the company had not recognized proved reserves for either of these projects. The company holds an 80 percent operated interest in both.

Also in the Kutei Basin, first production is expected in March 2009 at the Seturian Field, which is providing natural gas to a state-owned refinery. During 2008, the development concept for the 50 percent-owned and operated Sadewa project in the Kutei Basin remained under evaluation. A development decision for Sadewa is expected by year-end 2009.

A drilling campaign continued through 2008 in South Natuna Sea Block B to provide additional supply for long-term gas sales contracts. Additional development drilling in the North Belut Field began in November 2008, with first production expected in fourth quarter 2009. In November 2008, Chevron was awarded 100 percent interests in two exploration blocks in western Papua. Geological studies are planned for 2009 in preparation for 2-D seismic acquisition.

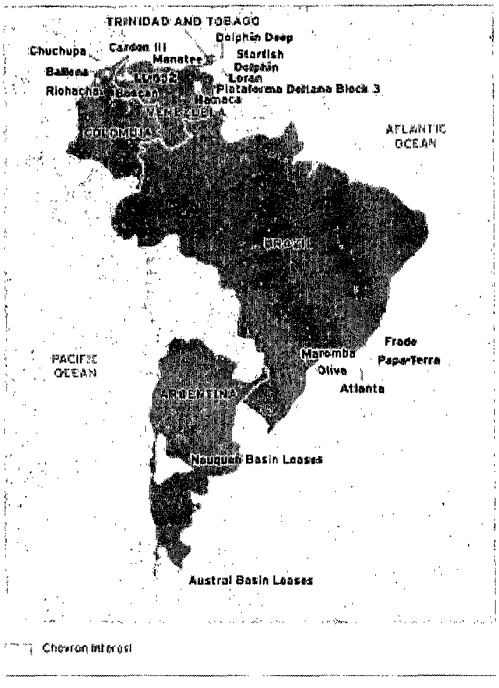
In West Java, Chevron operates the wholly owned Salak geothermal field with a total capacity of 377 megawatts. Also in West Java, Chevron holds a 95 percent interest in a power generation company that operates the Darajat geothermal contract area in Garut with a total capacity of 259 megawatts. Chevron also operates a 95 percent-owned 300-megawatt cogeneration facility in support of CPI's operation in North Duri, Sumatra.

CMI09-00353

Source: CHEVRON CORP, 10-K, February 26, 2009

e) Other International Areas

The "Other International" region is composed of Latin America, Canada and Europe.



Argentina: Chevron holds operated interests in several concessions and one exploratory block in the Neuquen and Austral basins. Working interests range from 19 percent to 100 percent. Net oil-equivalent production in 2008 averaged 44,000 barrels per day, composed of 37,000 barrels of crude oil and natural gas liquids and 45 million cubic feet of natural gas. The company also holds a 14 percent interest in the Oleoductos del Valle S.A. pipeline.

Brazil: Chevron holds working interests ranging from 30 percent to 52 percent in three deepwater blocks in the Campos Basin. Chevron also holds a 20 percent nonoperated working interest in one block in the Santos Basin. None of these blocks had production in 2008.

In Block BC-4, located in the Campos Basin, the company is the operator and has a 52 percent interest in the Frade Field, which is under development as a subsea production design. Proved undeveloped reserves were recorded for the first time in 2005. Partial reclassification to the proved-developed category is scheduled upon production start-up in 2009. Estimated maximum total production of 87,000 oil-equivalent barrels per day is anticipated in 2011. The concession that includes the Frade project expires in 2025.

In the partner-operated Campos Basin Block BC-20, two areas — 38 percent-owned Papa-Terra and 30 percent-owned Maromba — were retained for development following the end of the exploration phase of this block. Evaluation of design options continued into 2009. At the end of 2008, proved reserves had not been recognized for these projects.

In the Santos basin, evaluation of investment options continued into 2009 for the 20 percent-owned and partner-operated Atlanta and Oliva fields. At the end of 2008, proved reserves had not been recognized.

Colombia: The company operates the offshore Chuchupa and the onshore Ballena and Riohacha natural gas fields as part of the Guajira Association contract. In exchange, Chevron receives 43 percent of the production for the remaining life of each field and a variable production volume from a fixed-fee Build-Operate-Maintain-Transfer agreement based on prior Chuchupa capital contributions. Daily net production averaged 209 million cubic feet of natural gas in 2008.

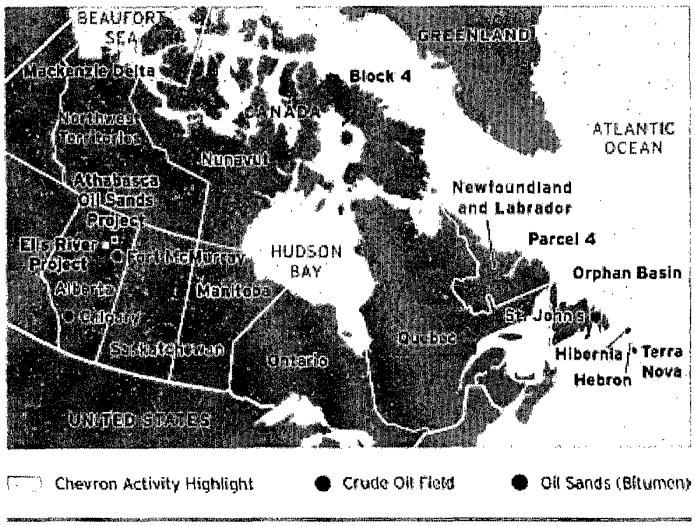
Trinidad and Tobago: Company interests include 50 percent ownership in four partner-operated blocks in the East Coast Marine Area offshore Trinidad, which includes the Dolphin and Dolphin Deep producing natural-gas fields and the Starfish discovery. Chevron also holds a 50 percent operated interest in the Manatee area of Block 6d. Net production in 2008 averaged 189 million cubic feet of natural gas per day. Incremental production associated with a new domestic sales agreement is scheduled to commence at Dolphin in third quarter 2009.

Venezuela: The company operates in two exploratory blocks offshore Plataforma Deltana, with working interests of 60 percent in Block 2 and 100 percent in Block 3. Chevron also holds a 100 percent operated interest in the Cardon III exploratory block, located north of Lake Maracaibo in the Gulf of Venezuela. Petróleos de Venezuela, S.A. (PDVSA), Venezuela's national crude-oil and natural-gas company, has the option to increase its ownership in each of the three company-operated blocks up to 35 percent upon declaration of commerciality.

A conceptual development plan has been completed for the Loran Field in Block 2. Loran is projected to provide the initial supply of natural gas for Delta Caribe LNG (DCLNG) Train 1, Venezuela's first LNG train. A DCLNG framework agreement was signed in September 2008, which provides Chevron with a 10 percent nonoperated interest in the first train and the associated offshore pipeline. An exploration well is planned in the Cardon III block in 2009. At the end of 2008, proved reserves had not been recognized in these exploratory blocks.

Chevron also holds interest in two affiliates located in western Venezuela and in one affiliate in the Orinoco Belt. Refer to page 23 for a discussion of affiliate operations in Venezuela.

Source: CHEVRON CORP, 10-K, February 26, 2009



Canada: Company activities in Canada include nonoperated working interests of 27 percent in the Hibernia and Hebron fields offshore eastern Canada and 20 percent in the Athabasca Oil Sands Project (AOSP), and operated interests of 60 percent in the Ells River "In Situ" Oil Sands Project. Excluding volumes mined at AOSP, average net oil-equivalent production during 2008 was 37,000 barrels per day, composed of 36,000 barrels of crude oil and natural gas liquids and 4 million cubic feet of natural gas. Substantially all of this production was from the Hibernia Field, where a development plan is being formulated for a proposed Hibernia South Extension. At AOSP, the company's share of mined bitumen (for upgrading into synthetic crude oil) averaged 27,000 barrels per day during 2008.

For Hebron, agreements were reached during 2008 with the provincial government of Newfoundland and Labrador that allow development activities to begin. As of the end of 2008, the company had not recognized proved reserves for this project.

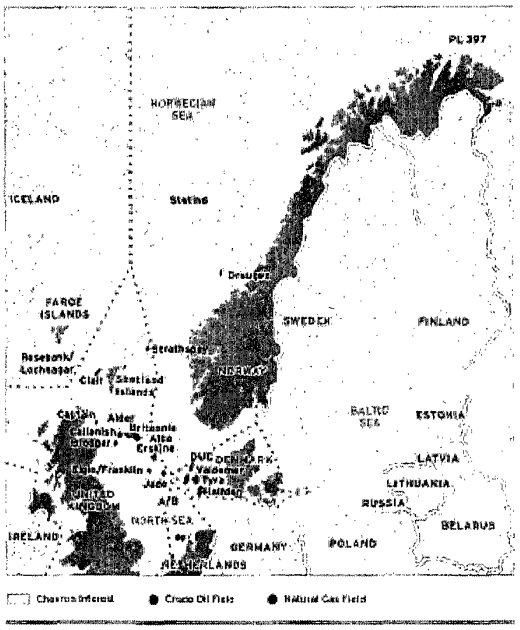
At AOSP, the first phase of an expansion project is under way that is designed to produce an additional 100,000 barrels per day of mined bitumen. The expansion would increase total AOSP design capacity to more than 255,000 barrels per day in late 2010. The projected cost of this expansion is $13.7 billion.

The Ells River project consists of heavy oil leases of more than 85,000 acres (344 sq km). The area contains significant volumes with potential for recovery by using Steam Assisted Gravity Drainage, an industry-proven technology that employs steam and horizontal drilling to extract the bitumen through wells rather than through mining operations. During 2008, the company completed an appraisal drilling program and a seismic survey. An additional seismic program started in late 2008 and is expected to be completed in March 2009. At the end of 2008, proved reserves had not been recognized.

The company also holds exploration leases in the Mackenzie Delta and Beaufort Sea region, including a 33 percent nonoperated working interest in the offshore Amauligak discovery. Three exploration wells were drilled on company leases in the Mackenzie Delta region in 2008. Drilling on three additional wells in the Mackenzie Delta is expected to be completed in second quarter 2009 and assessment of development concept alternatives for Amauligak continued. The company holds additional exploration acreage in eastern Labrador and the Orphan Basin. At the end of 2008, proved reserves had not been recognized for any of these areas.

Greenland: Chevron has a 29 percent nonoperated working interest in an exploration license in Block 4 offshore West Greenland in the Baffin Basin. A 2-D seismic survey was completed in 2008, and interpretation of the data is expected to occur in 2009.

Source: CHEVRON CORP, 10-K, February 26, 2009



Denmark: Chevron has a 15 percent working interest in the partner-operated Danish Underground Consortium (DUC), which produces crude oil and natural gas from 15 fields in the Danish North Sea. Net oil-equivalent production in 2008 from DUC averaged 61,000 barrels per day, composed of 37,000 barrels of crude oil and 142 million cubic feet of natural gas.

Faroe Islands: Chevron operates and holds a 40 percent interest in five offshore exploratory blocks. During 2008, the company acquired additional 2-D seismic data for an area located near the Rosebank/Lochnagar discovery offshore the United Kingdom. Engineering and geological evaluation of the seismic data continued into early 2009. As of the end of 2008, proved reserves had not been recognized.

Netherlands: Chevron is the operator and holds interests ranging from 34 percent to 80 percent in nine blocks in the Dutch sector of the North Sea. In 2008, the company's net oil-equivalent production from the five producing blocks was 9,000 barrels per day, composed of 2,000 barrels of crude oil and 40 million cubic feet of natural gas.

Norway: The company holds an 8 percent interest in the partner-operated Draugen Field. The company's net production averaged 6,000 barrels of oil-equivalent per day during 2008. In the 40 percent-owned and partner-operated PL397 area in the Barents Sea, additional 3-D seismic information was obtained in 2008, with evaluation of the data continuing into 2009.

United Kingdom: The company's average net oil-equivalent production in 2008 from 11 offshore fields was 106,000 barrels per day, composed of 71,000 barrels of crude oil and natural gas liquids and 208 million cubic feet of natural gas. Most of the production was from the 85 percent-owned and operated Captain Field and the 32 percent-owned and jointly operated Britannia Field.

Two partner-operated satellite fields of Britannia commenced production in 2008 — the 17 percent-owned Callanish Field in the second quarter and the 25 percent-owned Brodgar Field in the third quarter.

At the 40 percent-owned and operated Rosebank/Lochnagar area northwest of the Shetland Islands, an exploration well in an adjacent structure is expected to be completed in second-quarter 2009 and an appraisal well is planned for later in the year. Evaluation of development alternatives continued during 2008 for the 19 percent-owned and partner-operated Clair Phase 2 and 10 percent-owned and partner-operated Laggan/Tormore projects. As of the end of 2008, proved reserves had not been recognized for any of these three exploration areas.

Equity Affiliate Operations

Angola: In addition to the exploration and producing activities in Angola, Chevron has a 36 percent ownership interest in the Angola LNG affiliate that began construction in early 2008 of an onshore natural gas liquefaction plant located in the northern part of the country. The plant is designed to process more than 1 billion cubic feet of natural gas per day. Plant start-up is scheduled for 2012. Chevron made an initial booking of proved undeveloped natural-gas reserves in 2007 for the producing operations associated with this LNG project. The life of the LNG plant is estimated to be in excess of 20 years.

CMI09-00357

Source: CHEVRON CORP, 10-K, February 26, 2009

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Kazakhstan: The company holds a 50 percent interest in Tengizchevroil (TCO), which operates and is developing the Tengiz and Korolev crude-oil fields, located in western Kazakhstan, under a 40-year concession that expires in 2033. Chevron's net oil-equivalent production in 2008 from these fields averaged 201,000 barrels per day, composed of 168,000 barrels of crude oil and natural gas liquids and 195 million cubic feet of natural gas.

In 2008, TCO completed a significant expansion composed of two integrated projects referred to as Second Generation Plant (SGP) and Sour Gas Injection (SGI). Total cost of the project was $7.4 billion. The projects increased TCO's daily production capacity to 540,000 barrels of crude oil, 760 million cubic feet of natural gas and 46,000 barrels of natural gas liquids. The SGI facility injects approximately one-third of the sour gas separated from the crude oil back into the reservoir. The injected gas maintains higher reservoir pressure and displaces oil towards producing wells. The company recognized additional proved reserves associated with SGI in 2008. TCO is evaluating options for another expansion project based on SGI/SGP technologies.

During 2008, the majority of TCO's production was exported through the Caspian Pipeline Consortium (CPC) pipeline that runs from Tengiz in Kazakhstan to tanker-loading facilities at Novorossiysk on the Russian coast of the Black Sea. The majority of the incremental production from SGI/SGP was moved by rail to Black Sea ports. Other export routes included shipment via tanker to Baku for transport by the BTC pipeline to Ceyhan or by rail to Black Sea ports. (Refer to "Pipelines" under "Transportation Operations" beginning on page 26 for a discussion of CPC operations.)

Nigeria: Chevron holds a 19 percent interest in the OKLNG Free Zone Enterprise (OKLNG) affiliate, which will operate the Olokola LNG project. OKLNG plans to build a multitrain natural gas liquefaction facility and marine terminal located northwest of Escravos. The project is expected to be implemented in phases, starting with two 6.3 million-ton-per-year trains. Approximately 50 percent of the gas supplied to the plant is expected to be provided from the producing areas associated with Chevron's joint-venture arrangement with Nigerian National Petroleum Corporation. At the end of 2008, a final investment decision had not been reached, and the company had not recognized proved reserves associated with this project.

Venezuela: Chevron has a 30 percent interest in the Petropiar affiliate that operates the Hamaca heavy-oil production and upgrading project located in Venezuela's Orinoco Belt, a 39 percent interest in the Petroboscan affiliate that operates the Boscan Field in the western part of the country, and a 25 percent interest in the Petroindependiente affiliate that operates the LL-652 Field in Lake Maracaibo. The company's share of average net oil-equivalent production during 2008 from these operations was 66,000 barrels per day, composed of 62,000 barrels of crude oil and natural gas liquids and 27 million cubic feet of natural gas.

Sales of Natural Gas and Natural Gas Liquids

The company sells natural gas and natural gas liquids from its producing operations under a variety of contractual arrangements. Outside the United States, substantially all of the natural gas sales are from the company's producing interests in Australia, Bangladesh, Kazakhstan, Indonesia, Latin America, the Philippines, Thailand and the United Kingdom. The company also makes third-party purchases and sales of natural gas in connection with its trading activities. Substantially all of the sales of natural gas liquids are from company operations in Africa, Australia and Indonesia.

Refer to "Selected Operating Data," on page FS-10 in Management's Discussion and Analysis of Financial Condition and Results of Operations, for further information on the company's sales volumes of natural gas and natural gas liquids. Refer also to "Delivery Commitments" on page 8 for information related to the company's delivery commitments for the sale of crude oil and natural gas.

CMI09-00358

Source: CHEVRON CORP, 10-K, February 26, 2009

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Downstream — Refining, Marketing and Transportation

Refining Operations

At the end of 2008, the company had a refining network capable of processing 2.1 million barrels of crude oil per day. Daily refinery inputs for 2006 through 2008 for the company and affiliate refineries were as follows:

Petroleum Refineries: Locations, Capacities and Inputs
(Crude-unit capacities and crude-oil inputs in thousands of barrels per day; includes equity share in affiliates)

Locations		December 31, 2008 Number	December 31, 2008 Operable Capacity	Refinery Inputs 2008	Refinery Inputs 2007	Refinery Inputs 2006
Pascagoula	Mississippi	1	330	299	285	337
El Segundo	California	1	265	263	222	258
Richmond	California	1	243	237	192	224
Kapolei	Hawaii	1	54	46	51	50
Salt Lake City	Utah	1	45	38	42	39
Other[1]		1	80	8	20	31
Total Consolidated Companies — United States		6	1,017	891	812	939
Pembroke	United Kingdom	1	210	203	212	165
Cape Town[2]	South Africa	1	110	75	72	71
Burnaby, B.C.	Canada	1	55	36	49	49
Total Consolidated Companies — International		3	375	314	333	285
Affiliates[3]	Various Locations	9	747	653	688	765
Total Including Affiliates — International		12	1,122	967	1,021	1,050
Total Including Affiliates — Worldwide		18	2,139	1,858	1,833	1,989

1 Asphalt plant in Perth Amboy, New Jersey. Plant was idled during 2008.
2 Chevron holds 100 percent of the common stock issued by Chevron South Africa (Pty) Limited, which owns the Cape Town Refinery. A consortium of South African partners owns preferred shares ultimately convertible to a 25 percent equity interest in Chevron South Africa (Pty) Limited. None of the preferred shares had been converted as of February 2009.
3 Chevron sold its 31 percent interest in the Nerefco Refinery in the Netherlands in March 2007. During 2008, the company sold its 4 percent ownership interest in a refinery in Abidjan, Côte d'Ivoire, and its 8 percent ownership interest in a refinery in Cameroon, decreasing the company's combined share of operable capacity by about 5,000 barrels per day.

Average crude oil distillation capacity utilization during 2008 was 87 percent, compared with 85 percent in 2007. This increase generally resulted from an improvement in utilization at the refineries in Richmond and El Segundo, California. At the U.S. fuel refineries, crude oil distillation capacity utilization averaged 95 percent in 2008, compared with 85 percent in 2007, and cracking and coking capacity utilization averaged 86 percent and 78 percent in 2008 and 2007, respectively. Cracking and coking units are the primary facilities used in fuel refineries to convert heavier feedstocks into gasoline and other light products.

The company's refineries in the United States, the United Kingdom, Canada, South Africa and Australia produce low-sulfur fuels. GS Caltex, the company's 50 percent-owned affiliate, completed construction in 2008 on projects to produce low-sulfur fuels at the 700,000 barrel-per-day Yeosu refining complex in South Korea. Other projects completed during the year at Yeosu included a new hydrocracker complex and distillation unit that increases high-value product yield and lowers feedstock costs. In 2009, construction continues at the Yeosu complex on projects designed to further improve processing of higher-sulfur crude oils and reduce fuel-oil production. At the company's 50 percent-owned Singapore Refining Company, construction continued during 2008 and into early 2009 to enable the refinery to meet regional specifications for clean diesel fuels.

At the Pascagoula refinery, various projects were completed during 2008 that enhanced the ability to process heavier, higher-sulfur crudes, resulting in lower crude-acquisition costs. In addition, construction progressed on a continuous catalytic reformer that is expected to improve refinery reliability and increase daily gasoline production at the refinery by 10 percent, or 600,000 gallons per day, by mid-2010. At the Richmond and El Segundo refineries, construction continued and design and engineering work advanced during 2008 to further increase the ability to process high-sulfur crude oils and improve high-value product yields.

Source: CHEVRON CORP, 10-K, February 26, 2009

CMI09-00359

Source: CHEVRON CORP, 10-K, February 26, 2009

In August 2008, Chevron submitted an environmental permit application to the Mississippi Department of Environmental Quality for the construction of a premium base oil facility at the company's Pascagoula Refinery. The facility is expected to have daily production of approximately 25,000 barrels of premium base oil for use in manufacturing high-performance lubricants, such as motor oils for consumer and commercial uses.

Chevron holds a 5 percent interest in Reliance Petroleum Limited, a company formed by Reliance Industries Limited to construct a new refinery in Jamnagar, India. Chevron has rights to increase its equity ownership to 29 percent or to sell back its investment to Reliance Industries Limited. These rights expire the later of July 27, 2009, or three months after the plant is fully commissioned.

Chevron processes imported and domestic crude oil in its U.S. refining operations. Imported crude oil accounted for about 88 percent and 87 percent of Chevron's U.S. refinery inputs in 2008 and 2007, respectively.

Gas-to-Liquids

In Nigeria, Chevron and the Nigerian National Petroleum Corporation are developing a 34,000 barrel-per-day gas-to-liquids facility at Escravos designed to process natural gas supplied from the Phase 3A expansion of the Escravos Gas Plant (EGP). At the end of 2008, engineering was essentially complete and facility construction was under way. Chevron has a 75 percent interest in the plant, which is expected to be operational by 2012. The estimated cost of the plant is $5.9 billion. Refer also to page 14 for a discussion on the EGP Phase 3A expansion.

Marketing Operations

The company markets petroleum products under the principal brands of "Chevron," "Texaco" and "Caltex" throughout much of the world. The table below identifies the company's and affiliates' refined products sales volumes, excluding intercompany sales, for the three years ending December 31, 2008.

Refined Products Sales Volumes [1]
(Thousands of Barrels per Day)

	2008	2007	2006
United States			
Gasolines	**692**	728	712
Jet Fuel	**274**	271	280
Gas Oils and Kerosene	**229**	221	252
Residual Fuel Oil	**127**	138	128
Other Petroleum Products[2]	**91**	99	122
Total United States	**1,413**	1,457	1,494
International[3]			
Gasolines	**589**	581	595
Jet Fuel	**278**	274	266
Gas Oils and Kerosene	**710**	730	776
Residual Fuel Oil	**257**	271	324
Other Petroleum Products[2]	**182**	171	166
Total International	**2,016**	2,027	2,127
Total Worldwide[3]	**3,429**	3,484	3,621
1 Includes buy/sell arrangements. Refer to Note 14 on page FS-43.	—	—	50
2 Principally naphtha, lubricants, asphalt and coke.			
3 Includes share of equity affiliates' sales:	512	492	492

In the United States, the company markets under the Chevron and Texaco brands. The company supplies directly or through retailers and marketers approximately 9,700 Chevron- and Texaco-branded motor vehicle retail outlets, primarily in the mid-Atlantic, southern and western states. Approximately 500 of these outlets are company-owned or -leased stations.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Outside the United States, Chevron supplies directly or through retailers and marketers approximately 15,300 branded service stations, including affiliates. In British Columbia, Canada, the company markets under the Chevron brand. The company markets in the United Kingdom, Ireland, Latin America and the Caribbean using the Texaco brand. In the Asia-Pacific region, southern Africa, Egypt and Pakistan, the company uses the Caltex brand.

The company also operates through affiliates under various brand names. In South Korea, the company operates through its 50 percent-owned affiliate, GS Caltex, using the GS Caltex brand. The company's 50 percent-owned affiliate in Australia, Caltex Australia Limited, operates using the Caltex and Ampol brands.

In 2008, the company announced agreements to sell marketing-related businesses in Brazil, Nigeria, Kenya, Uganda, Benin, Cameroon, Republic of the Congo, Côte d'Ivoire and Togo. The company will retain its lubricants business in Brazil. The company also completed the sale of its heating-oil business in the United Kingdom. In addition, the company sold its interest in about 350 individual service-station sites. The majority of these sites will continue to market company-branded gasoline through new supply agreements.

The company also manages other marketing businesses globally. Chevron markets aviation fuel at more than 1,000 airports. The company also markets an extensive line of lubricant and coolant products under brand names that include Havoline, Delo, Ursa, Meropa and Taro.

Transportation Operations

Pipelines: Chevron owns and operates an extensive system of crude oil, refined products, chemicals, natural gas liquids and natural gas pipelines in the United States. The company also has direct or indirect interests in other U.S. and international pipelines. The company's ownership interests in pipelines are summarized in the following table.

Pipeline Mileage at December 31, 2008

	Net Mileage[1]
United States:	
Crude Oil[2]	2,886
Natural Gas	2,263
Petroleum Products[3]	6,030
Total United States	**11,179**
International:	
Crude Oil[2]	700
Natural Gas	576
Petroleum Products[3]	433
Total International	1,709
Worldwide	**12,888**

1 Partially owned pipelines are included at the company's equity percentage.
2 Includes gathering lines related to the transportation function. Excludes gathering lines related to U.S. and international production activities.
3 Includes refined products, chemicals and natural gas liquids.

During 2008, the company completed the construction of a natural gas gathering pipeline serving the Piceance Basin in northwest Colorado; participated in the successful installation of the Amberjack-Tahiti lateral pipeline on the seafloor of the U.S. Gulf of Mexico; and led the expansion of the West Texas LPG pipeline system. Chevron also continued with a project during 2008 to expand capacity by about 2 billion cubic feet at the Keystone natural-gas storage facility. The project is expected to be completed in late 2009.

Chevron has a 15 percent interest in the Caspian Pipeline Consortium (CPC) affiliate. CPC operates a crude oil export pipeline from the Tengiz Field in Kazakhstan to the Russian Black Sea port of Novorossiysk. During 2008, CPC transported an average of approximately 675,000 barrels of crude oil per day, including 557,000 barrels per day from Kazakhstan and 118,000 barrels per day from Russia. In late 2008, the CPC partners signed a Memorandum of Understanding to expand the design capacity to 1.4 million barrels per day. A final investment decision is expected after commercial terms have been agreed upon and required government approvals have been received.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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The company has a 9 percent interest in the Baku-Tbilisi-Ceyhan (BTC) affiliate that owns and operates a pipeline that transports primarily the crude oil produced by Azerbaijan International Operating Company (AIOC) (owned 10 percent by Chevron) from Baku, Azerbaijan, through Georgia to deepwater port facilities in Ceyhan, Turkey. The BTC pipeline has a crude-oil capacity of 1.2 million barrels per day and transports the majority of the AIOC production. Another production export route for crude oil is the Western Route Export Pipeline, wholly owned by AIOC, with capacity to transport 145,000 barrels per day from Baku, Azerbaijan, to the marine terminal at Supsa, Georgia.

Chevron is the largest shareholder, with a 37 percent interest, in the West African Gas Pipeline Company Limited affiliate, which constructed, owns and operates the 421-mile (678-km) West African Gas Pipeline. The pipeline is designed to supply Nigerian natural gas to customers in Benin, Ghana and Togo for industrial applications and power generation and is expected to have capacity of 170 million cubic feet of natural gas per day by 2010. First gas was shipped in December 2008.

Tankers: All tankers in Chevron's controlled seagoing fleet were utilized during 2008. In addition, at any given time during 2008 the company had approximately 40 deep-sea vessels chartered on a voyage basis, or for a period of less than one year. Additionally, the following table summarizes the capacity of the company's controlled fleet.

Controlled Tankers at December 31, 2008

	U.S. Flag		Foreign Flag	
	Number	Cargo Capacity (Millions of Barrels)	Number	Cargo Capacity (Millions of Barrels)
Owned	3	0.8	1	1.1
Bareboat Chartered	2	0.7	18	27.1
Time Chartered*	—	—	17	14.6
Total	**5**	**1.5**	**36**	**42.8**

* One year or more.

Federal law requires that cargo transported between U.S. ports be carried in ships built and registered in the United States, owned and operated by U.S. entities, and manned by U.S. crews. In 2008, the company's U.S. flag fleet was engaged primarily in transporting refined products between the Gulf Coast and the East Coast and from California refineries to terminals on the West Coast and in Alaska and Hawaii. One U.S.-flagged product tanker, capable of carrying 300,000 barrels of cargo, was delivered in 2008 and two additional U.S.-flagged product tankers are scheduled for delivery in 2010.

The foreign-flagged vessels were engaged primarily in transporting crude oil from the Middle East, Asia, the Black Sea, Mexico and West Africa to ports in the United States, Europe, Australia and Asia. Refined products were also transported by tanker worldwide.

In addition to the vessels described above, the company owns a one-sixth interest in each of seven LNG tankers transporting cargoes for the North West Shelf (NWS) Venture in Australia. The NWS project also has two LNG tankers under long-term time charter. In 2008, the company sold its two LNG shipbuilding contracts with Samsung Heavy Industries, but retained the option to purchase two new LNG vessels.

The Federal Oil Pollution Act of 1990 requires the phase-out by year-end 2010 of all single-hull tankers trading to U.S. ports or transferring cargo in waters within the U.S. Exclusive Economic Zone. As of the end of 2008, the company's owned and bareboat-chartered fleet was completely double-hulled. The company is a member of many oil-spill-response cooperatives in areas in which it operates around the world.

Chemicals

Chevron Phillips Chemical Company LLC (CPChem) is equally owned with ConocoPhillips Corporation. At the end of 2008, CPChem owned or had joint venture interests in 35 manufacturing facilities and five research and technical centers in Belgium, Brazil, China, Colombia, Qatar, Saudi Arabia, Singapore, South Korea and the United States.

Americas Styrenics LLC, a 50-50 joint venture between CPChem and Dow Chemical Company, began commercial operations in 2008. This joint venture combined CPChem's U.S. styrene and polystyrene operations with Dow's U.S. and Latin America polystyrene operations. Also, construction continued on the new 22 million-pound-per-year Ryton® polyphenylene-sulfide (PPS) manufacturing facility at Borger, Texas. Completion of this plant is expected in second quarter 2009.

CMI09-00363

Source: CHEVRON CORP, 10-K, February 26, 2009

009194

Outside the United States, CPChem's 50 percent-owned Jubail Chevron Phillips Company began commercial production at its world-scale styrene facility at Al Jubail, Saudi Arabia. The styrene facility is located adjacent to an existing aromatics complex in Al Jubail that is jointly owned by CPChem and the Saudi Industrial Investment Group. Also during 2008, construction commenced by Saudi Polymers Company, a joint venture company formed to build a third petrochemical project in Al Jubail. Project completion is expected in 2011.

CPChem continued construction during 2008 on the 49 percent-owned Q-Chem II project in Mesaieed, Qatar. The project includes a 350,000-metric-ton-per-year polyethylene plant and a 345,000-metric-ton-per-year normal alpha olefins plant — each utilizing CPChem proprietary technology — and is located adjacent to the existing Q-Chem I complex. Q-Chem II also includes a separate joint venture to develop a 1.3 million-metric-ton-per-year ethylene cracker at Qatar's Ras Laffan Industrial City, in which Q-Chem II owns 54 percent of the capacity rights. Start-up is anticipated in late 2009.

Chevron's Oronite brand lubricant and fuel additives business is a leading developer, manufacturer and marketer of performance additives for lubricating oils and fuels. The company owns and operates facilities in Brazil, France, Japan, the Netherlands, Singapore and the United States and has equity interests in facilities in India and Mexico. Oronite provides additives for lubricating oil in most engine applications, such as passenger car, heavy-duty diesel, marine, locomotive and motorcycle engines, and additives for fuels to improve engine performance and extend engine life. Oronite completed construction and started up the hydrofluoric acid replacement alkylation units in Gonfreville, France, during 2008. Commercial production commenced in January 2009. Also during 2008, the Gonfreville facility began full commercial production of new sulfur-free detergent components for marine engine applications and low-sulfur components for automotive engine oil applications.

Other Businesses

Mining

Chevron's U.S.-based mining company produces and markets coal and molybdenum. Sales occur in both U.S. and international markets.

The company owns and operates two surface coal mines, McKinley, in New Mexico, and Kemmerer, in Wyoming, and one underground coal mine, North River, in Alabama. The company also owns a 50 percent interest in Youngs Creek Mining Company LLC, a joint venture to develop a coal mine in northern Wyoming. Coal sales from wholly owned mines were 11 million tons, down about 1 million tons from 2007.

At year-end 2008, Chevron controlled approximately 200 million tons of proven and probable coal reserves in the United States, including reserves of environmentally desirable low-sulfur coal. The company is contractually committed to deliver between 8 million and 11 million tons of coal per year through the end of 2010 and believes it will satisfy these contracts from existing coal reserves.

In addition to the coal operations, Chevron owns and operates the Questa molybdenum mine in New Mexico. At year-end 2008, Chevron controlled approximately 53 million pounds of proven molybdenum reserves at Questa.

In 2008, the company sold the petroleum coke calciner assets of Chicago Carbon Company, a wholly owned subsidiary in Illinois. The company also sold its lanthanides processing facilities and rare-earth mineral mine in Mountain Pass, California, and its 33 percent interest in Sumikin Molycorp, a manufacturer and marketer of neodymium compounds in Japan. In early 2009, the company was actively marketing its coal reserves at the North River Mine and elsewhere in Alabama for sale.

Power Generation

Chevron's power generation business develops and operates commercial power projects and has interests in 13 power assets through joint ventures in the United States and Asia. The company manages the production of more than 2,300 megawatts of electricity at 11 facilities it owns through joint ventures. The company operates gas-fired cogeneration facilities that use waste heat recovery to produce additional electricity or to support industrial thermal hosts. A number of the facilities produce steam for use in upstream operations to facilitate production of heavy oil.

The company has major geothermal operations in Indonesia and the Philippines and is investigating several advanced solar technologies for use in oil field operations as part of its renewable energy strategy. For additional information on the company's geothermal operations and renewable energy projects, refer to page 19 and "Research and Technology", on page 29.

CMI09-00364

Source: CHEVRON CORP, 10-K, February 26, 2009

009195

Chevron Energy Solutions

Chevron Energy Solutions (CES) is a wholly owned subsidiary that provides public institutions and businesses with sustainable energy projects designed to increase energy efficiency and reliability, reduce energy costs, and utilize renewable and alternative-power technologies. Since 2000, CES has developed hundreds of projects that will help government, education and other customers reduce their energy costs and carbon footprint. Major projects completed by CES in 2008 included several large solar panel installations in California.

Research and Technology

The company's energy technology organization supports Chevron's upstream and downstream businesses by providing technology, services and competency development in earth sciences; reservoir and production engineering; drilling and completions; facilities engineering; manufacturing; process technology; catalysis; technical computing; and health, environment and safety. The information technology organization integrates computing, telecommunications, data management, security and network technology to provide a standardized digital infrastructure and enable Chevron's global operations and business processes.

Chevron Technology Ventures (CTV) manages investments and projects in emerging energy technologies and their integration into Chevron's core businesses. As of the end of 2008, CTV was investigating technologies such as next-generation biofuels, advanced solar power and enhanced geothermal.

Chevron's research and development expenses were $835 million, $562 million and $468 million for the years 2008, 2007 and 2006, respectively.

Some of the investments the company makes in the areas described above are in new or unproven technologies and business processes, and ultimate successes are not certain. Although not all initiatives may prove to be economically viable, the company's overall investment in this area is not significant to the company's consolidated financial position.

Environmental Protection

Virtually all aspects of the company's businesses are subject to various U.S. federal, state and local environmental, health and safety laws and regulations and to similar laws and regulations in other countries. These regulatory requirements continue to change and increase in both number and complexity and to govern not only the manner in which the company conducts its operations, but also the products it sells. Chevron expects more environment-related regulations in the countries where it has operations. Most of the costs of complying with the many laws and regulations pertaining to its operations are embedded in the normal costs of conducting business.

In 2008, the company's U.S. capitalized environmental expenditures were approximately $780 million, representing approximately 9 percent of the company's total consolidated U.S. capital and exploratory expenditures. These environmental expenditures include capital outlays to retrofit existing facilities as well as those associated with new facilities. The expenditures relate mostly to air- and water-quality projects and activities at the company's refineries, oil and gas producing facilities, and marketing facilities. For 2009, the company estimates U.S. capital expenditures for environmental control facilities will be approximately $1 billion. The future annual capital costs are uncertain and will be governed by several factors, including future changes to regulatory requirements.

Refer to Management's Discussion and Analysis of Financial Condition and Results of Operations on pages FS-16 through FS-18 for additional information on environmental matters and their impact on Chevron and on the company's 2008 environmental expenditures, remediation provisions and year-end environmental reserves.

Web Site Access to SEC Reports

The company's Internet Web site is atwww.chevron.com. Information contained on the company's Internet Web site is not part of this Annual Report on Form 10-K. The company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available on the company's Web site soon after such reports are filed with or furnished to the Securities and Exchange Commission (SEC). The reports are also available at the SEC's Web site atwww.sec.gov.

CMI09-00365

Source: CHEVRON CORP, 10-K, February 26, 2009

009196

Item 1A. Risk Factors

Chevron is a major fully integrated petroleum company with a diversified business portfolio, a strong balance sheet, and a history of generating sufficient cash to fund capital and exploratory expenditures and to pay dividends. Nevertheless, some inherent risks could materially impact the company's financial results of operations or financial condition.

Chevron is exposed to the effects of changing commodity prices.

Chevron is primarily in a commodities business with a history of price volatility. The single largest variable that affects the company's results of operations is the price of crude oil, which can be influenced by general economic conditions and geopolitical risk.

During extended periods of historically low prices for crude oil, the company's upstream earnings and capital and exploratory expenditure programs will be negatively affected. Upstream assets may also become impaired. The impact on downstream earnings is dependent upon the supply and demand for refined products and the associated margins on refined-product sales.

The scope of Chevron's business will decline if the company does not successfully develop resources.

The company is in an extractive business; therefore, if Chevron is not successful in replacing the crude oil and natural gas it produces with good prospects for future production, the company's business will decline. Creating and maintaining an inventory of projects depends on many factors, including obtaining and renewing rights to explore, develop and produce hydrocarbons; drilling success; ability to bring long-lead-time, capital-intensive projects to completion on budget and schedule; and efficient and profitable operation of mature properties.

The company's operations could be disrupted by natural or human factors.

Chevron operates in both urban areas and remote and sometimes inhospitable regions. The company's operations and facilities are therefore subject to disruption from either natural or human causes, including hurricanes, floods and other forms of severe weather, war, civil unrest and other political events, fires, earthquakes, and explosions, any of which could result in suspension of operations or harm to people or the natural environment.

Chevron's business subjects the company to liability risks.

The company produces, transports, refines and markets materials with potential toxicity, and it purchases, handles and disposes of other potentially toxic materials in the course of the company's business. Chevron operations also produce byproducts, which may be considered pollutants. Any of these activities could result in liability, either as a result of an accidental, unlawful discharge or as a result of new conclusions on the effects of the company's operations on human health or the environment.

Political instability could harm Chevron's business.

The company's operations, particularly exploration and production, can be affected by changing economic, regulatory and political environments in the various countries in which it operates. As has occurred in the past, actions could be taken by governments to increase public ownership of the company's partially or wholly owned businesses and/or to impose additional taxes or royalties.

In certain locations, governments have imposed restrictions, controls and taxes, and in others, political conditions have existed that may threaten the safety of employees and the company's continued presence in those countries. Internal unrest, acts of violence or strained relations between a government and the company or other governments may affect the company's operations. Those developments have, at times, significantly affected the company's related operations and results and are carefully considered by management when evaluating the level of current and future activity in such countries. At December 31, 2008, 29 percent of the company's net proved reserves were located in Kazakhstan. The company also has significant interests in Organization of Petroleum Exporting Countries (OPEC)-member countries including Angola, Nigeria and Venezuela and in the Partitioned Neutral Zone between Saudi Arabia and Kuwait. Twenty-three percent of the company's net proved reserves, including affiliates, were located in OPEC countries at December 31, 2008 (excluding reserves in Indonesia, which relinquished its OPEC membership at the end of 2008).

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Regulation of greenhouse gas emissions could increase Chevron's operational costs and reduce demand for Chevron's products.

Management expects continued political attention to issues concerning climate change, and the role of human activity in it and potential remediation or mitigation through regulation that could materially affect the company's operations.

International agreements and national or regional legislation and regulatory measures to limit greenhouse emissions are currently in various phases of discussion or implementation. The Kyoto Protocol, California's Global Warming Solutions Act and Australia's proposed Carbon Pollution Reduction Scheme, along with other actual or pending federal, state and provincial regulations, envision a reduction of greenhouse gas emissions through market-based trading schemes. The company is currently complying with greenhouse gas emissions limits within the European Union.

As a result of these and other environmental regulations, the company expects to incur substantial capital, compliance, operating, maintenance and remediation costs. The level of expenditure required to comply with these laws and regulations is uncertain and may vary by jurisdiction depending on the laws enacted in each jurisdiction and the company's activities in it. The company's production and processing operations (e.g., the production of crude oil at offshore platforms and the processing of natural gas at liquefied natural gas facilities) typically result in emission of greenhouse gases. Likewise, emissions arise from power and downstream operations, including crude oil transportation and refining. Finally, although beyond the control of the company, the use of passenger vehicle fuels and related products by consumers also results in greenhouse gas emissions that may be regulated.

The company's financial performance will depend on a number of factors, including, among others, the greenhouse gas emissions reductions required by law, the price and availability of emission allowances and credits, the extent to which Chevron would be entitled to receive emission allowances or need to purchase them in the open market or through auctions and the impact of legislation on the company's ability to recover the costs incurred through the pricing of the company's products. Material cost increases or incentives to conserve or use alternative energy sources could reduce demand for products the company currently sells. To the extent these costs are not ultimately reflected in the price of the company's products, the company's operating results will be adversely affected.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The location and character of the company's crude oil, natural gas and mining properties and its refining, marketing, transportation and chemicals facilities are described on page 3 under Item 1. Business. Information required by the Securities Exchange Act Industry Guide No. 2 ("Disclosure of Oil and Gas Operations") is also contained in Item 1 and in Tables I through VII on pages FS-62 to FS-74. Note 13, "Properties, Plant and Equipment," to the company's financial statements is on page FS-43.

Item 3. Legal Proceedings

Ecuador Chevron is a defendant in a civil lawsuit before the Superior Court of Nueva Loja in Lago Agrio, Ecuador, brought in May 2003 by plaintiffs who claim to be representatives of certain residents of an area where an oil production consortium formerly had operations. The lawsuit alleges damage to the environment from the oil exploration and production operations, and seeks unspecified damages to fund environmental remediation and restoration of the alleged environmental harm, plus a health monitoring program. Until 1992, Texaco Petroleum Company (Texpet), a subsidiary of Texaco Inc., was a minority member of this consortium with Petroecuador, the Ecuadorian state-owned oil company, as the majority partner; since 1990, the operations have been conducted solely by Petroecuador. At the conclusion of the consortium and following an independent third-party environmental audit of the concession area, Texpet entered into a formal agreement with the Republic of Ecuador and Petroecuador for Texpet to remediate specific sites assigned by the government in proportion to Texpet's ownership share of the consortium. Pursuant to that agreement, Texpet conducted a three-year remediation program at a cost of $40 million. After certifying that the sites were properly remediated, the government granted Texpet and all related corporate entities a full release from any and all environmental liability arising from the consortium operations.

Based on the history described above, Chevron believes that this lawsuit lacks legal or factual merit. As to matters of law, the company believes first, that the court lacks jurisdiction over Chevron; second, that the law under which plaintiffs bring the action, enacted in 1999, cannot be applied retroactively to Chevron; third, that the claims are barred by the

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Source: CHEVRON CORP, 10-K, February 26, 2009

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statute of limitations in Ecuador; and, fourth, that the lawsuit is also barred by the releases from liability previously given to Texpet by the Republic of Ecuador and Petroecuador. With regard to the facts, the company believes that the evidence confirms that Texpet's remediation was properly conducted and that the remaining environmental damage reflects Petroecuador's failure to timely fulfill its legal obligations and Petroecuador's further conduct since assuming full control over the operations.

In April 2008, a mining engineer appointed by the court to identify and determine the cause of environmental damage, and to specify steps needed to remediate it, issued a report recommending that the court assess $8 billion, which would, according to the engineer, provide financial compensation for purported damages, including wrongful death claims, and pay for, among other items, environmental remediation, health care systems, and additional infrastructure for Petroecuador. The engineer's report also asserted that an additional $8.3 billion could be assessed against Chevron for unjust enrichment. The engineer's report is not binding on the court. Chevron also believes that the engineer's work was performed and his report prepared in a manner contrary to law and in violation of the court's orders. Chevron submitted a rebuttal to the report in which it asked the court to strike the report in its entirety. In November 2008, the engineer revised the report and, without additional evidence, recommended an increase in the financial compensation for purported damages to a total of $18.9 billion and an increase in the assessment for purported unjust enrichment to a total of $8.4 billion. Chevron submitted a rebuttal to the revised report, and Chevron will continue a vigorous defense of any attempted imposition of liability.

Management does not believe an estimate of a reasonably possible loss (or a range of loss) can be made in this case. Due to the defects associated with the engineer's report, management does not believe the report itself has any utility in calculating a reasonably possible loss (or a range of loss). Moreover, the highly uncertain legal environment surrounding the case provides no basis for management to estimate a reasonably possible loss (or a range of loss).

Item 4. Submission of Matters to a Vote of Security Holders

None.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The information on Chevron's common stock market prices, dividends, principal exchanges on which the stock is traded and number of stockholders of record is contained in the Quarterly Results and Stock Market Data tabulations, on page FS-24.

CHEVRON CORPORATION

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased(1)(2)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Number of Shares that May Yet be Purchased Under the Program
Oct. 1 – Oct. 31, 2008	14,185,681	67.71	14,184,858	—
Nov. 1 – Nov. 30, 2008	7,687,933	72.46	7,665,000	—
Dec. 1 – Dec. 31, 2008	6,373,015	76.05	6,367,989	—
Total Oct. 1 – Dec. 31, 2008	28,246,629	70.88	28,217,847	(2)

(1) Includes 14,339 common shares repurchased during the three-month period ended December 31, 2008, from company employees for required personal income tax withholdings on the exercise of the stock options issued to management and employees under the company's broad-based employee stock options, long-term incentive plans and former Texaco Inc. stock option plans. Also includes 14,443 shares delivered or attested to in satisfaction of the exercise price by holders of certain former Texaco Inc. employee stock options exercised during the three-month period ended December 31, 2008. The October purchases also include approximately 14.2 million shares acquired in an exchange transaction for a U.S. upstream property and cash.

(2) In September 2007, the company authorized stock repurchases of up to $15 billion that may be made from time to time at prevailing prices as permitted by securities laws and other requirements and subject to market conditions and other factors. The program will occur over a period of up to three years and may be discontinued at any time. As of December 31, 2008, 118,996,749 shares had been acquired under this program for $10.1 billion.

Item 6. Selected Financial Data

The selected financial data for years 2004 through 2008 are presented on page FS-61.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The index to Management's Discussion and Analysis of Financial Condition and Results of Operations, Consolidated Financial Statements and Supplementary Data is presented on page FS-1.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The company's discussion of interest rate, foreign currency and commodity price market risk is contained in Management's Discussion and Analysis of Financial Condition and Results of Operations — "Financial and Derivative Instruments," beginning on page FS-13 and in Note 7 to the Consolidated Financial Statements, "Financial and Derivative Instruments," beginning on page FS-36.

Item 8. Financial Statements and Supplementary Data

The index to Management's Discussion and Analysis, Consolidated Financial Statements and Supplementary Data is presented on page FS-1.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

(a) **Evaluation of Disclosure Controls and Procedures**

The company's management has evaluated, with the participation of the Chief Executive Officer and Chief Financial Officer, the effectiveness of the company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act") as of the end of the period covered by this report. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the company's disclosure controls and procedures were effective as of December 31, 2008.

(b) **Management's Report on Internal Control Over Financial Reporting**

The company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). The company's management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the company's internal control over financial reporting based on the *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the results of this evaluation, the company's management concluded that internal control over financial reporting was effective as of December 31, 2008.

The effectiveness of the company's internal control over financial reporting as of December 31, 2008, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in its report included on page FS-26.

(c) **Changes in Internal Control Over Financial Reporting**

During the quarter ended December 31, 2008, there were no changes in the company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the company's internal control over financial reporting.

Item 9B. Other Information

None.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

Executive Officers of the Registrant at February 26, 2009

The Executive Officers of the Corporation consist of the Chairman of the Board, the Vice Chairman of the Board and such other officers of the Corporation who are members of the Executive Committee.

Name and Age		Current and Prior Positions (up to five years)	Current Areas of Responsibility
D.J. O'Reilly	62	Chairman of the Board and Chief Executive Officer (since 2000)	Chief Executive Officer
P.J. Robertson	62	Vice Chairman of the Board (since 2002)	Policy, Government and Public Affairs; Human Resources
J.E. Bethancourt	57	Executive Vice President (since 2003)	Technology; Chemicals; Mining; Health, Environment and Safety
G.L. Kirkland	58	Executive Vice President (since 2005) President of Chevron Overseas Petroleum Inc. (2002 to 2004)	Worldwide Exploration and Production Activities and Global Gas Activities, including Natural Gas Trading
J.S. Watson	52	Executive Vice President (since 2008) Vice President and President of Chevron International Exploration and Production Company (2005 through 2007) Vice President and Chief Financial Officer (2000 through 2004)	Business Development, Mergers and Acquisitions, Strategic Planning, Project Resources Company, Procurement
M.K. Wirth	48	Executive Vice President (since 2006) President of Global Supply and Trading (2004 to 2006) President of Marketing, Asia, Middle East and Africa Marketing Business Unit (2001 to 2004)	Global Refining, Marketing, Lubricants, and Supply and Trading, excluding Natural Gas Trading
P.E. Yarrington	52	Vice President and Chief Financial Officer (since 2009) Vice President and Treasurer (2007 through 2008) Vice President, Policy, Government and Public Affairs (2002 to 2007)	Finance
C.A. James	54	Vice President and General Counsel (since 2002)	Law

The information required by Item 401(b) and (e) of Regulation S-K and contained under the heading "Election of Directors" in the Notice of the 2009 Annual Meeting and 2009 Proxy Statement, to be filed pursuant to Rule 14a-6(b) under the Securities Exchange Act of 1934 (the "Exchange Act"), in connection with the company's 2009 Annual Meeting of Stockholders (the "2009 Proxy Statement"), is incorporated by reference into this Annual Report on Form 10-K.

The information required by Item 405 of Regulation S-K and contained under the heading "Stock Ownership Information — Section 16(a) Beneficial Ownership Reporting Compliance" in the 2009 Proxy Statement is incorporated by reference into this Annual Report on Form 10-K.

The information required by Item 406 of Regulation S-K and contained under the heading "Board Operations — Business Conduct and Ethics Code" in the 2009 Proxy Statement is incorporated by reference into this Annual Report on Form 10-K.

The information required by Item 407(d)(4)-(5) of Regulation S-K and contained under the heading "Board Operations — Board Committee Membership and Functions" in the 2009 Proxy Statement is incorporated by reference into this Annual Report on Form 10-K.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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There were no changes to the process by which stockholders may recommend nominees to the Board of Directors during the last fiscal year.

Item 11. Executive Compensation

The information required by Item 402 of Regulation S-K and contained under the headings "Executive Compensation" and "Directors' Compensation" in the 2009 Proxy Statement is incorporated by reference into this Annual Report on Form 10-K.

The information required by Item 407(e)(4) of Regulation S-K and contained under the heading "Board Operations — Board Committee Membership and Functions" in the 2009 Proxy Statement is incorporated by reference into this Annual Report on Form 10-K.

The information required by Item 407(e)(5) of Regulation S-K and contained under the heading "Board Operations — Management Compensation Committee Report" in the 2009 Proxy Statement is incorporated herein by reference into this Annual Report on Form 10-K. Pursuant to the rules and regulations of the SEC under the Exchange Act, the information under such caption incorporated by reference from the 2009 Proxy Statement shall not be deemed "filed" for purposes of Section 18 of the Exchange Act nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by Item 403 of Regulation S-K and contained under the heading "Stock Ownership Information — Security Ownership of Certain Beneficial Owners and Management" in the 2009 Proxy Statement is incorporated by reference into this Annual Report on Form 10-K.

The information required by Item 201(d) of Regulation S-K and contained under the heading "Equity Compensation Plan Information" in the 2009 Proxy Statement is incorporated by reference into this Annual Report on Form 10-K.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Item 404 of Regulation S-K and contained under the heading "Board Operations — Transactions with Related Persons" in the 2009 Proxy Statement is incorporated by reference into this Annual Report on Form 10-K.

The information required by Item 407(a) of Regulation S-K and contained under the heading "Board Operations — Independence of Directors" in the 2009 Proxy Statement is incorporated by reference into this Annual Report on Form 10-K.

Item 14. Principal Accounting Fees and Services

The information required by Item 9(e) of Schedule 14A and contained under the heading "Ratification of Independent Registered Public Accounting Firm" in the 2009 Proxy Statement is incorporated by reference into this Annual Report on Form 10-K.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) The following documents are filed as part of this report:

(1) Financial Statements:

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Report of Independent Registered Public Accounting Firm — PricewaterhouseCoopers LLP	FS-26
Consolidated Statement of Income for the three years ended December 31, 2008	FS-27
Consolidated Statement of Comprehensive Income for the three years ended December 31, 2008	FS-28
Consolidated Balance Sheet at December 31, 2008 and 2007	FS-29
Consolidated Statement of Cash Flows for the three years ended December 31, 2008	FS-30
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Notes to the Consolidated Financial Statements	FS-32 to FS-59

(2) Financial Statement Schedules:

Included on page 38 is Schedule II — Valuation and Qualifying Accounts.

(3) Exhibits:

The Exhibit Index on pages E-1 and E-2 lists the exhibits that are filed as part of this report.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
Millions of Dollars

	Year Ended December 31		
	2008	2007	2006
Employee Termination Benefits:			
Balance at January 1	**$ 117**	$ 28	$ 91
Additions (deductions) charged (credited) to expense	**(13)**	106	(21)
Payments	**(60)**	(17)	(42)
Balance at December 31	**$ 44**	$ 117	$ 28
Allowance for Doubtful Accounts:			
Balance at January 1	**$ 200**	$ 217	$ 198
Additions charged to expense	**105**	29	61
Bad debt write-offs	**(30)**	(46)	(42)
Balance at December 31	**$ 275**	$ 200	$ 217
Deferred Income Tax Valuation Allowance:*			
Balance at January 1	**$ 5,949**	$ 4,391	$ 3,249
Additions charged to deferred income tax expense	**2,599**	1,894	1,700
Deductions credited to goodwill	**—**	—	(77)
Deductions credited to deferred income tax expense	**(1,013)**	(336)	(481)
Balance at December 31	**$ 7,535**	$ 5,949	$ 4,391

* See also Note 16 to the Consolidated Financial Statements beginning on page FS-45.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 26th day of February, 2009.

Chevron Corporation

By /s/ DAVID J. O'REILLY
David J. O'Reilly, Chairman of the Board and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on the 26th day of February, 2009.

Principal Executive Officers (and Directors)

/s/DAVID J. O'REILLY
David J. O'Reilly, Chairman of the Board and Chief Executive Officer

/s/PETER J. ROBERTSON
Peter J. Robertson, Vice Chairman of the Board

Principal Financial Officer

/s/PATRICIA E. YARRINGTON
Patricia E. Yarrington, Vice President and Chief Financial Officer

Principal Accounting Officer

/s/MARK A. HUMPHREY
Mark A. Humphrey, Vice President and Comptroller

*By: /s/LYDIA I. BEEBE
Lydia I. Beebe, Attorney-in-Fact

Directors

SAMUEL H. ARMACOST*
Samuel H. Armacost

LINNET F. DEILY*
Linnet F. Deily

ROBERT E. DENHAM*
Robert E. Denham

ROBERT J. EATON*
Robert J. Eaton

SAM GINN*
Sam Ginn

ENRIQUE HERNANDEZ, JR.*
Enrique Hernandez, Jr.

FRANKLYN G. JENIFER*
Franklyn G. Jenifer

SAM NUNN*
Sam Nunn

DONALD B. RICE*
Donald B. Rice

KEVIN W. SHARER*
Kevin W. Sharer

CHARLES R. SHOEMATE*
Charles R. Shoemate

RONALD D. SUGAR*
Ronald D. Sugar

CARL WARE*
Carl Ware

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Management's Discussion and Analysis of Financial Condition and Results of Operations

Key Financial Results

Millions of dollars, except per-share amounts	2008	2007	2006
Net Income	**$ 23,931**	$ 18,688	$ 17,138
Per Share Amounts:			
Net Income – Basic	**$ 11.74**	$ 8.83	$ 7.84
– Diluted	**$ 11.67**	$ 8.77	$ 7.80
Dividends	**$ 2.53**	$ 2.26	$ 2.01
Sales and Other Operating Revenues	**$ 264,958**	$ 214,091	$ 204,892
Return on:			
Average Capital Employed	**26.6%**	23.1%	22.6%
Average Stockholders' Equity	**29.2%**	25.6%	26.0%

Income by Major Operating Area

Millions of dollars	2008	2007	2006
Upstream – Exploration and Production			
United States	**$ 7,126**	$ 4,532	$ 4,270
International	**14,584**	10,284	8,872
Total Upstream	**21,710**	14,816	13,142
Downstream – Refining, Marketing and Transportation			
United States	**1,369**	966	1,938
International	**2,060**	2,536	2,035
Total Downstream	**3,429**	3,502	3,973
Chemicals	**182**	396	539
All Other	**(1,390)**	(26)	(516)
Net Income*	**$ 23,931**	$ 18,688	$ 17,138
*Includes Foreign Currency Effects:	**$ 862**	$(352)	$(219)

Refer to the "Results of Operations" section beginning on page FS-6 for a discussion of financial results by major operating area for the three years ending December 31, 2008.

Business Environment and Outlook

Chevron is a global energy company with significant business activities in the following countries: Angola, Argentina, Australia, Azerbaijan, Bangladesh, Brazil, Cambodia, Canada, Chad, China, Colombia, Democratic Republic of the Congo, Denmark, France, India, Indonesia, Kazakhstan, Myanmar, the Netherlands, Nigeria, Norway, the Partitioned Neutral Zone between Saudi Arabia and Kuwait, the Philippines, Qatar, Republic of the Congo, Singapore, South Africa, South Korea, Thailand, Trinidad and Tobago, the United Kingdom, the United States, Venezuela, and Vietnam.

Earnings of the company depend largely on the profitability of its upstream (exploration and production) and downstream (refining, marketing and transportation) business segments. The single biggest factor that affects the results of operations for both segments is movement in the price of crude oil. In the downstream business,

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crude oil is the largest cost component of refined products. The overall trend in earnings is typically less affected by results from the company's chemicals business and other activities and invest-

ments. Earnings for the company in any period may also be influenced by events or transactions that are infrequent and/ or unusual in nature.

In recent years and through most of 2008, Chevron and the oil and gas industry at large experienced an increase in certain costs that exceeded the general trend of inflation in many areas of the world. This increase in costs affected the company's operating expenses and capital programs for all business segments, but particularly for upstream. These cost pressures began to soften somewhat in late 2008. As the price of crude oil dropped precipitously from a record high in mid-year, the demand for some goods and services in the industry began to slacken. This cost trend is expected to continue during 2009 if crude-oil prices do not significantly rebound. (Refer to the "Upstream" section on next page for a discussion of the trend in crude-oil prices.)

The company's operations, especially upstream, can also be affected by changing economic, regulatory and political environments in the various countries in which it operates, including the United States. Civil unrest, acts of violence or strained relations between a government and the company or other governments may impact the company's operations or investments. Those developments have at times significantly affected the company's operations and results and are carefully considered by management when evaluating the level of current and future activity in such countries.

To sustain its long-term competitive position in the upstream business, the company must develop and replenish an inventory of projects that offer adequate financial returns for the investment required. Identifying promising areas for exploration, acquiring the necessary rights to explore for and to produce crude oil and natural gas, drilling successfully, and handling the many technical and operational details in a safe and cost-effective manner are all important factors in this effort. Projects often require long lead times and large capital commitments. From time to time, certain governments have sought to renegotiate contracts or impose additional costs on the company. Governments may attempt to do so in the future. The company will continue to monitor these developments, take them into account in evaluating future investment opportunities, and otherwise seek to mitigate any risks to the company's current operations or future prospects.

The company also continually evaluates opportunities to dispose of assets that are not expected to provide sufficient long-term value or to acquire assets or operations complementary to its asset base to help augment the company's growth. Refer to the "Results of Operations" section beginning on page FS-6 for discussions of net gains on asset sales during 2008. Asset dispositions and restructurings may occur in future periods and could result in significant gains or losses.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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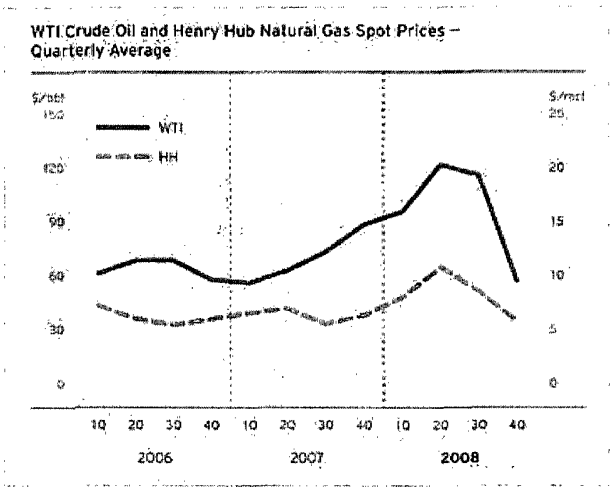
The company has been closely monitoring the ongoing uncertainty in financial and credit markets, the rapid decline in crude-oil prices that began in the second half of 2008, and the general contraction of worldwide economic activity. Management is taking these developments into account in the conduct of daily operations and for business planning. The company remains confident of its underlying financial strength to deal with potential problems presented in this environment.

Comments related to earnings trends for the company's major business areas are as follows:

Upstream Earnings for the upstream segment are closely aligned with industry price levels for crude oil and natural gas. Crude-oil and natural-gas prices are subject to external



factors over which the company has no control, including product demand connected with global economic conditions, industry inventory levels, production quotas imposed by the Organization of Petroleum Exporting Countries (OPEC), weather-related damage and disruptions, competing fuel prices, and regional supply interruptions or fears thereof that may be caused by military conflicts, civil unrest or political uncertainty. Moreover, any of these factors could also inhibit the company's production capacity in an affected region. The company monitors developments closely in the countries in which it operates and holds investments, and attempts to manage risks in operating its facilities and business.

Price levels for capital and exploratory costs and operating expenses associated with the efficient production of crude oil and natural gas can also be subject to external factors beyond the company's control. External factors include not only the general level of inflation but also prices charged by the industry's material- and service-providers, which can be affected by the volatility of the industry's own supply and demand conditions for such materials and services. Capital and exploratory expenditures and operating expenses also can be affected by damages to production facilities caused by severe weather or civil unrest.

Industry price levels for crude oil were volatile during 2008. The spot price for West Texas Intermediate (WTI) crude oil, a benchmark crude, started 2008 at $96 per barrel and peaked at $147 in early July. At the end of the year, the WTI price had

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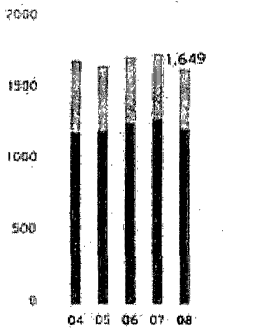
fallen to $45 per barrel. As of mid-February 2009, the WTI price was $38 per barrel. The collapse in price during the second half of 2008 was largely driven by a decline in the demand for crude oil that was associated with a significant weakening in world economies. The WTI price averaged $100 per barrel for the full-year 2008, compared with $72 in 2007.

As in 2007, a wide differential in prices existed in 2008 between high-quality (i.e., high-gravity, low-sulfur) crude oils and those of lower quality (i.e., low-gravity, high-sulfur crude). The relatively lower price for the high-sulfur crudes has been associated with an ample supply and relatively lower demand due to the limited number of refineries that are able to process this lower-quality feedstock into light products (i.e., motor gasoline, jet fuel, aviation gasoline and diesel fuel). Chevron produces or shares in the production of heavy crude oil in California, Chad, Indonesia, the Partitioned Neutral Zone between Saudi Arabia and Kuwait, Venezuela and certain fields in Angola, China and the United Kingdom North Sea. (Refer to page FS-10 for the company's average U.S. and international crude oil realizations.)

In contrast to price movements in the global market for crude oil, price changes for natural gas in many regional markets are more closely aligned with supply-and-demand conditions in those markets. In the United States during 2008, benchmark prices at Henry Hub averaged about $9 per thousand cubic feet (MCF), compared with about $7 in 2007. At December 31, 2008, and as of mid-February 2009,

Net Crude Oil & Natural Gas Liquids Production*

Thousands of barrels per day

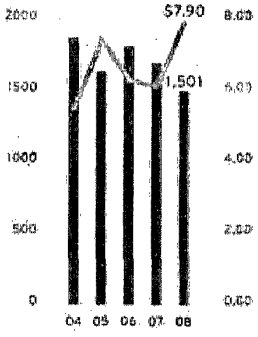


▫ United States
■ International

Net liquids production declined 6 percent in 2008 due mainly to the impact of higher prices on volumes recovered under certain production-sharing and variable-royalty agreements outside the United States and damage to production facilities caused by hurricanes in the U.S. Gulf of Mexico.

*Includes equity in affiliates, but excludes other produced volumes.

U.S. Natural Gas Realizations & Net Production



▫ Prices in Dollars per Thousand Cubic Feet (right scale)
■ Production in Millions of Cubic Feet per Day (left scale)

Average prices increased 29 percent during 2008. Production was lower due to natural field declines and the impact of hurricanes in the Gulf of Mexico.

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Source: CHEVRON CORP, 10-K, February 26, 2009

the Henry Hub price was about $5.60 and $4.70 per MCF, respectively. Fluctuations in the price for natural gas in the United States are closely associated with the volumes produced in North America and the inventory in underground storage relative to customer demand. U.S. natural gas prices are also typically higher during the winter period when demand for heating is greatest.

Certain other regions of the world in which the company operates have different supply, demand and regulatory circumstances, typically resulting in lower average sales prices for the company's production of natural gas. (Refer to page FS-10 for the company's average natural gas realizations for the U.S. and international regions.) Additionally, excess-supply conditions that exist in certain parts of the world cannot easily serve to mitigate the relatively higher-price conditions in the United States and other markets because of the lack of infrastructure to transport and receive liquefied natural gas.

To help address this regional imbalance between supply and demand for natural gas, Chevron continues to invest in long-term projects in areas of excess supply to install infrastructure to produce and liquefy natural gas for transport by tanker, along with investments and commitments to regasify the product in markets where demand is strong and supplies are not as plentiful. Due to the significance of the overall investment in these long-term projects, the natural gas sales prices in the areas of excess supply (before the natural gas is transferred to a processing facility) are expected to remain below sales prices for natural gas that is produced much nearer to areas of high demand and can be transported in existing natural gas pipeline networks (as in the United States or Thailand).

Besides the impact of the fluctuation in price for crude oil and natural gas, the longer-term trend in earnings for the upstream segment is also a function of other factors, including the company's ability to find or acquire and efficiently produce crude oil and natural gas, changes in fiscal terms of contracts, changes in tax rates on income, and the cost of goods and services.

Chevron's worldwide net oil-equivalent production in 2008, including volumes produced from oil sands, averaged 2.53 million barrels per day, a decline of about 90,000 barrels per day from 2007 due mainly to the impact of higher prices on volumes recovered under certain production-sharing and variable-royalty agreements outside the United States and damage to production facilities in September 2008 caused by hurricanes Gustav and Ike in the U.S. Gulf of Mexico. (Refer to the discussion of U.S. upstream production trends in the "Results of Operations" section on page FS-6. Refer also to the "Selected Operating Data" table on page FS-10 for a listing of production volumes for each of the three years ending December 31, 2008.)

The company estimates that oil-equivalent production in 2009 will average approximately 2.63 million barrels per day. This estimate is subject to many uncertainties, including quotas that may be imposed by OPEC, price effects on production volumes calculated under cost-recovery and variable-royalty

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provisions of certain contracts, changes in fiscal terms or restrictions on the scope of company operations, delays in project startups, fluctuations in demand for natural gas in various markets, weather conditions that may shut in production, civil unrest, changing geopolitics, or other disruptions to operations. Future production levels also are affected by the size and number of economic investment opportunities and, for new large-scale projects, the time lag between initial exploration and the beginning of production. Most of Chevron's upstream investment is currently being made outside the United States. Investments in upstream projects generally are made well in advance of the start of the associated production of crude oil and natural gas.

Approximately 20 percent of the company's net oil-equivalent production in 2008 occurred in the OPEC-member countries of Angola, Nigeria and Venezuela and in the Partitioned Neutral Zone between Saudi Arabia and Kuwait. (This production statistic excludes volumes produced in Indonesia, which relinquished its OPEC membership at the end of 2008.) At a meeting on December 17, 2008, OPEC announced a reduction of 4.2 million barrels per day, or 14 percent, from actual September 2008 production of 29 million barrels per day. The reduction became effective January 1, 2009. OPEC quotas did not significantly affect Chevron's production level in 2007 or in 2008. The company's current and future production levels could be affected by the cutbacks announced by OPEC in December 2008.

Refer to the "Results of Operations" section on pages FS-6 through FS-7 for additional discussion of the company's upstream operations.

Downstream Earnings for the downstream segment are closely tied to margins on the refining and marketing of products that include gasoline, diesel, jet fuel, lubricants, fuel oil and feedstocks for chemical manufacturing. Industry margins are sometimes volatile and can be affected by the global and regional supply-and-demand balance for refined products and by changes in the price of crude oil used for refinery feedstock. Industry margins can also be influenced by refined-product inventory levels, geopolitical events, refinery maintenance programs and disruptions at refineries resulting from unplanned outages that may be due to severe weather or other operational events.

Other factors affecting profitability for downstream operations include the reliability and efficiency of the company's refining and marketing network, the effectiveness of

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Source: CHEVRON CORP, 10-K, February 26, 2009

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the crude-oil and product-supply functions and the economic returns on invested capital. Profitability can also be affected by the volatility of tanker-charter rates for the company's shipping operations, which are driven by the industry's demand for crude oil and product tankers. Other factors beyond the company's control include the general level of inflation and energy costs to operate the company's refinery and distribution network.

The company's most significant marketing areas are the West Coast of North America, the U.S. Gulf Coast, Latin America, Asia, southern Africa and the United Kingdom. Chevron operates or has ownership interests in refineries in each of these areas except Latin America. Downstream earnings, especially in the United States, were weak from mid-2007 through mid-2008 due mainly to increasing prices of crude oil used in the refining process that were not always fully recovered through sales prices of refined products. Margins significantly improved in the second half of 2008 as the price of crude oil declined. As part of its downstream strategy to focus on areas of market strength, the company announced plans to sell marketing businesses in several countries. Refer to the discussion in "Operating Developments" below.

Industry margins in the future may be volatile and are influenced by changes in the price of crude oil used for refinery feedstock and by changes in the supply and demand for crude oil and refined products. The industry supply-and-demand balance can be affected by disruptions at refineries resulting from maintenance programs and unplanned outages, including weather-related disruptions; refined-product inventory levels; and geopolitical events.

Refer to pages FS-7 through FS-8 for additional discussion of the company's downstream operations.

Chemicals Earnings in the petrochemicals business are closely tied to global chemical demand, industry inventory levels and plant capacity utilization. Feedstock and fuel costs, which tend to follow crude oil and natural gas price movements, also influence earnings in this segment.

Refer to the "Results of Operations" section on page FS-8 for additional discussion of chemicals earnings.

Operating Developments

Key operating developments and other events during 2008 and early 2009 included the following:

Upstream

Australia Started production from Train 5 of the 17 percent-owned North West Shelf Venture onshore liquefied-natural-gas (LNG) facility in West Australia, increasing export capacity from about 12 million metric tons annually to more than 16 million. The company also announced plans for an LNG project that initially will have a capacity of 5 million tons per year and process natural gas from Chevron's 100 percent-owned Wheatstone discovery located on the northwest coast of mainland Australia.

Canada Finalized agreements with the government of Newfoundland and Labrador to develop the 27 percent-owned Hebron heavy-oil project off the eastern coast.

Indonesia Achieved first oil at North Duri Field Area 12, which Chevron operates with a 100 percent interest. Maximum

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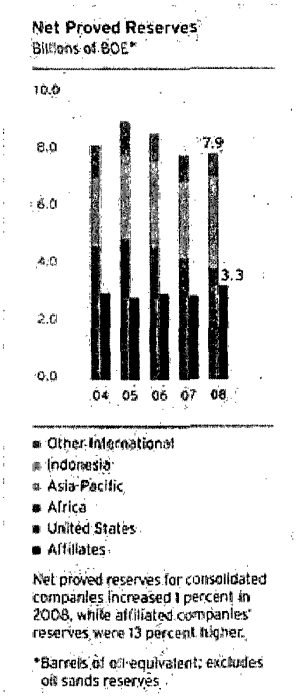
total crude-oil production of 34,000 barrels per day is expected in 2012.

Kazakhstan Completed the second phase of a major expansion of production operations and processing facilities at the 50 percent-owned Tengizchevroil affiliate, increasing



Net proved reserves for consolidated companies increased 1 percent in 2008, while affiliated companies' reserves were 13 percent higher.

*Barrels of oil-equivalent; excludes oil sands reserves

total crude-oil production capacity from 400,000 to 540,000 barrels per day.

Middle East Signed an agreement with the Kingdom of Saudi Arabia to extend to 2039 the company's operation of the Kingdom's 50 percent interest in oil and gas resources of the onshore area of the Partitioned Neutral Zone between the Kingdom and the state of Kuwait.

Nigeria Started production offshore at the 68 percent-owned and operated Agbami Field, with total oil production expected to reach a maximum of 250,000 barrels per day by the end of 2009. The company and partners also announced plans to develop the 30 percent-owned and partner-operated offshore Usan Field, which is expected to have maximum total production of 180,000 barrels of crude oil per day within one year of start-up in 2012.

Republic of the Congo Confirmed startup of the 32 percent-owned, partner-operated Moho-Bilondo deepwater

Source: CHEVRON CORP, 10-K, February 26, 2009

project, which is expected to reach maximum total crude-oil production of 90,000 barrels per day in 2010.

Thailand Approved construction in the Gulf of Thailand of the 70 percent-owned and operated Platong Gas II project, which is designed to have processing capacity of 420 million cubic feet of natural gas per day.

United States Began production at the 75 percent-owned and operated Blind Faith project in the deepwater Gulf of Mexico. Total volumes are expected to ramp up during 2009 to approximately 65,000 barrels of crude oil and 55 million cubic feet of natural gas per day.

Downstream

The company announced plans to sell marketing-related businesses in Brazil, Nigeria, Benin, Cameroon, Republic of the Congo, Côte d'Ivoire, Togo, Kenya, and Uganda.

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Source: CHEVRON CORP, 10-K, February 26, 2009

Other

Common Stock Dividends Increased the quarterly common stock dividend by 12.1 percent in April 2008 to $0.65 per share. 2008 was the 21st consecutive year that the company increased its annual dividend payment.

Common Stock Repurchase Program Acquired $8.0 billion of common shares in 2008 as part of a $15 billion repurchase program initiated in 2007.

Results of Operations

Major Operating Areas The following section presents the results of operations for the company's business segments – upstream, downstream and chemicals – as well as for "all other," which includes mining, power generation businesses, the various companies and departments that are managed at the corporate level, and the company's investment in Dynegy prior to its sale in May 2007. Income is also presented for the U.S. and international geographic areas of the upstream and downstream business segments. (Refer to Note 9, beginning on page FS-38, for a discussion of the company's "reportable segments," as defined in Financial Accounting Standards Board (FASB) Statement No. 131, *Disclosures About Segments of an Enterprise and Related Information.*) This section should also be read in conjunction with the discussion in "Business Environment and Outlook" on pages FS-2 through FS-5.

U.S. Upstream – Exploration and Production

Millions of dollars	2008	2007	2006
Income	**$ 7,126**	$ 4,532	$ 4,270

U.S upstream income of $7.1 billion in 2008 increased $2.6 billion from 2007. Higher average prices for crude oil and natural gas increased earnings by $3.1 billion between periods. Also contributing to the higher earnings were gains of approximately $1 billion on asset sales, including a $600 million gain on an asset-exchange transaction. Partially offsetting these benefits were adverse effects of about $1.6 billion associated with lower oil-equivalent production and higher operating expenses, which included approximately $400 million of expenses resulting from damage to facilities in the Gulf of Mexico caused by hurricanes Gustav and Ike in September.

Income of $4.5 billion in 2007 increased approximately $260 million from 2006. Results in 2007 benefited approximately $700 million from higher prices for crude oil and natural gas liquids. This benefit to income was partially offset by the effects of a decline in oil-equivalent production and an increase in depreciation, operating and exploration expenses.

The company's average realization for crude oil and natural gas liquids in 2008 was $88.43 per barrel, compared with $63.16 in 2007 and $56.66 in 2006. The average natural gas realization was $7.90 per thousand cubic feet in 2008, compared with $6.12 and $6.29 in 2007 and 2006, respectively.

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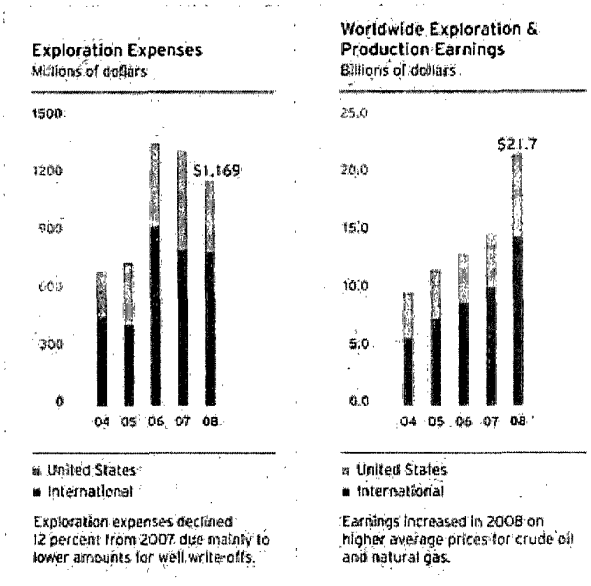
Net oil-equivalent production in 2008 averaged 671,000 barrels per day, down 9.7 percent and 12.1 percent from 2007 and 2006, respectively. The decrease between 2007 and 2008 was mainly due to normal field declines and the adverse impact of the hurricanes. The decline in 2007 from 2006 was due primarily to normal field declines. The net liquids component of oil-equivalent production for 2008 averaged 421,000 barrels per day, down approximately 8 percent from 2007 and down 9 percent compared with 2006. Net natural gas production averaged 1.5 billion cubic feet per day in 2008, down 12 percent from 2007 and down 17 percent from 2006.

Refer to the "Selected Operating Data" table on page FS-10 for the three-year comparative production volumes in the United States.



International Upstream – Exploration and Production

Millions of dollars	**2008**	2007	2006
Income*	**$ 14,584**	$ 10,284	$ 8,872
*Includes Foreign Currency Effects:	**$ 873**	$ (417)	$ (371)

International upstream income of $14.6 billion in 2008 increased $4.3 billion from 2007. Higher prices for crude oil and natural gas increased earnings by $4.9 billion. Partially offsetting the benefit of higher prices was an impact of about $1.8 billion associated with a reduction of crude-oil sales volumes due to timing of certain cargo liftings and higher depreciation and operating expenses. Foreign currency effects benefited earnings by $873 million in 2008, compared with reductions to earnings of $417 million in 2007 and $371 million in 2006.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Income in 2007 of $10.3 billion increased $1.4 billion from 2006. Earnings in 2007 benefited approximately $1.6 billion from higher prices, primarily for crude oil, and $300 million from increased liftings. Non-recurring income-tax items also benefited earnings between periods. These benefits to income were partially offset by the impact of higher operating and depreciation expenses.

The company's average realization for crude oil and natural gas liquids in 2008 was $86.51 per barrel, compared with $65.01 in 2007 and $57.65 in 2006. The average natural gas realization was $5.19 per thousand cubic feet in 2008, compared with $3.90 and $3.73 in 2007 and 2006, respectively.

Net oil-equivalent production of 1.86 million barrels per day in 2008 declined about 1 percent and 2 percent from 2007 and 2006, respectively. The volumes for each year included production from oil sands in Canada. Volumes in 2006 also included production under an operating service agreement in Venezuela until its conversion to a joint-stock company in October of that year. Absent the impact of higher prices on certain production-sharing and variable-royalty agreements, net oil-equivalent production increased between 2007 and 2008. The decline in 2007 from 2006 was associated with the impact of the contract conversion in Venezuela and the impact of higher prices on production-sharing agreements.

The net liquids component of oil-equivalent production was 1.3 million barrels per day in 2008, a decrease of 5 percent from 2007 and 9 percent from 2006. Net natural gas production of 3.6 billion cubic feet per day in 2008 was up 9 percent and 15 percent from 2007 and 2006, respectively.

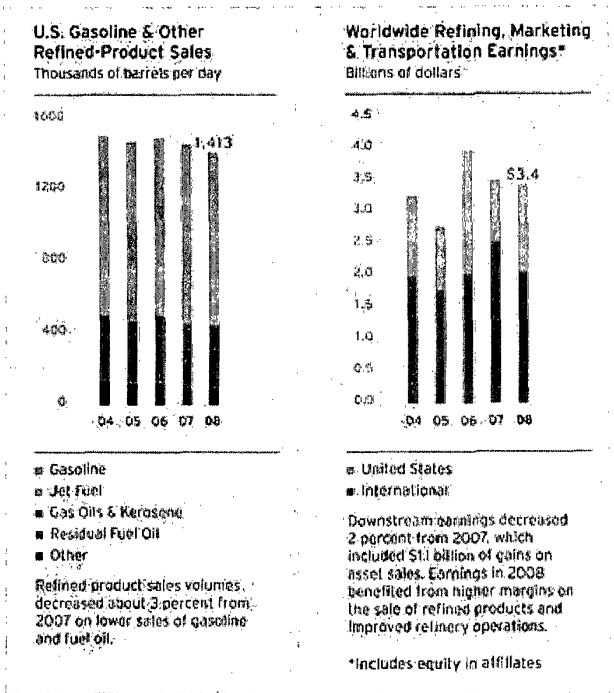
Refer to the "Selected Operating Data" table, on page FS-10, for the three-year comparative of international production volumes.

U.S. Downstream – Refining, Marketing and Transportation

Millions of dollars	**2008**	2007	2006
Income	**$ 1,369**	$ 966	$ 1,938

U.S downstream earnings of $1.4 billion in 2008 increased about $400 million from 2007 due mainly to improved margins on the sale of refined products and gains on derivative commodity instruments. Operating expenses were higher between periods. Income of $966 million in 2007 decreased nearly $1 billion from 2006. The decline was associated mainly with lower refined-product margins and higher planned and unplanned refinery downtime than a year earlier. Operating expenses were also higher in 2007 than in 2006.

Sales volumes of refined products were 1.41 million barrels per day in 2008, a decrease of 3 percent from 2007. The decline was associated with reduced sales of gasoline and fuel oil. Sales volumes of refined products were 1.46 million barrels per day in 2007, a decrease of 3 percent from 2006. The reported sales volume for 2007 was on a different basis than 2006 due to a change in accounting rules that became effective April 1, 2006, for certain purchase-and-sale (buy/ sell) contracts with the same counterparty. Excluding the



impact of this accounting standard, refined-product sales in 2007 decreased 1 percent from 2006. Branded gasoline sales volumes of 601,000 barrels per day in 2008 was down about 4 percent and 2 percent from 2007 and 2006, respectively.

Refer to the "Selected Operating Data" table on page FS-10 for a three-year comparative of sales volumes of gasoline and other refined products and refinery-input volumes. Refer also to Note 14, "Accounting for Buy/Sell Contracts," on page FS-43 for a discussion of the accounting for purchase-and-sale contracts with the same counterparty.

International Downstream – Refining, Marketing and Transportation

Millions of dollars	**2008**	2007	2006
Income*	**$ 2,060**	$ 2,536	$ 2,035
*Includes Foreign Currency Effects:	**$ 193**	$ 62	$ 98

International downstream income of $2.1 billion in 2008 decreased nearly $500 million from 2007. Earnings in 2007 included gains of approximately $1 billion on the sale of assets, which included an interest in a refinery and marketing assets in the Benelux region of Europe. The $500 million improvement otherwise between years was associated primarily with a benefit from gains on derivative commodity instruments that was only partially offset by the impact of lower margins on the sale of refined products. Foreign currency effects increased earnings by $193 million in 2008, compared with $62 million in 2007. Income in 2007 of $2.5 billion increased $500 million from 2006, largely due to the gains on asset sales. Margins on the sale of refined products in 2007 were up slightly from 2006. Operating expenses were higher, and earnings from the company's shipping operations were lower.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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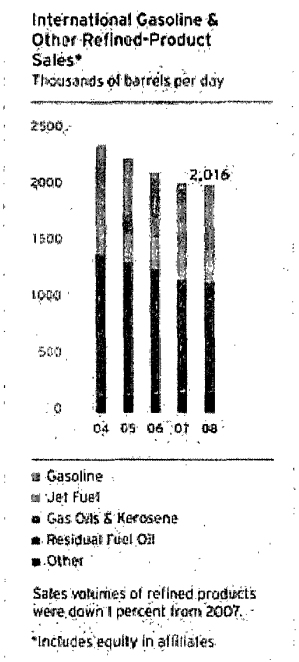


Refined-product sales volumes were 2.02 million barrels per day in 2008, about 1 percent lower than 2007 due mainly to reduced sales of gas oil and fuel oil. Refined product sales volumes were 2.03 million barrels per day in 2007, about 5 percent lower than 2006. The decline in 2007 was largely due to the impact of asset sales and the accounting-standard change for buy/sell contracts. Excluding the accounting change, sales decreased about 4 percent.

Refer to the "Selected Operating Data" table, on page FS-10, for a three-year comparative of sales volumes of gasoline and other refined products and refinery-input volumes. Refer also to Note 14, "Accounting for Buy/Sell Contracts," on page FS-43 for a discussion of the accounting for purchase-and-sale contracts with the same

counterparty.

Chemicals

Millions of dollars	2008	2007	2006
Income*	**$ 182**	$ 396	$ 539
*Includes Foreign Currency Effects:	**$ (18)**	$ (3)	$ (8)

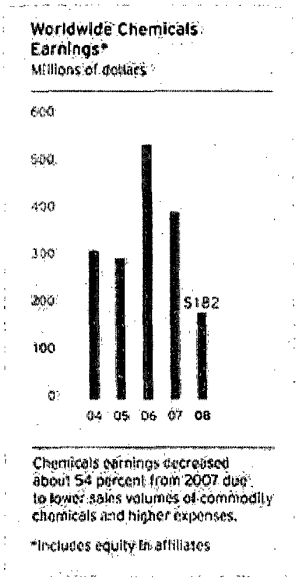
The chemicals segment includes the company's Oronite subsidiary and the 50 percent-owned Chevron Phillips Chemical Company LLC (CPChem). In 2008, earnings were $182 million, compared with $396 million and $539 million in 2007 and 2006, respectively. Earnings declined in 2008 due to lower sales volumes of commodity chemicals by CPChem. Higher expenses for planned maintenance activities also contributed to the earnings decline. Earnings also declined for the company's Oronite subsidiary due to lower volumes and higher operating expenses. In 2007, earnings of $396 million decreased $143 million from 2006 due to the impact of lower margins on the sale of commodity chemicals by CPChem that were only partially offset by improved margins on Oronite's sales of additives for lubricants and fuel.

All Other

Millions of dollars	2008	2007	2006
Net Charges*	**$ (1,390)**	$ (26)	$ (516)
*Includes Foreign Currency Effects:	**$ (186)**	$ 6	$ 62

All Other includes mining operations, power generation businesses, worldwide cash management and debt financing activities, corporate administrative functions, insurance operations, real estate activities, alternative fuels and technology companies, and the company's interest in Dynegy prior to its sale in May 2007.

Net charges in 2008 increased $1.4 billion from 2007. Results in 2007 included a $680 million gain on the sale of the company's investment in Dynegy common stock and a loss of approximately $175 million associated with the early redemption of Texaco Capital Inc. bonds. Results in 2008 included net unfavorable



corporate tax items and increased costs of environmental remediation for sites that previously had been closed or sold. Foreign exchange effects also contributed to the increase in net charges between years. Net charges of $26 million in 2007 decreased $490 million from 2006 due mainly to the Dynegy-related gain in 2007.

Consolidated Statement of Income

Comparative amounts for certain income statement categories are shown below:

Millions of dollars	**2008**	2007	2006
Sales and other operating revenues	**$ 264,958**	$ 214,091	$ 204,892

Sales and other operating revenues increased in the comparative periods due mainly to higher prices for crude oil, natural gas and refined products.

Millions of dollars	**2008**	2007	2006
Income from equity affiliates	**$ 5,366**	$ 4,144	$ 4,255

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Income from equity affiliates increased in 2008 from 2007 on improved upstream-related earnings at Tengizchevroil (TCO) due to higher prices for crude oil. Lower income from equity affiliates between 2006 and 2007 was mainly due to a decline in earnings from CPChem, Dynegy (sold in May 2007) and downstream affiliates in the Asia-Pacific area. Partially offsetting these declines were improved results for TCO and income for a full year from Petroboscan, which was converted from an operating service agreement to a joint-stock company in October 2006. Refer to Note 12, beginning on page FS-41, for a discussion of Chevron's investments in affiliated companies.

Millions of dollars	**2008**	2007	2006
Other income	**$ 2,681**	$ 2,669	$ 971

Other income of $2.7 billion in 2008 included gains of approximately $1.3 billion on asset sales. Other income of $2.7 billion in 2007 included net gains of $1.7 billion from asset sales and a loss of $245 million on the early redemption of debt. Interest income was approximately $340 million in 2008 and $600 million in both 2007 and 2006. Foreign currency effects benefited other income by $355 million in 2008 while reducing other income by $352 million and $260 million in 2007 and 2006, respectively.

Millions of dollars	**2008**	2007	2006
Purchased crude oil and products	**$ 171,397**	$ 133,309	$ 128,151

Crude oil and product purchases in 2008 increased $38.1 billion from 2007 due to higher prices for crude oil, natural gas and refined products. Crude oil and product purchases in 2007 increased more than $5 billion from 2006 due to these same factors.

Millions of dollars	**2008**	2007	2006
Operating, selling, general and administrative expenses	**$ 26,551**	$ 22,858	$ 19,717

Operating, selling, general and administrative expenses in 2008 increased approximately $3.7 billion from 2007 primarily due to $1.2 billion of higher costs for employee and contract labor; $800 million of increased costs for materials, services and equipment; $700 million of uninsured losses associated with hurricanes in the Gulf of Mexico in 2008; and an increase of about $300 million for environmental remediation activities. Total expenses were about $3.1 billion higher in 2007 than in 2006. Increases were recorded in a number of categories, including $1.5 billion of higher costs for employee and contract labor.

Millions of dollars	**2008**	2007	2006
Exploration expense	**$ 1,169**	$ 1,323	$ 1,364

Exploration expenses in 2008 declined from 2007 due mainly to lower amounts for well write-offs for operations in the United States. Expenses in 2007 were essentially unchanged from 2006.

Millions of dollars	**2008**	2007	2006
Depreciation, depletion and amortization	**$ 9,528**	$ 8,708	$ 7,506

Depreciation, depletion and amortization expenses increased in 2008 from 2007 largely due to higher depreciation rates for

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Source: CHEVRON CORP, 10-K, February 26, 2009

certain crude oil and natural gas producing fields, reflecting completion of higher-cost development projects and asset-retirement obligations. The increase between 2006 and 2007 reflects an increase in charges related to asset write-downs and higher depreciation rates for certain crude oil and natural gas producing fields worldwide.

Millions of dollars	**2008**	2007	2006
Taxes other than on income	**$ 21,303**	$ 22,266	$ 20,883

Taxes other than on income decreased between 2007 and 2008 periods mainly due to lower import duties as a result of the effects of the 2007 sales of the company's Benelux refining and marketing businesses and a decline in import volumes in the United Kingdom. Taxes other than on income increased between 2006 and 2007 due to higher import duties in the company's U.K. downstream operations in 2007.

Millions of dollars	**2008**	2007	2006
Interest and debt expense	**$ –**	$ 166	$ 451

Interest and debt expense decreased significantly in 2008 because all interest-related amounts were being capitalized. Interest and debt expense in 2007 decreased from 2006 primarily due to lower average debt balances and higher amounts of interest capitalized.

Millions of dollars	**2008**	2007	2006
Income tax expense	**$ 19,026**	$ 13,479	$ 14,838

Effective income tax rates were 44 percent in 2008, 42 percent in 2007 and 46 percent in 2006. Rates were higher between 2007 and 2008 primarily due to a greater proportion of income earned in tax jurisdictions with higher income tax rates. In addition, the 2007 period included a relatively low effective tax rate on the sale of the company's investment in Dynegy common stock and the sale of downstream assets in Europe. Rates were lower in 2007 compared with 2006 due mainly to the impact of nonrecurring items in 2007 mentioned above and the absence of 2006 charges related to a tax-law change that increased tax rates on upstream operations in the U.K. North Sea and the settlement of a tax claim in Venezuela. Refer also to the discussion of income taxes in Note 16 beginning on page FS-45.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Selected Operating Data[1,2]

	2008	2007	2006
U.S. Upstream			
Net Crude Oil and Natural Gas Liquids Production (MBPD)	**421**	460	462
Net Natural Gas Production (MMCFPD)[3]	**1,501**	1,699	1,810
Net Oil-Equivalent Production (MBOEPD)	**671**	743	763
Sales of Natural Gas (MMCFPD)	**7,226**	7,624	7,051
Sales of Natural Gas Liquids (MBPD)	**159**	160	124
Revenues From Net Production			
Liquids ($/Bbl)	**$ 88.43**	$ 63.16	$ 56.66
Natural Gas ($/MCF)	**$ 7.90**	$ 6.12	$ 6.29
International Upstream			
Net Crude Oil and Natural Gas Liquids Production (MBPD)	**1,228**	1,296	1,270
Net Natural Gas Production (MMCFPD)[3]	**3,624**	3,320	3,146
Net Oil-Equivalent Production (MBOEPD)[4]	**1,859**	1,876	1,904
Sales Natural Gas (MMCFPD)	**4,215**	3,792	3,478
Sales Natural Gas Liquids (MBPD)	**114**	118	102
Revenues From Liftings			
Liquids ($/Bbl)	**$ 86.51**	$ 65.01	$ 57.65
Natural Gas ($/MCF)	**$ 5.19**	$ 3.90	$ 3.73
Worldwide Upstream			
Net Oil-Equivalent Production (MBOEPD)[3,4]			
United States	**671**	743	763
International	**1,859**	1,876	1,904
Total	**2,530**	2,619	2,667
U.S. Downstream			
Gasoline Sales (MBPD)[5]	**692**	728	712
Other Refined-Product Sales (MBPD)	**721**	729	782
Total (MBPD)[6]	**1,413**	1,457	1,494
Refinery Input (MBPD)	**891**	812	939
International Downstream			
Gasoline Sales (MBPD)[5]	**589**	581	595
Other Refined-Product Sales (MBPD)	**1,427**	1,446	1,532
Total (MBPD)[6, 7]	**2,016**	2,027	2,127
Refinery Input (MBPD)	**967**	1,021	1,050

[1] Includes interest in affiliates.
[2] MBPD = Thousands of barrels per day; MMCFPD = Millions of cubic feet per day; MBOEPD = Thousands of barrels of oil-equivalents per day; Bbl = Barrel; MCF = Thousands of cubic feet. Oil-equivalent gas (OEG) conversion ratio is 6,000 cubic feet of gas = 1 barrel of oil.

[3] Includes natural gas consumed in operations (MMCFPD):			
United States	**70**	65	56
International	**450**	433	419
[4] Includes other produced volumes (MBPD):			
Athabasca Oil Sands – Net	**27**	27	27
Boscan Operating Service Agreement	**–**	–	82
	27	27	109
[5] Includes branded and unbranded gasoline.			
[6] Includes volumes for buy/sell contracts (MBPD):			
United States	**–**	–	26
International	**–**	–	24
[7] Includes sales of affiliates (MBPD):	**512**	492	492

Liquidity and Capital Resources

Cash, cash equivalents and marketable securities Total balances were $9.6 billion and $8.1 billion at December 31, 2008 and 2007, respectively. Cash provided by operating activities in 2008 was $29.6 billion, compared with $25.0 billion in 2007 and $24.3 billion in 2006.

Cash provided by operating activities was net of contributions to employee pension plans of approximately

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$800 million, $300 million and $400 million in 2008, 2007 and 2006, respectively. Cash provided by investing activities included proceeds from asset sales of $1.5 billion in 2008, $3.3 billion in 2007 and $1.0 billion in 2006.

At December 31, 2008, restricted cash of $367 million associated with capital-investment projects at the company's Pascagoula, Mississippi, refinery and Angola liquefied natural gas project was invested in short-term marketable securities and reclassified from cash equivalents to a long-term asset on the Consolidated Balance Sheet.

Dividends The company paid dividends of approximately $5.2 billion in 2008, $4.8 billion in 2007 and $4.4 billion in 2006. In April 2008, the company increased its quarterly common stock dividend by 12.1 percent to $0.65 per share.

Debt, capital lease and minority interest obligations Total debt and capital lease balances were $8.9 billion at December 31, 2008, up from $7.2 billion at year-end 2007. The company also had minority interest obligations of $469 million and $204 million at December 31, 2008 and 2007, respectively.

The $1.7 billion increase in total debt and capital lease obligations during 2008 included the net effect of an approximate $2.7 billion increase in commercial paper and $749 million of Chevron Canada Funding Company bonds that matured. The company's debt and capital lease obligations due within one year, consisting primarily of commercial paper and the current portion of long-term debt, totaled $7.8 billion at December 31, 2008, up from $5.5 billion at year-end 2007. Of these amounts, $5.0 billion and $4.4 billion were reclassified to long-term at the end of each period, respectively. At year-end 2008, settlement of these obligations was not expected to require the use of working capital within one year, as the company had the intent and the ability, as evidenced by committed credit facilities, to refinance them on a long-term basis.

At year-end 2008, the company had $5 billion in committed credit facilities with various major banks, which permit the refinancing of short-term obligations on a long-term basis. These facilities support commercial-paper borrowing and also can be used for general corporate purposes. The company's practice has been to continually

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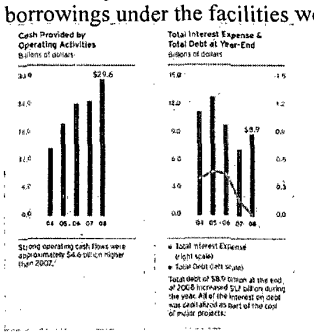
Source: CHEVRON CORP, 10-K, February 26, 2009

replace expiring commitments with new commitments on substantially the same terms, maintaining levels management believes appropriate. Terms of new commitments in the future will be subject to market conditions at the time of renewal. Any borrowings under the facilities would be



unsecured indebtedness at interest rates based on London Interbank Offered Rate or an average of base lending rates published by specified banks and on terms reflecting the company's strong credit rating. No borrowings were outstanding under these facilities at December 31, 2008. In addition, the company has an automatic shelf registration statement that expires in March 2010 for an unspecified amount of nonconvertible debt securities issued or guaranteed by the company. In January 2009, the company's Board of Directors authorized the issuance of one or more series of notes or debentures in an aggregate amount up to $5 billion for a term not to exceed ten years.

At December 31, 2008, the company had outstanding public bonds issued by Chevron Corporation Profit Sharing/Savings Plan Trust Fund, Texaco Capital Inc. and Union Oil Company of California. All of these securities are guaranteed by Chevron Corporation and are rated AA by Standard and Poor's Corporation and Aa1 by Moody's Investors Service. The company's U.S. commercial paper is rated A-1+ by Standard and Poor's and P-1 by Moody's. All of these ratings denote high-quality, investment-grade securities.

The company's future debt level is dependent primarily on results of operations, the capital-spending program and cash that may be generated from asset dispositions. During periods of low prices for crude oil and natural gas and narrow margins for refined products and commodity chemicals, the company has the flexibility to increase borrowings and/or modify capital-spending plans to continue paying the common stock dividend and maintain the company's high-quality debt ratings.

Common stock repurchase program In September 2007, the company authorized the acquisition of up to $15 billion of additional common shares from time to time at prevailing prices, as permitted by securities laws and other legal requirements and subject to market conditions and other factors. The program is for a period of up to three years and may be discontinued at any time. Through December 31, 2008, 119 million shares had been acquired under the program for $10.1 billion, including $8.0 billion in 2008. These amounts include shares acquired in October 2008 as part of an asset-exchange transaction described in Note 2 beginning on page FS-34. The company did not acquire any shares in early

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2009 and does not plan to acquire any shares in the 2009 first quarter.

Capital and exploratory expenditures Total reported expenditures for 2008 were $22.8 billion, including $2.3 billion for the company's share of affiliates' expenditures, which did not require cash outlays by the company. In 2007 and 2006, expenditures were $20.0 billion and $16.6 billion, respectively, including the company's share of affiliates' expenditures of $2.3 billion and $1.9 billion in the corresponding periods.

Of the $22.8 billion in expenditures for 2008, about three-fourths, or $17.5 billion, related to upstream activities. Approximately the same percentage was also expended for upstream operations in 2007 and 2006. International upstream accounted for about 70 percent of the worldwide upstream investment in each of the three years, reflecting the company's continuing focus on opportunities that are available outside the United States.

The company estimates that in 2009, capital and exploratory expenditures will be $22.8 billion, including $1.8 billion of spending by affiliates. About three-fourths of the total, or $17.5 billion, is budgeted for exploration and production activities, with $13.9 billion of this amount outside the United States. Spending in 2009 is primarily targeted for exploratory prospects in the deepwater U.S. Gulf of Mexico, western Africa, and the Gulf of Thailand and major development projects in Angola, Australia, Brazil, Indonesia, Nigeria, Thailand and the deepwater U.S. Gulf of Mexico. Also included are one-time payments associated with upstream operating agreements in China and the Partitioned Neutral Zone between Saudi Arabia and Kuwait.

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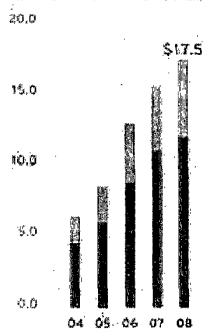
Exploration & Production – Capital & Exploratory Expenditures*

Billions of dollars



■ United States
■ International

Exploration and production expenditures increased by about $2 billion in 2008. Many significant projects were in their capital-intensive phase.

*Includes equity in affiliates

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Source: CHEVRON CORP, 10-K, February 26, 2009

Capital and Exploratory Expenditures

Millions of dollars	2008 U.S.	2008 Int'l.	2008 Total	2007 U.S.	2007 Int'l.	2007 Total	2006 U.S.	2006 Int'l.	2006 Total
Upstream – Exploration and Production	**$ 5,516**	**$ 11,944**	**$ 17,460**	$ 4,558	$ 10,980	$ 15,538	$ 4,123	$ 8,696	$ 12,819
Downstream – Refining, Marketing and Transportation	**2,182**	**2,023**	**4,205**	1,576	1,867	3,443	1,176	1,999	3,175
Chemicals	**407**	**78**	**485**	218	53	271	146	54	200
All Other	**618**	**7**	**625**	768	6	774	403	14	417
Total	**$ 8,723**	**$ 14,052**	**$ 22,775**	$ 7,120	$ 12,906	$ 20,026	$ 5,848	$ 10,763	$ 16,611
Total, Excluding Equity in Affiliates	**$ 8,241**	**$ 12,228**	**$ 20,469**	$ 6,900	$ 10,790	$ 17,690	$ 5,642	$ 9,050	$ 14,692

Worldwide downstream spending in 2009 is estimated at $4.3 billion, with about $2.0 billion for projects in the United States. Capital projects include upgrades to refineries in the United States and South Korea and construction of a gas-to-liquids facility in support of associated upstream projects.

Investments in chemicals, technology and other corporate businesses in 2009 are budgeted at $1.0 billion. Technology investments include projects related to unconventional hydrocarbon technologies, oil and gas reservoir management, and gas-fired and renewable power generation.

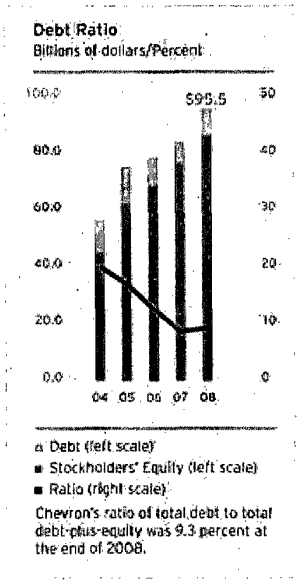
Pension Obligations In 2008, the company's pension plan contributions were $839 million (including $577 million to the U.S. plans). The company estimates contributions in 2009 will be approximately $800 million. Actual contribution amounts are dependent upon plan-investment results, changes in pension obligations, regulatory requirements and other economic factors. Additional funding may be required if investment returns are insufficient to offset increases in plan obligations. Refer also to the discussion of pension accounting in "Critical Accounting Estimates and Assumptions," beginning on page FS-18.

Financial Ratios

Financial Ratios

	At December 31		
	2008	2007	2006
Current Ratio	**1.1**	1.2	1.3
Interest Coverage Ratio	**166.9**	69.2	53.5
Debt Ratio	**9.3%**	8.6%	12.5%

Current Ratio – current assets divided by current liabilities. The current ratio in all periods was adversely affected by the fact that Chevron's inventories are valued on a Last-In, First-Out basis. At year-end 2008, the book value of inventory was lower than replacement costs, based on average acquisition costs during the year, by approximately $9 billion.



Chevron's ratio of total debt to total debt-plus-equity was 9.3 percent at the end of 2008.

Interest Coverage Ratio – income before income tax expense, plus interest and debt expense and amortization of capitalized interest, divided by before-tax interest costs. The company's interest coverage ratio was higher between 2007 and 2008 and between 2006 and 2007, primarily due to higher before-tax income and lower average debt balances in each of the subsequent years.

Debt Ratio – total debt as a percentage of total debt plus equity. The increase between 2007 and 2008 was primarily due to higher debt. The decrease between 2006 and 2007 was due to lower debt and higher stockholders' equity balance.

Guarantees, Off-Balance-Sheet Arrangements and Contractual Obligations, and Other Contingencies

Direct Guarantee

Millions of dollars		Commitment Expiration by Period			
	Total	2009	2010–2011	2012–2013	After 2013
Guarantee of non-consolidated affiliate or joint-venture obligation	$ 613	$ –	$ –	$ 76	$ 537

The company's guarantee of approximately $600 million is

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associated with certain payments under a terminal-use agreement entered into by a company affiliate. The terminal is expected to be operational by 2012. Over the approximate 16-year term of the guarantee, the maximum guarantee amount will be reduced as certain fees are paid by the affiliate.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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There are numerous cross-indemnity agreements with the affiliate and the other partners to permit recovery of any amounts paid under the guarantee. Chevron has recorded no liability for its obligation under this guarantee.

Indemnifications The company provided certain indemnities of contingent liabilities of Equilon and Motiva to Shell and Saudi Refining, Inc., in connection with the February 2002 sale of the company's interests in those investments. The company would be required to perform if the indemnified liabilities become actual losses. Were that to occur, the company could be required to make future payments up to $300 million. Through the end of 2008, the company had paid $48 million under these indemnities and continues to be obligated for possible additional indemnification payments in the future.

The company has also provided indemnities relating to contingent environmental liabilities related to assets originally contributed by Texaco to the Equilon and Motiva joint ventures and environmental conditions that existed prior to the formation of Equilon and Motiva or that occurred during the period of Texaco's ownership interest in the joint ventures. In general, the environmental conditions or events that are subject to these indemnities must have arisen prior to December 2001. Claims must be asserted no later than February 2009 for Equilon indemnities and no later than February 2012 for Motiva indemnities. Under the terms of these indemnities, there is no maximum limit on the amount of potential future payments. In February 2009, Shell delivered a letter to the company purporting to preserve unmatured claims for certain Equilon indemnities. The letter itself provides no estimate of the ultimate claim amount, and management does not believe the letter provides a basis to estimate the amount, if any, of a range of loss or potential range of loss with respect to Equilon or the Motiva indemnities. The company posts no assets as collateral and has made no payments under the indemnities.

The amounts payable for the indemnities described above are to be net of amounts recovered from insurance carriers and others and net of liabilities recorded by Equilon or Motiva prior to September 30, 2001, for any applicable incident.

In the acquisition of Unocal, the company assumed certain indemnities relating to contingent environmental liabilities associated with assets that were sold in 1997. Under the indemnification agreement, the company's liability is unlimited until April 2022, when the indemnification expires. The acquirer shares in certain environmental remediation costs up to a maximum obligation of $200 million, which had not been reached as of December 31, 2008.

Securitization During 2008, the company terminated the program used to securitize downstream-related trade accounts receivable. At year-end 2007, the balance of securitized receivables was $675 million. As of December 31, 2008, the company had no other securitization arrangements in place.

Minority Interests The company has commitments of $469 million related to minority interests in subsidiary companies.

Long-Term Unconditional Purchase Obligations and Commitments, Including Throughput and Take-or-Pay Agreements The company and its subsidiaries have certain other contingent liabilities relating to long-term unconditional purchase obligations and commitments, including throughput and take-or-pay agreements, some of which relate to suppliers' financing arrangements. The agreements typically provide goods and services, such as pipeline and storage capacity,

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drilling rigs, utilities, and petroleum products, to be used or sold in the ordinary course of the company's business. The aggregate ap roximate amounts of required payments under these various commitments are: 2009 – $6.4 billion; 2010 – $4.0 billion; 2011 – $3.6 billion; 2012 – $1.5 billion; 2013 – $1.3 billion; 2014 and after – $4.3 billion. A portion of these commitments may ultimately be shared with project partners. Total payments under the agreements were approximately $5.1 billion in 2008, $3.7 billion in 2007 and $3.0 billion in 2006.

The following table summarizes the company's significant contractual obligations:

Contractual Obligations[1]

Millions of dollars	Payments Due by Period				
	Total	2009	2010–2011	2012–2013	After 2013
On Balance Sheet:[2]					
Short-Term Debt[3]	$ 2,818	$ 2,818	$ –	$ –	$ –
Long-Term Debt[3]	5,742	–	5,061	74	607
Noncancelable Capital Lease Obligations	548	97	154	143	154
Interest	2,133	174	322	312	1,325
Off-Balance-Sheet:					
Noncancelable Operating Lease Obligations	2,888	503	835	603	947
Throughput and Take-or-Pay Agreements	15,726	5,063	5,383	1,261	4,019
Other Unconditional Purchase Obligations[4]	5,356	1,342	2,159	1,541	314

1 Excludes contributions for pensions and other postretirement benefit plans. Information on employee benefit plans is contained in Note 22 beginning on page FS-51.

2 Does not include amounts related to the company's income tax liabilities associated with uncertain tax positions. The company is unable to make reasonable estimates for the periods in which these liabilities may become payable. The company does not expect settlement of such liabilities will have a material effect on its results of operations, consolidated financial position or liquidity in any single period.

3 $5.0 billion of short-term debt that the company expects to refinance is included in long-term debt. The repayment schedule above reflects the projected repayment of the entire amounts in the 2010–2011 period.

4 Does not include obligations to purchase the company's share of natural gas liquids and regasified natural gas associated with operations of the 36.4 percent-owned Angola LNG affiliate. The LNG plant is expected to commence operations in 2012 and is designed to produce 5.2 million metric tons of liquefied natural gas and related natural gas liquids per year. Volumes and prices associated with these purchase obligations are neither fixed nor determinable.

Financial and Derivative Instruments

The market risk associated with the company's portfolio of financial and derivative instruments is discussed below. The estimates of financial exposure to market risk discussed below do not represent the company's projection of future market changes. The actual impact of future market changes could differ materially due to factors discussed elsewhere in this report, including those set forth under the heading "Risk

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Factors" in Part I, Item 1A, of the company's 2008 Annual Report on Form 10-K.

Derivative Commodity Instruments Chevron is exposed to market risks related to the price volatility of crude oil, refined products, natural gas, natural gas liquids, liquefied natural gas and refinery feedstocks.

The company uses derivative commodity instruments to manage these exposures on a portion of its activity, including firm commitments and anticipated transactions for the purchase, sale and storage of crude oil, refined products, natural gas, natural gas liquids and feedstock for company refineries. The company also uses derivative commodity instruments for limited trading purposes. The results of this activity were not material to the company's financial position, net income or cash flows in 2008.

The company's market exposure positions are monitored and managed on a daily basis by an internal Risk Control group to ensure compliance with the company's risk management policies that have been approved by the Audit Committee of the company's Board of Directors.

The derivative instruments used in the company's risk management and trading activities consist mainly of futures, options and swap contracts traded on the NYMEX (New York Mercantile Exchange) and on electronic platforms of ICE (Inter-Continental Exchange) and GLOBEX (Chicago Mercantile Exchange). In addition, crude oil, natural gas and refined-product swap contracts and option contracts are entered into principally with major financial institutions and other oil and gas companies in the "over-the-counter" markets.

Virtually all derivatives beyond those designated as normal purchase and normal sale contracts are recorded at fair value on the Consolidated Balance Sheet with resulting gains and losses reflected in income. Fair values are derived principally from published market quotes and other independent third-party quotes. The change in fair value from Chevron's derivative commodity instruments in 2008 was a quarterly average increase of $160 million in total assets and a quarterly average decrease of $1 million in total liabilities.

The company uses a Value-at-Risk (VaR) model to estimate the potential loss in fair value on a single day from the effect of adverse changes in market conditions on derivative instruments held or issued, which are recorded on the balance sheet at December 31, 2008, as derivative instruments in accordance with FAS Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended (FAS 133). VaR is the maximum loss not to be exceeded within a given probability or confidence level over a given period of time. The company's VaR model uses the Monte Carlo simulation method that involves generating hypothetical scenarios from the specified probability distribution and constructing a full distribution of a portfolio's potential values.

The VaR model utilizes an exponentially weighted moving average for computing historical volatilities and correlations, a 95 percent confidence level, and a one-day holding period. That is, the company's 95 percent, one-day VaR corresponds to the

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unrealized loss in portfolio value that would not be exceeded on average more than one in every 20 trading days, if the portfolio were held constant for one day.

The one-day holding period is based on the assumption that market-risk positions can be liquidated or hedged within one day. For hedging and risk management, the company uses conventional exchange-traded instruments such as futures and options as well as non-exchange-traded swaps, most of which can be liquidated or hedged effectively within one day. The table below presents the 95 percent/one-day VaR for each of the company's primary risk exposures in the area of derivative commodity instruments at December 31, 2008 and 2007. The higher amounts in 2008 were associated with an increase in price volatility for these commodities during the year.

Millions of dollars	2008	2007
Crude Oil	$ 39	$ 29
Natural Gas	5	3
Refined Products	45	23

Foreign Currency The company enters into forward exchange contracts, generally with terms of 180 days or less, to manage some of its foreign currency exposures. These exposures include revenue and anticipated purchase transactions, including foreign currency capital expenditures and lease commitments, forecasted to occur within 180 days. The forward exchange contracts are recorded at fair value on the balance sheet with resulting gains and losses reflected in income.

The aggregate effect of a hypothetical 10 percent increase in the value of the U.S. dollar at year-end 2008 would be a reduction in the fair value of the foreign exchange contracts of approximately $100 million. The effect would be the opposite for a hypothetical 10 percent decrease in the value of the U.S. dollar at year-end 2008.

Interest Rates The company enters into interest-rate swaps from time to time as part of its overall strategy to manage the interest rate risk on its debt. Under the terms of the swaps, net cash settlements are based on the difference between fixed-rate and floating-rate interest amounts calculated by reference to agreed notional principal amounts. Interest rate swaps related to a portion of the company's fixed-rate debt are accounted for as fair value hedges. Interest rate swaps related to floating-rate debt are recorded at fair value on the balance sheet with resulting gains and losses reflected in income. At year-end 2008, the company had no interest-rate swaps on floating-rate debt. The company's only interest-rate swaps on fixed-rate debt matured in January 2009.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Transactions With Related Parties

Chevron enters into a number of business arrangements with related parties, principally its equity affiliates. These arrangements include long-term supply or offtake agreements and long-term purchase agreements. Refer to Other Information in Note 12 of the Consolidated Financial Statements, page FS-42, for further discussion. Management believes these agreements have been negotiated on terms consistent with those that would have been negotiated with an unrelated party.

Litigation and Other Contingencies

MTBE Chevron and many other companies in the petroleum industry have used methyl tertiary butyl ether (MTBE) as a gasoline additive. In October 2008, 59 cases were settled in which the company was a party and which related to the use of MTBE in certain oxygenated gasolines and the alleged seepage of MTBE into groundwater. The terms of this agreement are confidential and not material to the company's results of operations, liquidity or financial position. Chevron is a party to 37 other pending lawsuits and claims, the majority of which involve numerous other petroleum marketers and refiners. Resolution of these lawsuits and claims may ultimately require the company to correct or ameliorate the alleged effects on the environment of prior release of MTBE by the company or other parties. Additional lawsuits and claims related to the use of MTBE, including personal-injury claims, may be filed in the future. The settlement of the 59 lawsuits did not set any precedents related to standards of liability to be used to judge the merits of the claims, corrective measures required or monetary damages to be assessed for the remaining lawsuits and claims or future lawsuits and claims. As a result, the company's ultimate exposure related to pending lawsuits and claims is not currently determinable, but could be material to net income in any one period. The company no longer uses MTBE in the manufacture of gasoline in the United States.

RFG Patent Fourteen purported class actions were brought by consumers who purchased reformulated gasoline (RFG) from January 1995 through August 2005, alleging that Unocal misled the California Air Resources Board into adopting standards for composition of RFG that overlapped with Unocal's undisclosed and pending patents. The parties agreed to a settlement that calls for, among other things, Unocal to pay $48 million and for the establishment of a *cy pres* fund to administer payout of the award. The court approved the final settlement in November 2008.

Ecuador Chevron is a defendant in a civil lawsuit before the Superior Court of Nueva Loja in Lago Agrio, Ecuador, brought in May 2003 by plaintiffs who claim to be representatives of certain residents of an area where an oil production consortium formerly had operations. The lawsuit alleges damage to the environment from the oil exploration and production operations, and seeks unspecified damages to fund environmental remediation and restoration of the alleged environmental harm, plus a health monitoring program. Until 1992, Texaco Petroleum Company (Texpet), a subsidiary of Texaco Inc., was a minority member of this consortium with Petroecuador, the Ecuadorian state-owned

CMI09-00407

Source: CHEVRON CORP, 10-K, February 26, 2009

oil company, as the majority partner; since 1990, the operations have been conducted solely by Petroecuador. At the conclusion of the consortium and following an independent third-party environmental audit of the concession area, Texpet entered into a formal agreement with the Republic of Ecuador and Petroecuador for Texpet to remediate specific sites assigned by the government in proportion to Texpet's ownership share of the consortium. Pursuant to that agreement, Texpet conducted a three-year remediation program at a cost of $40 million. After certifying that the sites were properly remediated, the government granted Texpet and all related corporate entities a full release from any and all environmental liability arising from the consortium operations.

Based on the history described above, Chevron believes that this lawsuit lacks legal or factual merit. As to matters of law, the company believes first, that the court lacks jurisdiction over Chevron; second, that the law under which plaintiffs bring the action, enacted in 1999, cannot be applied retroactively to Chevron; third, that the claims are barred by the statute of limitations in Ecuador; and, fourth, that the lawsuit is also barred by the releases from liability previously given to Texpet by the Republic of Ecuador and Petroecuador. With regard to the facts, the company believes that the evidence confirms that Texpet's remediation was properly conducted and that the remaining environmental damage reflects Petroecuador's failure to timely fulfill its legal obligations and Petroecuador's further conduct since assuming full control over the operations.

In April 2008, a mining engineer appointed by the court to identify and determine the cause of environmental damage, and to specify steps needed to remediate it, issued a report recommending that the court assess $8 billion, which would, according to the engineer, provide financial compensation for purported damages, including wrongful death claims, and pay for, among other items, environmental remediation, health care systems, and additional infrastructure for Petroecuador. The engineer's report also asserted that an additional $8.3 billion could be assessed against Chevron for unjust enrichment. The engineer's report is not binding on the court. Chevron also believes that the engineer's work was performed and his report prepared in a manner contrary to law and in violation of the court's orders. Chevron submitted a rebuttal to the report in which it asked the court to strike the report in its entirety. In November 2008, the engineer revised the report and, without additional evidence, recommended an increase in the financial compensation for purported damages to a total of $18.9 billion and an increase in the assessment for purported unjust enrichment to a total of $8.4 billion. Chevron submitted a rebuttal to the revised report, and Chevron will continue a vigorous defense of any attempted imposition of liability.

Management does not believe an estimate of a reasonably possible loss (or a range of loss) can be made in this case. Due to the defects associated with the engineer's report, management does not believe the report itself has any utility in calculating a reasonably possible loss (or a range of loss). Moreover, the highly uncertain legal environment surrounding the case provides no basis for management to

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Source: CHEVRON CORP, 10-K, February 26, 2009

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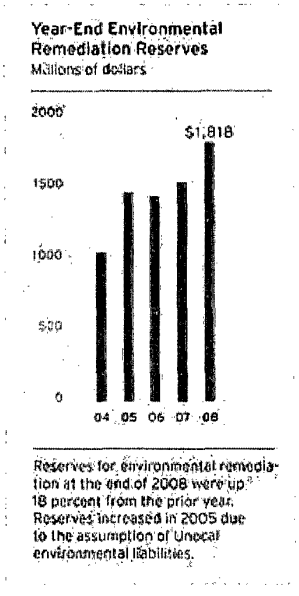

Reserves for environmental remediation at the end of 2008 were up 18 percent from the prior year. Reserves increased in 2005 due to the assumption of Unocal environmental liabilities.

estimate a reasonable possible loss (or a range of loss).

Environmental The company is subject to loss contingencies pursuant to environmental laws and regulations that in the future may require the company to take action to correct or ameliorate the effects on the environment of prior release of chemicals or petroleum substances, including MTBE, by the company or other parties. Such contingencies may exist for various sites, including, but not limited to, federal Superfund sites and analogous sites under state laws, refineries, crude oil fields, service stations, terminals, land development areas, and mining operations, whether operating, closed or divested. These future costs are not fully determinable due to such factors as the unknown magnitude of possible contamination, the unknown timing and extent of the corrective actions that may be required, the determination of the company's liability in proportion to other responsible parties, and the extent to which such costs are recoverable from third parties.

Although the company has provided for known environmental obligations that are probable and reasonably estimable, the amount of additional future costs may be material to results of operations in the period in which they are recognized. The company does not expect these costs will have a material effect on its consolidated financial position or liquidity. Also, the company does not believe its obligations to make such expenditures have had, or will have, any significant impact on the company's competitive position relative to other U.S. or international petroleum or chemical companies.

The following table displays the annual changes to the company's before-tax environmental remediation reserves, including those for federal Superfund sites and analogous sites under state laws.

Millions of dollars	**2008**	2007	2006
Balance at January 1	**$ 1,539**	$ 1,441	$ 1,469

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Net Additions	**784**	562	366
Expenditures	**(505)**	(464)	(394)
Balance at December 31	**$ 1,818**	$ 1,539	$ 1,441

Included in the $1,818 million year-end 2008 reserve balance were remediation activities of 248 sites for which the company had been identified as a potentially responsible party or otherwise involved in the remediation by the U.S. Environmental Protection Agency (EPA) or other regulatory agencies under the provisions of the federal Superfund law or analogous state laws. The company's remediation reserve for these sites at year-end 2008 was $120 million. The federal Superfund law and analogous state laws provide for joint and several liability for all responsible parties. Any future actions by the EPA or other regulatory agencies to require Chevron to assume other potentially responsible parties' costs at designated hazardous waste sites are not expected to have a material effect on the company's consolidated financial position or liquidity.

Of the remaining year-end 2008 environmental reserves balance of $1,698 million, $968 million related to current and former sites for the company's U.S. downstream operations, including refineries and other plants, marketing locations (i.e., service stations and terminals), and pipelines. The remaining $730 million was associated with various sites in international downstream ($117 million), upstream ($390 million), chemicals ($154 million) and other ($69 million). Liabilities at all sites, whether operating, closed or divested, were primarily associated with the company's plans and activities to remediate soil or groundwater contamination or both. These and other activities include one or more of the following: site assessment; soil excavation; offsite disposal of contaminants; onsite containment, remediation and/or extraction of petroleum hydrocarbon liquid and vapor from soil; groundwater extraction and treatment; and monitoring of the natural attenuation of the contaminants.

The company manages environmental liabilities under specific sets of regulatory requirements, which in the United States include the Resource Conservation and Recovery Act and various state or local regulations. No single remediation site at year-end 2008 had a recorded liability that was material to the company's financial position, results of operations or liquidity.

It is likely that the company will continue to incur additional liabilities, beyond those recorded, for environmental remediation relating to past operations. These future costs are not fully determinable due to such factors as the unknown magnitude of possible contamination, the unknown timing and extent of the corrective actions that may be required, the determination of the company's liability in proportion to other responsible parties, and the extent to which such costs are recoverable from third parties.

The company accounts for asset retirement obligations in accordance with FASB Statement No. 143, *Accounting for Asset Retirement Obligations* (FAS 143). Under FAS 143, the fair value of a liability for an asset retirement obligation is recorded when there is a legal obligation associated with the retirement of long-lived assets and the liability can be

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Source: CHEVRON CORP, 10-K, February 26, 2009

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reasonably estimated. The liability balance of approximately $9.4 billion for asset retirement obligations at year-end 2008 related primarily to upstream properties.

For the company's other ongoing operating assets, such as refineries and chemicals facilities, no provisions are made for exit or cleanup costs that may be required when such assets reach the end of their useful lives unless a decision to sell or otherwise abandon the facility has been made, as the indeterminate settlement dates for the asset retirements prevent estimation of the fair value of the asset retirement obligation.

Refer also to Note 24, beginning on page FS-58, related to FAS 143 and the company's adoption in 2005 of FASB Interpretation No. (FIN) 47, *Accounting for Conditional Asset Retirement Obligations – An Interpretation of FASB Statement No. 143* (FIN 47), and the discussion of "Environmental Matters" below.

Income Taxes The company calculates its income tax expense and liabilities quarterly. These liabilities generally are subject to audit and are not finalized with the individual taxing authorities until several years after the end of the annual period for which income taxes have been calculated. Refer to Note 16 beginning on page FS-45 for a discussion of the periods for which tax returns have been audited for the company's major tax jurisdictions and a discussion for all tax jurisdictions of the differences between the amount of tax benefits recognized in the financial statements and the amount taken or expected to be taken in a tax return. The company does not expect that settlement of income tax liabilities associated with uncertain tax positions will have a material effect on its results of operations, consolidated financial position or liquidity.

The Emergency Economic Stabilization Act of 2008, which contained a number of energy and tax-related provisions, known as the Energy Improvement and Extension Act of 2008 (the Act), was signed into U.S. law in October 2008. The Act includes two provisions that affect Chevron's tax liability, beginning in the fourth quarter of 2008. The Act freezes at 6 percent the domestic manufacturer's deduction on income from U.S. oil and gas operations that was scheduled to increase to 9 percent in 2010. Effective in 2009, the Act expands the current foreign tax credit (FTC) limitation for Foreign Oil and Gas Extraction Income to also include foreign downstream income, known as Foreign Oil Related Income. This change is expected to impact Chevron's utilization of FTCs.

Suspended Wells The company suspends the costs of exploratory wells pending a final determination of the commercial potential of the related crude oil and natural gas fields. The ultimate disposition of these well costs is dependent on the results of future drilling activity or development decisions or both. At December 31, 2008, the company had approximately $2.1 billion of suspended exploratory wells included in properties, plant and equipment, an increase of $458 million from 2007. The 2007 balance reflected an increase of $421 million from 2006.

The future trend of the company's exploration expenses can be affected by amounts associated with well write-offs, including wells that had been previously suspended pending determination as to whether the well had found reserves

that could be classified as proved. The effect on exploration expenses in future periods of the $2.1 billion of suspended wells at year-end 2008 is uncertain pending future activities, including normal project evaluation and additional drilling.

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Refer to Note 20, beginning on page FS-48, for additional discussion of suspended wells.

Equity Redetermination For oil and gas producing operations, ownership agreements may provide for periodic reassessments of equity interests in estimated crude oil and natural gas reserves. These activities, individually or together, may result in gains or losses that could be material to earnings in any given period. One such equity redetermination process has been under way since 1996 for Chevron's interests in four producing zones at the Naval Petroleum Reserve at Elk Hills, California, for the time when the remaining interests in these zones were owned by the U.S. Department of Energy. A wide range remains for a possible net settlement amount for the four zones. For this range of settlement, Chevron estimates its maximum possible net before-tax liability at approximately $200 million, and the possible maximum net amount that could be owed to Chevron is estimated at about $150 million. The timing of the settlement and the exact amount within this range of estimates are uncertain.

Other Contingencies Chevron receives claims from and su mits claims to customers; trading partners; U.S. federal, state and local regulatory bodies; governments; contractors; insurers; and suppliers. The amounts of these claims, individually and in the aggregate, may be significant and take lengthy periods to resolve.

The company and its affiliates also continue to review and analyze their operations and may close, abandon, sell, exchange, acquire or restructure assets to achieve operational or strategic benefits and to improve competitiveness and profitability. These activities, individually or together, may result in gains or losses in future periods.

Environmental Matters

Virtually all aspects of the businesses in which the company engages are subject to various federal, state and local environmental, health and safety laws and regulations. These regulatory requirements continue to increase in both number and complexity over time and govern not only the manner in which the company conducts its operations, but also the products it sells. Most of the costs of complying with laws and regulations pertaining to company operations and products are embedded in the normal costs of doing business.

Accidental leaks and spills requiring cleanup may occur in the ordinary course of business. In addition to the costs for environmental protection associated with its ongoing operations and products, the company may incur expenses for corrective actions at various owned and previously owned facilities and at third-party-owned waste-disposal sites used by the company. An obligation may arise when operations are closed or sold or at non-Chevron sites where company products have been handled or disposed of. Most of the expenditures to fulfill these obligations relate to facilities and sites where past operations followed practices and procedures that were con-

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Source: CHEVRON CORP, 10-K, February 26, 2009

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sidered acceptable at the time but now require investigative or remedial work or both to meet current standards.

Using definitions and guidelines established by the American Petroleum Institute, Chevron estimated its worldwide environmental spending in 2008 at approximately $3.1 billion for its consolidated companies. Included in these expenditures were approximately $1.3 billion of environmental capital expenditures and $1.8 billion of costs associated with the prevention, control, abatement or elimination of hazardous substances and pollutants from operating, closed or divested sites, and the abandonment and restoration of sites.

For 2009, total worldwide environmental capital expenditures are estimated at $2.2 billion. These capital costs are in addition to the ongoing costs of complying with environmental regulations and the costs to remediate previously contaminated sites.

It is not possible to predict with certainty the amount of additional investments in new or existing facilities or amounts of incremental operating costs to be incurred in the future to: prevent, control, reduce or eliminate releases of hazardous materials into the environment; comply with existing and new environmental laws or regulations; or remediate and restore areas damaged by prior releases of hazardous materials. Although these costs may be significant to the results of operations in any single period, the company does not expect them to have a material effect on the company's liquidity or financial position.

Critical Accounting Estimates and Assumptions

Management makes many estimates and assumptions in the application of generally accepted accounting principles (GAAP) that may have a material impact on the company's consolidated financial statements and related disclosures and on the comparability of such information over different reporting periods. All such estimates and assumptions affect reported amounts of assets, liabilities, revenues and expenses, as well as disclosures of contingent assets and liabilities. Estimates and assumptions are based on management's experience and other information available prior to the issuance of the financial statements. Materially different results can occur as circumstances change and additional information becomes known.

The discussion in this section of "critical" accounting estimates or assumptions is according to the disclosure guidelines of the Securities and Exchange Commission (SEC), wherein:

1. the nature of the estimates or assumptions is material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change; and
2. the impact of the estimates and assumptions on the company's financial condition or operating performance is material.

Besides those meeting these "critical" criteria, the company

makes many other accounting estimates and assumptions in preparing its financial statements and related disclosures. Although not associated with "highly uncertain matters," these estimates and assumptions are also subject to revision as circumstances warrant, and materially different results may sometimes occur.

For example, the recording of deferred tax assets requires an assessment under the accounting rules that the future realization of the associated tax benefits be "more likely than not." Another example is the estimation of crude oil and natural gas reserves under SEC rules that require "... geological and engineering data (that) demonstrate with reasonable certainty (reserves) to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e., prices and costs as of the date the estimate is made." Refer to Table V, "Reserve Quantity Information," beginning on page FS-67, for the changes in these estimates for the three years ending December 31, 2008, and to Table VII, "Changes in the Standardized Measure of Discounted Future Net Cash Flows From Proved Reserves" on page FS-74 for estimates of proved-reserve values for each of the three years ended December 31, 2008, which were based on year-end prices at the time. Note 1 to the Consolidated Financial Statements, beginning on page FS-32, includes a description of the "successful efforts" method of accounting for oil and gas exploration and production activities. The estimates of crude oil and natural gas reserves are important to the timing of expense recognition for costs incurred.

The discussion of the critical accounting policy for "Impairment of Properties, Plant and Equipment and Investments in Affiliates," beginning on page FS-20, includes reference to conditions under which downward revisions of proved-reserve quantities could result in impairments of oil and gas properties. This commentary should be read in conjunction with disclosures elsewhere in this discussion and in the Notes to the Consolidated Financial Statements related to estimates, uncertainties, contingencies and new accounting standards. Significant accounting policies are discussed in Note 1 to the Consolidated Financial Statements, beginning on page FS-32. The development and selection of accounting estimates

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and assumptions, including those deemed "critical," and the associated disclosures in this discussion have been discussed by management with the Audit Committee of the Board of Directors.

The areas of accounting and the associated "critical" estimates and assumptions made by the company are as follows:

Pension and Other Postretirement Benefit Plans The determination of pension-plan obligations and expense is based on a number of actuarial assumptions. Two critical assumptions are the expected long-term rate of return on plan assets and the discount rate applied to pension plan obligations. For other postretirement benefit (OPEB) plans, which provide for certain health care and life insurance benefits for qualifying retired employees and which are not funded, critical assumptions in determining OPEB obligations and expense are the discount rate and the assumed health care cost-trend rates.

Note 22, beginning on page FS-51, includes information on the funded status of the company's pension and OPEB plans at the end of 2008 and 2007; the components of pension and OPEB expense for the three years ending December 31, 2008; and the underlying assumptions for those periods.

Pension and OPEB expense is recorded on the Consolidated Statement of Income in "Operating expenses" or "Selling, general and administrative expenses" and applies to all business segments. The year-end 2008 and 2007 funded status, measured as the difference between plan assets and obligations, of each of the company's pension and OPEB plans is recognized on the Consolidated Balance Sheet. The funded status of overfunded pension plans is recorded as a long-term asset in "Deferred charges and other assets." The funded status of underfunded or unfunded pension and OPEB plans is recorded in "Accrued liabilities" or "Reserves for employee benefit plans." Amounts yet to be recognized as components of pension or OPEB expense are recorded in "Accumulated other comprehensive loss."

To estimate the long-term rate of return on pension assets, the company uses a process that incorporates actual historical asset-class returns and an assessment of expected future performance and takes into consideration external actuarial advice and asset-class factors. Asset allocations are periodically updated using pension plan asset/liability studies, and the determination of the company's estimates of long-term rates of return are consistent with these studies. The expected long-term rate of return on U.S. pension plan assets, which account for 68 percent of the company's pension plan assets, has remained at 7.8 percent since 2002. For the 10 years ending December 31, 2008, actual asset returns averaged 3.7 percent for this plan. The actual asset returns for the 10 years ending December 31, 2007, averaged 8.7 percent. The actual return for 2008 was negative and was associated with the broad decline in the financial markets in the second half of the year.

The year-end market-related value of assets of the major U.S. pension plan used in the determination of pension expense was based on the market value in the preceding three months, as opposed to the maximum allowable period of five years under U.S. accounting rules. Management considers the three-month period long enough to minimize the effects of distortions from day-to-day market volatility and still be contemporaneous to the end of the year. For other plans, market value of assets as of year-end is used in calculating the pension expense.

The discount rate assumptions used to determine U.S. and international pension and postretirement benefit plan obligations

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and expense reflect the prevailing rates available on high-quality fixed-income debt instruments. At December 31, 2008, the company selected a 6.3 percent discount rate for the major U.S. pension and postretirement plans. This rate was selected based on a cash flow analysis that matched estimated future benefit payments to the Citigroup Pension Discount Yield Curve as of year-end 2008. The discount rates at the end of 2007 and 2006 were 6.3 percent and 5.8 percent, respectively.

An increase in the expected long-term return on plan assets or the discount rate would reduce pension plan expense, and vice versa. Total pension expense for 2008 was $770 million. As an indication of the sensitivity of pension expense to the long-term rate of return assumption, a 1 percent increase in the expected rate of return on assets of the company's primary U.S. pension plan would have reduced total pension plan expense for 2008 by approximately $70 million. A 1 percent increase in the discount rate for this same plan, which accounted for about 61 percent of the companywide pension obligation, would have reduced total pension plan expense for 2008 by approximately $140 million.

An increase in the discount rate would decrease the pension obligation, thus changing the funded status of a plan recorded on the Consolidated Balance Sheet. The total pension liability on the Consolidated Balance Sheet at December 31, 2008, for underfunded plans was approximately $4.0 billion. As an indication of the sensitivity of pension liabilities to the discount rate assumption, a 0.25 percent increase in the discount rate applied to the company's primary U.S. pension plan would have reduced the plan obligation by approximately $250 million, which would have decreased the plan's underfunded status from approximately $2.0 billion to $1.8 billion. Other plans would be less under-funded as discount rates increase. The actual rates of return on plan assets and discount rates may vary significantly from estimates because of unanticipated changes in the world's financial markets.

In 2008, the company's pension plan contributions were $839 million (including $577 million to the U.S. plans). In 2009, the company estimates contributions will be approximately $800 million. Actual contribution amounts are

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Source: CHEVRON CORP, 10-K, February 26, 2009

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dependent upon plan-investment results, changes in pension obligations, regulatory requirements and other economic factors. Additional funding may be required if investment returns are insufficient to offset increases in plan obligations.

For the company's OPEB plans, expense for 2008 was $179 million and the total liability, which reflected the unfunded status of the plans at the end of 2008, was $2.9 billion.

As an indication of discount rate sensitivity to the determination of OPEB expense in 2008, a 1 percent increase in the discount rate for the company's primary U.S. OPEB plan, which accounted for about 67 percent of the companywide OPEB expense, would have decreased OPEB expense by approximately $20 million. A 0.25 percent increase in the discount rate for the same plan, which accounted for about 86 percent of the companywide OPEB liabilities, would have decreased total OPEB liabilities at the end of 2008 by approximately $56 million.

For the main U.S. postretirement medical plan, the annual increase to company contributions is limited to 4 percent per year. For active employees and retirees under age 65 whose claims experiences are combined for rating purposes, the assumed health care cost-trend rates start with 7 percent in 2009 and gradually drop to 5 percent for 2017 and beyond. As an indication of the health care cost-trend rate sensitivity to the determination of OPEB expense in 2008, a 1 percent increase in the rates for the main U.S. OPEB plan, which accounted for 86 percent of the companywide OPEB liabilities, would have increased OPEB expense $8 million.

Differences between the various assumptions used to determine expense and the funded status of each plan and actual experience are not included in benefit plan costs in the year the difference occurs. Instead, the differences are included in actuarial gain/loss and unamortized amounts have been reflected in "Accumulated other comprehensive loss" on the Consolidated Balance Sheet. Refer to Note 22, beginning on page FS-51, for information on the $6.0 billion of before-tax actuarial losses recorded by the company as of December 31, 2008; a description of the method used to amortize those costs; and an estimate of the costs to be recognized in expense during 2009.

Impairment of Properties, Plant and Equipment and Investments in Affiliates The company assesses its properties, plant and equipment (PP&E) for possible impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. Such indicators include changes in the company's business plans, changes in commodity prices and, for crude oil and natural gas properties, significant downward revisions of estimated proved-reserve quantities. If the carrying value of an asset exceeds the future undiscounted cash flows expected from the asset, an impairment charge is recorded for the excess of carrying value of the asset over its estimated fair value.

Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters, such as future commodity prices, the effects of inflation

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and technology improvements on operating expenses, production profiles, and the outlook for global or regional market supply-and-demand conditions for crude oil, natural gas, commodity chemicals and refined products. However, the impairment reviews and calculations are based on assumptions that are consistent with the company's business plans and long-term investment decisions.

No major individual impairments of PP&E were recorded for the three years ending December 31, 2008. An estimate as to the sensitivity to earnings for these periods if other assumptions had been used in impairment reviews and impairment calculations is not practicable, given the broad range of the company's PP&E and the number of assumptions involved in the estimates. That is, favorable changes to some assumptions might have avoided the need to impair any assets in these periods, whereas unfavorable changes might have caused an additional unknown number of other assets to become impaired.

Investments in common stock of affiliates that are accounted for under the equity method, as well as investments in other securities of these equity investees, are reviewed for impairment when the fair value of the investment falls below the company's carrying value. When such a decline is deemed to be other than temporary, an impairment charge is recorded to the income statement for the difference between the investment's carrying value and its estimated fair value at the time. In making the determination as to whether a decline is other than temporary, the company considers such factors as the duration and extent of the decline, the investee's financial performance, and the company's ability and intention to retain its investment for a period that will be sufficient to allow for any anticipated recovery in the investment's market value. Differing assumptions could affect whether an investment is impaired in any period or the amount of the impairment, and are not subject to sensitivity analysis.

From time to time, the company performs impairment reviews and determines whether any write-down in the carrying value of an asset or asset group is required. For example, when significant downward revisions to crude oil and natural gas reserves are made for any single field or concession, an impairment review is performed to determine if the carrying value of the asset remains recoverable. Also, if the expectation

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Source: CHEVRON CORP, 10-K, February 26, 2009

of sale of a particular asset or asset group in any period has been deemed more likely than not, an impairment review is performed, and if the estimated net proceeds exceed the carrying value of the asset or asset group, no impairment charge is required. Such calculations are reviewed each period until the asset or asset group is disposed of. Assets that are not impaired on a held-and-used basis could possibly become impaired if a decision is made to sell such assets. That is, the assets would be impaired if they are classified as held-for-sale and the estimated proceeds from the sale, less costs to sell, are less than the assets' associated carrying values.

Business Combinations – Purchase-Price Allocation Accounting for business combinations requires the allocation of the company's purchase price to the various assets and liabilities of the acquired business at their respective fair values. The company uses all available information to make these fair value determinations, and for major acquisitions, may hire an independent appraisal firm to assist in making fair value estimates. In some instances, assumptions with respect to the timing and amount of future revenues and expenses associated with an asset might have to be used in determining its fair value. Actual timing and amount of net cash flows from revenues and expenses related to that asset over time may differ materially from those initial estimates, and if the timing is delayed significantly or if the net cash flows decline significantly, the asset could become impaired. Effective January 1, 2009, the accounting for business combinations will change. Refer to Note 19 on page FS-48.

Goodwill Goodwill resulting from a business combination is not subject to amortization. As required by FASB Statement No. 142, *Goodwill and Other Intangible Assets,* the company tests such goodwill at the reporting unit level for impairment on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

Contingent Losses Management also makes judgments and estimates in recording liabilities for claims, litigation, tax matters and environmental remediation. Actual costs can frequently vary from estimates for a variety of reasons. For example, the costs from settlement of claims and litigation can vary from estimates based on differing interpretations of laws, opinions on culpability and assessments on the amount of damages. Similarly, liabilities for environmental remediation are subject to change because of changes in laws, regulations and their interpretation, the determination of additional information on the extent and nature of site contamination, and improvements in technology.

Under the accounting rules, a liability is generally recorded for these types of contingencies if management determines the loss to be both probable and estimable. The company generally records these losses as "Operating expenses" or "Selling, general and administrative expenses" on the Consolidated Statement of Income. An exception to this handling is for income tax matters, for which ben-

efits are recognized only if management determines the tax position is "more likely than not" (i.e., likelihood greater than 50 percent) to be allowed by the tax jurisdiction. For additional discussion of income tax uncertainties, refer to Note 16 beginning on page FS-45. Refer also to the business segment discussions elsewhere in this section for the effect on earnings from losses associated with certain litigation, and environmental remediation and tax matters for the three years ended

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December 31, 2008.

An estimate as to the sensitivity to earnings for these periods if other assumptions had been used in recording these liabilities is not practicable because of the number of contingencies that must be assessed, the number of underlying assumptions and the wide range of reasonably possible outcomes, both in terms of the probability of loss and the estimates of such loss.

New Accounting Standards

FASB Statement No. 141 (revised 2007), Business Combinations (FAS 141-R) In December 2007, the FASB issued FAS 141-R, which became effective for business combination transactions having an acquisition date on or after January 1, 2009. This standard requires the acquiring entity in a business combination to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date to be measured at their respective fair values. It also requires acquisition-related costs, as well as restructuring costs the acquirer expects to incur for which it is not obligated at acquisition date, to be recorded against income rather than included in purchase-price determination. Finally, the standard requires recognition of contingent arrangements at their acquisition-date fair values, with subsequent changes in fair value generally reflected in income.

FASB Staff Position FAS 141(R)-a Accounting for Assets Acquired and Liabilities Assumed in a Business Combination (FSP FAS 141(R)-a) In February 2009, the FASB approved for issuance FSP FAS 141(R)-a, which became effective for business combinations having an acquisition date on or after January 1, 2009. This standard requires an asset or liability arising from a contingency in a business combination to be recognized at fair value if fair value can be reasonably determined. If it cannot be reasonably determined then the asset or liability will need to be recognized in accordance with FASB Statement No. 5, *Accounting for Contingencies*, and FASB Interpretation No. 14, *Reasonable Estimation of the Amount of the Loss.*

FASB Statement No. 160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51 (FAS 160) The FASB issued FAS 160 in December 2007, which became effective for the company January 1, 2009, with retroactive adoption of the Standard's presentation and disclosure requirements for existing minority interests. This standard requires ownership interests in subsidiaries held by parties other than the parent to be presented within the

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Source: CHEVRON CORP, 10-K, February 26, 2009

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equity section of the Consolidated Balance Sheet but separate from the parent's equity. It also requires the amount of consolidated net income attributable to the parent and the noncontrolling interest to be clearly identified and presented on the face of the Consolidated Statement of Income. Certain changes in a parent's ownership interest are to be accounted for as equity transactions and when a subsidiary is deconsolidated, any noncontrolling equity investment in the former subsidiary is to be initially measured at fair value. Implementation of FAS 160 will not significantly change the presentation of the company's Consolidated Statement of Income or Consolidated Balance Sheet.

FASB Statement No. 161, Disclosures about Derivative Instruments and Hedging Activities (FAS 161) In March 2008, the FASB issued FAS 161, which became effective for the company on January 1, 2009. This standard amends and expands the disclosure requirements of FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities.* FAS 161 requires disclosures related to objectives and strategies for using derivatives; the fair-value amounts of, and gains and losses on, derivative instruments; and credit-risk-related contingent features in derivative agreements. The company's disclosures for derivative instruments will

be expanded to include a tabular representation of the location and fair value amounts of derivative instruments on the balance sheet, fair value gains and losses on the income statement and gains and losses associated with cash flow hedges recognized in earnings and other comprehensive income.

FASB Staff Position FAS 132(R)-1, Employer's Disclosures about Postretirement Benefit Plan Assets (FSP FAS 132(R)-1) In December 2008, the FASB issued FSP FAS 132(R)-1, which becomes effective with the company's reporting at December 31, 2009. This standard amends and expands the disclosure requirements on the plan assets of defined benefit pension and other postretirement plans to provide users of financial statements with an understanding of: how investment allocation decisions are made; the major categories of plan assets; the inputs and valuation techniques used to measure the fair value of plan assets; the effect of fair-value measurements using significant unobservable inputs on changes in plan assets for the period; and significant concentrations of risk within plan assets. The company does not prefund its other postretirement plan obligations, and the effect on the company's disclosures for its pension plan assets as a result of the adoption of FSP FAS 132(R)-1 will depend on the company's plan assets at that time.

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Source: CHEVRON CORP, 10-K, February 26, 2009

Quarterly Results and Stock Market Data

Unaudited

Millions of dollars, except per-share amounts	2008 4th Q	2008 3rd Q	2008 2nd Q	2008 1st Q	2007 4th Q	2007 3rd Q	2007 2nd Q	2007 1st Q
Revenues and Other Income								
Sales and other operating revenues[1]	$ 43,145	$ 76,192	$ 80,962	$ 64,659	$ 59,900	$ 53,545	$ 54,344	$ 46,302
Income from equity affiliates	886	1,673	1,563	1,244	1,153	1,160	894	937
Other income	1,172	1,002	464	43	357	468	856	988
Total Revenues and Other Income	45,203	78,867	82,989	65,946	61,410	55,173	56,094	48,227
Costs and Other Deductions								
Purchased crude oil and products	23,575	49,238	56,056	42,528	38,056	33,988	33,138	28,127
Operating expenses	5,416	5,676	5,248	4,455	4,798	4,397	4,124	3,613
Selling, general and administrative expenses	1,492	1,278	1,639	1,347	1,833	1,446	1,516	1,131
Exploration expenses	338	271	307	253	449	295	273	306
Depreciation, depletion and amortization	2,589	2,449	2,275	2,215	2,094	2,495	2,156	1,963
Taxes other than on income[1]	4,547	5,614	5,699	5,443	5,560	5,538	5,743	5,425
Interest and debt expense	–	–	–	–	7	22	63	74
Minority interests	6	32	34	28	35	25	19	28
Total Costs and Other Deductions	37,963	64,558	71,258	56,269	52,832	48,206	47,032	40,667
Income Before Income Tax Expense	7,240	14,309	11,731	9,677	8,578	6,967	9,062	7,560
Income Tax Expense	2,345	6,416	5,756	4,509	3,703	3,249	3,682	2,845
Net Income	$ 4,895	$ 7,893	$ 5,975	$ 5,168	$ 4,875	$ 3,718	$ 5,380	$ 4,715
Per-Share of Common Stock								
Net Income								
– Basic	$ 2.45	$ 3.88	$ 2.91	$ 2.50	$ 2.34	$ 1.77	$ 2.52	$ 2.20
– Diluted	$ 2.44	$ 3.85	$ 2.90	$ 2.48	$ 2.32	$ 1.75	$ 2.52	$ 2.18
Dividends	$ 0.65	$ 0.65	$ 0.65	$ 0.58	$ 0.58	$ 0.58	$ 0.58	$ 0.52
Common Stock Price Range – High[2]	$ 82.20	$ 99.08	$ 103.09	$ 94.61	$ 94.86	$ 94.84	$ 84.24	$ 74.95
– Low[2]	$ 57.83	$ 77.50	$ 86.74	$ 77.51	$ 83.79	$ 80.76	$ 74.83	$ 66.43
1 Includes excise, value-added and similar taxes:	$ 2,080	$ 2,577	$ 2,652	$ 2,537	$ 2,548	$ 2,550	$ 2,609	$ 2,414

2 End of day price.

The company's common stock is listed on the New York Stock Exchange (trading symbol: CVX). As of February 20, 2009, stockholders of record numbered approximately 205,000. There are no restrictions on the company's ability to pay dividends.

CMI09-00423

Source: CHEVRON CORP, 10-K, February 26, 2009

Management's Responsibility for Financial Statements

To the Stockholders of Chevron Corporation

Management of Chevron is responsible for preparing the accompanying consolidated financial statements and the related information appearing in this report. The statements were prepared in accordance with accounting principles generally accepted in the United States of America and fairly represent the transactions and financial position of the company. The financial statements include amounts that are based on management's best estimates and judgment.

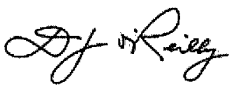
As stated in its report included herein, the independent registered public accounting firm of PricewaterhouseCoopers LLP has audited the company's consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States).

The Board of Directors of Chevron has an Audit Committee composed of directors who are not officers or employees of the company. The Audit Committee meets regularly with members of management, the internal auditors and the independent registered public accounting firm to review accounting, internal control, auditing and financial reporting matters. Both the internal auditors and the independent registered public accounting firm have free and direct access to the Audit Committee without the presence of management.

Management's Report on Internal Control Over Financial Reporting

The company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). The company's management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the company's internal control over financial reporting based on the *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the results of this evaluation, the company's management concluded that internal control over financial reporting was effective as of December 31, 2008.

The effectiveness of the company's internal control over financial reporting as of December 31, 2008, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in its report included herein.



David J. O'Reilly
Chairman of the Board
and Chief Executive Officer

Patricia E. Yarrington
Vice President
and Chief Financial Officer

Mark A. Humphrey
Vice President
and Comptroller

February 26, 2009

CMI09-00424

Source: CHEVRON CORP, 10-K, February 26, 2009

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Chevron Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows present fairly, in all material respects, the financial position of Chevron Corporation and its subsidiaries at December 31, 2008 and December 31, 2007 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008 based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and

testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 14 to the Consolidated Financial Statements, the Company changed its method of accounting for buy/sell contracts on April 1, 2006.

CMI09-00425

As discussed in Note 16 to the Consolidated Financial Statements, the Company changed its method of accounting for uncertain income tax positions on January 1, 2007.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/PricewaterhouseCoopers LLP

San Francisco, California
February 26, 2009

CMI09-00426

Source: CHEVRON CORP, 10-K, February 26, 2009

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Consolidated Statement of Income
Millions of dollars, except per-share amounts

	Year ended December 31		
	2008	2007	2006
Revenues and Other Income			
Sales and other operating revenues[1,2]	**$ 264,958**	$ 214,091	$ 204,892
Income from equity affiliates	**5,366**	4,144	4,255
Other income	**2,681**	2,669	971
Total Revenues and Other Income	**273,005**	220,904	210,118
Costs and Other Deductions			
Purchased crude oil and products[2]	**171,397**	133,309	128,151
Operating expenses	**20,795**	16,932	14,624
Selling, general and administrative expenses	**5,756**	5,926	5,093
Exploration expenses	**1,169**	1,323	1,364
Depreciation, depletion and amortization	**9,528**	8,708	7,506
Taxes other than on income[1]	**21,303**	22,266	20,883
Interest and debt expense	**–**	166	451
Minority interests	**100**	107	70
Total Costs and Other Deductions	**230,048**	188,737	178,142
Income Before Income Tax Expense	**42,957**	32,167	31,976
Income Tax Expense	**19,026**	13,479	14,838
Net Income	**$ 23,931**	$ 18,688	$ 17,138
Per-Share of Common Stock			
Net Income			
– Basic	**$ 11.74**	$ 8.83	$ 7.84
– Diluted	**$ 11.67**	$ 8.77	$ 7.80
[1] Includes excise, value-added and similar taxes.	**$ 9,846**	$ 10,121	$ 9,551
[2] Includes amounts in revenues for buy/sell contracts; associated costs are in "Purchased crude oil and products." Refer also to Note 14, on page FS-43.	**$ –**	$ –	$ 6,725

See accompanying Notes to the Consolidated Financial Statements.

CMI09-00427

Source: CHEVRON CORP, 10-K, February 26, 2009

Consolidated Statement of Comprehensive Income
Millions of dollars

	Year ended December 31		
	2008	2007	2006
Net Income	**$ 23,931**	$ 18,688	$ 17,138
Currency translation adjustment			
Unrealized net change arising during period	**(112)**	31	55
Unrealized holding (loss) gain on securities			
Net (loss) gain arising during period	**(6)**	17	(88)
Reclassification to net income of net realized loss	**–**	2	–
Total	**(6)**	19	(88)
Derivatives			
Net derivatives gain (loss) on hedge transactions	**139**	(10)	2
Reclassification to net income of net realized loss	**32**	7	95
Income taxes on derivatives transactions	**(61)**	(3)	(30)
Total	**110**	(6)	67
Defined benefit plans			
Minimum pension liability adjustment	**–**	–	(88)
Actuarial loss			
Amortization to net income of net actuarial loss	**483**	356	–
Actuarial (loss) gain arising during period	**(3,228)**	530	–
Prior service cost			
Amortization to net income of net prior service credits	**(64)**	(15)	–
Prior service (credit) cost arising during period	**(32)**	204	–
Defined benefit plans sponsored by equity affiliates	**(97)**	19	–
Income taxes on defined benefit plans	**1,037**	(409)	50
Total	**(1,901)**	685	(38)
Other Comprehensive (Loss) Gain, Net of Tax	**(1,909)**	729	(4)
Comprehensive Income	**$ 22,022**	$ 19,417	$ 17,134

See accompanying Notes to the Consolidated Financial Statements.

CMI09-00428

Source: CHEVRON CORP, 10-K, February 26, 2009

Consolidated Balance Sheet
Millions of dollars, except per-share amounts

	At December 31	
	2008	2007
Assets		
Cash and cash equivalents	**$ 9,347**	$ 7,362
Marketable securities	**213**	732
Accounts and notes receivable (less allowance: 2008 – $246; 2007 – $165)	**15,856**	22,446
Inventories:		
Crude oil and petroleum products	**5,175**	4,003
Chemicals	**459**	290
Materials, supplies and other	**1,220**	1,017
Total inventories	**6,854**	5,310
Prepaid expenses and other current assets	**4,200**	3,527
Total Current Assets	**36,470**	39,377
Long-term receivables, net	**2,413**	2,194
Investments and advances	**20,920**	20,477
Properties, plant and equipment, at cost	**173,299**	154,084
Less: Accumulated depreciation, depletion and amortization	**81,519**	75,474
Properties, plant and equipment, net	**91,780**	78,610
Deferred charges and other assets	**4,711**	3,491
Goodwill	**4,619**	4,637
Assets held for sale	**252**	–
Total Assets	**$ 161,165**	$ 148,786
Liabilities and Stockholders' Equity		
Short-term debt	**$ 2,818**	$ 1,162
Accounts payable	**16,580**	21,756
Accrued liabilities	**8,077**	5,275
Federal and other taxes on income	**3,079**	3,972
Other taxes payable	**1,469**	1,633
Total Current Liabilities	**32,023**	33,798
Long-term debt	**5,742**	5,664
Capital lease obligations	**341**	406
Deferred credits and other noncurrent obligations	**17,678**	15,007
Noncurrent deferred income taxes	**11,539**	12,170
Reserves for employee benefit plans	**6,725**	4,449
Minority interests	**469**	204
Total Liabilities	**74,517**	71,698
Preferred stock (authorized 100,000,000 shares, $1.00 par value; none issued)	**–**	–
Common stock (authorized 6,000,000,000 shares at December 31, 2008, and 4,000,000,000 at December 31, 2007; $0.75 par value; 2,442,676,580 shares issued at December 31, 2008 and 2007)	**1,832**	1,832
Capital in excess of par value	**14,448**	14,289
Retained earnings	**101,102**	82,329
Notes receivable – key employees	**–**	(1)
Accumulated other comprehensive loss	**(3,924)**	(2,015)
Deferred compensation and benefit plan trust	**(434)**	(454)
Treasury stock, at cost (2008 – 438,444,795 shares; 2007 – 352,242,618 shares)	**(26,376)**	(18,892)
Total Stockholders' Equity	**86,648**	77,088
Total Liabilities and Stockholders' Equity	**$ 161,165**	$ 148,786

See accompanying Notes to the Consolidated Financial Statements.

CMI09-00429

Source: CHEVRON CORP, 10-K, February 26, 2009

009260

Consolidated Statement of Cash Flows
Millions of dollars

	Year ended December 31		
	2008	2007	2006
Operating Activities			
Net income	**$ 23,931**	$ 18,688	$ 17,138
Adjustments			
Depreciation, depletion and amortization	**9,528**	8,708	7,506
Dry hole expense	**375**	507	520
Distributions less than income from equity affiliates	**(440)**	(1,439)	(979)
Net before-tax gains on asset retirements and sales	**(1,358)**	(2,315)	(229)
Net foreign currency effects	**(355)**	378	259
Deferred income tax provision	**598**	261	614
Net (increase) decrease in operating working capital	**(1,673)**	685	1,044
Minority interest in net income	**100**	107	70
Increase in long-term receivables	**(161)**	(82)	(900)
(Increase) decrease in other deferred charges	**(84)**	(530)	232
Cash contributions to employee pension plans	**(839)**	(317)	(449)
Other	**10**	326	(503)
Net Cash Provided by Operating Activities	**29,632**	24,977	24,323
Investing Activities			
Capital expenditures	**(19,666)**	(16,678)	(13,813)
Repayment of loans by equity affiliates	**179**	21	463
Proceeds from asset sales	**1,491**	3,338	989
Net sales of marketable securities	**483**	185	142
Net sales (purchases) of other short-term investments	**432**	(799)	–
Net Cash Used for Investing Activities	**(17,081)**	(13,933)	(12,219)
Financing Activities			
Net borrowings (payments) of short-term obligations	**2,647**	(345)	(677)
Repayments of long-term debt and other financing obligations	**(965)**	(3,343)	(2,224)
Proceeds from issuances of long-term debt	**–**	650	–
Cash dividends – common stock	**(5,162)**	(4,791)	(4,396)
Dividends paid to minority interests	**(99)**	(77)	(60)
Net purchases of treasury shares	**(6,821)**	(6,389)	(4,491)
Net Cash Used for Financing Activities	**(10,400)**	(14,295)	(11,848)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(166)**	120	194
Net Change in Cash and Cash Equivalents	**1,985**	(3,131)	450
Cash and Cash Equivalents at January 1	**7,362**	10,493	10,043
Cash and Cash Equivalents at December 31	**$ 9,347**	$ 7,362	$ 10,493

See accompanying Notes to the Consolidated Financial Statements.

CMI09-00430

Source: CHEVRON CORP, 10-K, February 26, 2009

Consolidated Statement of Stockholders' Equity

Shares in thousands; amounts in millions of dollars

	2008		2007		2006	
	Shares	Amount	Shares	Amount	Shares	Amount
Preferred Stock	–	$ –	–	$ –	–	$ –
Common Stock						
Balance at January 1	**2,442,677**	**$ 1,832**	2,442,677	$ 1,832	2,442,677	$ 1,832
Balance at December 31	**2,442,677**	**$ 1,832**	2,442,677	$ 1,832	2,442,677	$ 1,832
Capital in Excess of Par						
Balance at January 1		**$ 14,289**		$ 14,126		$ 13,894
Treasury stock transactions		**159**		163		232
Balance at December 31		**$ 14,448**		$ 14,289		$ 14,126
Retained Earnings						
Balance at January 1		**$ 82,329**		$ 68,464		$ 55,738
Net income		**23,931**		18,688		17,138
Cash dividends on common stock		**(5,162)**		(4,791)		(4,396)
Adoption of EITF 04-6, "Accounting for Stripping Costs Incurred during Production in the Mining Industry"		**–**		–		(19)
Adoption of FIN 48, "Accounting for Uncertainty in Income Taxes"		**–**		(35)		–
Tax benefit from dividends paid on unallocated ESOP shares and other		**4**		3		3
Balance at December 31		**$ 101,102**		$ 82,329		$ 68,464
Notes Receivable – Key Employees		**$ –**		$ (1)		$ (2)
Accumulated Other Comprehensive Loss						
Currency translation adjustment						
Balance at January 1		**$ (59)**		$ (90)		$ (145)
Change during year		**(112)**		31		55
Balance at December 31		**$ (171)**		$ (59)		$ (90)
Pension and other postretirement benefit plans						
Balance at January 1		**$ (2,008)**		$ (2,585)		$ (344)
Change to defined benefit plans during year		**(1,901)**		685		(38)
Adoption of FAS 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans"		**–**		(108)		(2,203)
Balance at December 31		**$ (3,909)**		$ (2,008)		$ (2,585)
Unrealized net holding gain on securities Balance at January 1		**$ 19**		$ –		$ 88
Change during year		**(6)**		19		(88)
Balance at December 31		**$ 13**		$ 19		$ –
Net derivatives gain (loss) on hedge transactions						
Balance at January 1		**$ 33**		$ 39		$ (28)
Change during year		**110**		(6)		67
Balance at December 31		**$ 143**		$ 33		$ 39
Balance at December 31		**$ (3,924)**		$ (2,015)		$ (2,636)
Deferred Compensation and Benefit Plan Trust Deferred Compensation						
Balance at January 1		**$ (214)**		$ (214)		$ (246)
Net reduction of ESOP debt and other		**20**		–		32
Balance at December 31		**(194)**		(214)		(214)
Benefit Plan Trust (Common Stock)	**14,168**	**(240)**	14,168	(240)	14,168	(240)
Balance at December 31	**14,168**	**$ (434)**	14,168	$ (454)	14,168	$ (454)
Treasury Stock at Cost						
Balance at January 1	**352,243**	**$ (18,892)**	278,118	$ (12,395)	209,990	$ (7,870)
Purchases	**95,631**	**(8,011)**	85,429	(7,036)	80,369	(5,033)
Issuances – mainly employee benefit plans	**(9,429)**	**527**	(11,304)	539	(12,241)	508
Balance at December 31	**438,445**	**$ (26,376)**	352,243	$ (18,892)	278,118	$ (12,395)
		$ 86,648		$ 77,088		$ 68,935

CMI09-00431

Total Stockholders' Equity at December 31	

See accompanying Notes to the Consolidated Financial Statements.

CMI09-00432

Source: CHEVRON CORP, 10-K, February 26, 2009

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Notes to the Consolidated Financial Statements
Millions of dollars, except per-share amounts

Note 1
Summary of Significant Accounting Policies

General Exploration and production (upstream) operations consist of exploring for, developing and producing crude oil and natural gas and marketing natural gas. Refining, marketing and transportation (downstream) operations relate to refining crude oil into finished petroleum products; marketing crude oil and the many products derived from petroleum; and transporting crude oil, natural gas and petroleum products by pipeline, marine vessel, motor equipment and rail car. Chemical operations include the manufacture and marketing of commodity petrochemicals, plastics for industrial uses, and fuel and lubricant oil additives.

The company's Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America. These require the use of estimates and assumptions that affect the assets, liabilities, revenues and expenses reported in the financial statements, as well as amounts included in the notes thereto, including discussion and disclosure of contingent liabilities. Although the company uses its best estimates and judgments, actual results could differ from these estimates as future confirming events occur.

The nature of the company's operations and the many countries in which it operates subject the company to changing economic, regulatory and political conditions. The company does not believe it is vulnerable to the risk of near-term severe impact as a result of any concentration of its activities.

Subsidiary and Affiliated Companies The Consolidated Financial Statements include the accounts of controlled subsidiary companies more than 50 percent-owned and variable-interest entities in which the company is the primary beneficiary. Undivided interests in oil and gas joint ventures and certain other assets are consolidated on a proportionate basis. Investments in and advances to affiliates in which the company has a substantial ownership interest of approximately 20 percent to 50 percent or for which the company exercises significant influence but not control over policy decisions are accounted for by the equity method. As part of that accounting, the company recognizes gains and losses that arise from the issuance of stock by an affiliate that results in changes in the company's proportionate share of the dollar amount of the affiliate's equity currently in income.

Investments are assessed for possible impairment when events indicate that the fair value of the investment may be below the company's carrying value. When such a condition is deemed to be other than temporary, the carrying value of the investment is written down to its fair value, and the amount of the write-down is included in net income. In making the determination as to whether a decline is other than temporary, the company considers such factors as the duration and extent of the decline, the investee's financial

performance, and the company's ability and intention to retain its investment for a period that will be sufficient to allow for any anticipated recovery in the investment's market value. The new cost basis of investments in these equity investees is not

Source: CHEVRON CORP, 10-K, February 26, 2009

changed for subsequent recoveries in fair value.

Differences between the company's carrying value of an equity investment and its underlying equity in the net assets of the affiliate are assigned to the extent practicable to specific assets and liabilities based on the company's analysis of the various factors giving rise to the difference. When appropriate, the company's share of the affiliate's reported earnings is adjusted quarterly to reflect the difference between these allocated values and the affiliate's historical book values.

Derivatives The majority of the company's activity in derivative commodity instruments is intended to manage the financial risk posed by physical transactions. For some of this derivative activity, generally limited to large, discrete or infrequently occurring transactions, the company may elect to apply fair value or cash flow hedge accounting. For other similar derivative instruments, generally because of the short-term nature of the contracts or their limited use, the company does not apply hedge accounting, and changes in the fair value of those contracts are reflected in current income. For the company's commodity trading activity and foreign currency exposures, gains and losses from derivative instruments are reported in current income. Interest rate swaps – hedging a portion of the company's fixed-rate debt – are accounted for as fair value hedges, whereas interest rate swaps relating to a portion of the company's floating-rate debt are recorded at fair value on the Consolidated Balance Sheet, with resulting gains and losses reflected in income. Where Chevron is a party to master netting arrangements, fair value receivable and payable amounts recognized for derivative instruments executed with the same counterparty are offset on the balance sheet.

Short-Term Investments All short-term investments are classified as available for sale and are in highly liquid debt securities. Those investments that are part of the company's cash management portfolio and have original maturities of three months or less are reported as "Cash equivalents." The balance of the short-term investments is reported as "Marketable securities" and is marked-to-market, with any unrealized gains or losses included in "Other comprehensive income."

Inventories Crude oil, petroleum products and chemicals are generally stated at cost, using a Last-In, First-Out (LIFO) method. In the aggregate, these costs are below market. "Materials, supplies and other" inventories generally are stated at average cost.

CMI09-00434

Source: CHEVRON CORP, 10-K, February 26, 2009

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Note 1 Summary of Significant Accounting Policies - Continued

Properties, Plant and Equipment The successful efforts method is used for crude oil and natural gas exploration and production activities. All costs for development wells, related plant and equipment, proved mineral interests in crude oil and natural gas properties, and related asset retirement obligation (ARO) assets are capitalized. Costs of exploratory wells are capitalized pending determination of whether the wells found proved reserves. Costs of wells that are assigned proved reserves remain capitalized. Costs also are capitalized for exploratory wells that have found crude oil and natural gas reserves even if the reserves cannot be classified as proved when the drilling is completed, provided the exploratory well has found a sufficient quantity of reserves to justify its completion as a producing well and the company is making sufficient progress assessing the reserves and the economic and operating viability of the project. All other exploratory wells and costs are expensed. Refer to Note 20, beginning on page FS-48, for additional discussion of accounting for suspended exploratory well costs.

Long-lived assets to be held and used, including proved crude oil and natural gas properties, are assessed for possible impairment by comparing their carrying values with their associated undiscounted future net before-tax cash flows. Events that can trigger assessments for possible impairments include write-downs of proved reserves based on field performance, significant decreases in the market value of an asset, significant change in the extent or manner of use of or a physical change in an asset, and a more-likely-than-not expectation that a long-lived asset or asset group will be sold or otherwise disposed of significantly sooner than the end of its previously estimated useful life. Impaired assets are written down to their estimated fair values, generally their discounted future net before-tax cash flows. For proved crude oil and natural gas properties in the United States, the company generally performs the impairment review on an individual field basis. Outside the United States, reviews are performed on a country, concession, development area or field basis, as appropriate. In the refining, marketing, transportation and chemical areas, impairment reviews are generally done on the basis of a refinery, a plant, a marketing area or marketing assets by country. Impairment amounts are recorded as incremental "Depreciation, depletion and amortization" expense.

Long-lived assets that are held for sale are evaluated for possible impairment by comparing the carrying value of the asset with its fair value less the cost to sell. If the net book value exceeds the fair value less cost to sell, the asset is considered impaired and adjusted to the lower value.

As required under Financial Accounting Standards Board (FASB) Statement No. 143, *Accounting for Asset Retirement Obligations* (FAS 143), the fair value of a liability for an ARO is recorded as an asset and a liability when there is a legal obligation associated with the retirement of a long-lived asset and the amount can be reasonably estimated. Refer also to Note 24, beginning on page FS-58, relating to AROs.

Depreciation and depletion of all capitalized costs of proved crude oil and natural gas producing properties, except mineral interests, are expensed using the unit-of-production method

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generally by individual field, as the proved developed reserves are produced. Depletion expenses for capitalized costs of proved mineral interests are recognized using the unit-of-production method by individual field as the related proved reserves are produced. Periodic valuation provisions for impairment of capitalized costs of unproved mineral interests are expensed.

Depreciation and depletion expenses for mining assets are determined using the unit-of-production method as the proved reserves are produced. The capitalized costs of all other plant and equipment are depreciated or amortized over their estimated useful lives. In general, the declining-balance method is used to depreciate plant and equipment in the United States; the straight-line method generally is used to depreciate international plant and equipment and to amortize all capitalized leased assets.

Gains or losses are not recognized for normal retirements of properties, plant and equipment subject to composite group amortization or depreciation. Gains or losses from abnormal retirements are recorded as expenses and from sales as "Other income."

Expenditures for maintenance (including those for planned major maintenance projects), repairs and minor renewals to maintain facilities in operating condition are generally expensed as incurred. Major replacements and renewals are capitalized.

Goodwill Goodwill resulting from a business combination is not subject to amortization. As required by FASB Statement No. 142, *Goodwill and Other Intangible Assets*, the company tests such goodwill at the reporting unit level for impairment on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

Environmental Expenditures Environmental expenditures that relate to ongoing operations or to conditions caused by past operations are expensed. Expenditures that create future benefits or contribute to future revenue generation are capitalized.

Liabilities related to future remediation costs are recorded when environmental assessments or cleanups or both are probable and the costs can be reasonably estimated. For the company's U.S. and Canadian marketing facilities, the accrual is based in part on the probability that a future remediation commitment will be required. For crude oil, natural gas and

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Source: CHEVRON CORP, 10-K, February 26, 2009

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mineral producing properties, a liability for an ARO is made, following FAS 143. Refer to Note 24, beginning on page FS-58, for a discussion of FAS 143.

For federal Superfund sites and analogous sites under state laws, the company records a liability for its designated share of the probable and estimable costs and probable amounts for other potentially responsible parties when mandated by the regulatory agencies because the other parties are not able to pay their respective shares.

The gross amount of environmental liabilities is based on the company's best estimate of future costs using currently available technology and applying current regulations and the company's own internal environmental policies. Future amounts are not discounted. Recoveries or reimbursements are recorded as assets when receipt is reasonably assured.

Currency Translation The U.S. dollar is the functional currency for substantially all of the company's consolidated operations and those of its equity affiliates. For those operations, all gains and losses from currency translations are currently included in income. The cumulative translation effects for those few entities, both consolidated and affiliated, using functional currencies other than the U.S. dollar are included in the currency translation adjustment in "Stockholders' Equity."

Revenue Recognition Revenues associated with sales of crude oil, natural gas, coal, petroleum and chemicals products, and all other sources are recorded when title passes to the customer, net of royalties, discounts and allowances, as applicable. Revenues from natural gas production from properties in which Chevron has an interest with other producers are generally recognized on the basis of the company's net working interest (entitlement method). Excise, value-added and similar taxes assessed by a governmental authority on a revenue-producing transaction between a seller and a customer are presented on a gross basis. The associated amounts are shown as a footnote to the Consolidated Statement of Income on page FS-27. Refer to Note 14, on page FS-43, for a discussion of the accounting for buy/sell arrangements.

Stock Options and Other Share-Based Compensation The company issues stock options and other share-based compensation to its employees and accounts for these transactions under the provisions of FASB Statement No. 123R, *Share-Based Payment* (FAS 123R). For equity awards, such as stock options, total compensation cost is based on the grant date fair value and for liability awards, such as stock appreciation rights, total compensation cost is based on the settlement

value. The company recognizes stock-based compensation expense for all awards over the service period required to earn the award, which is the shorter of the vesting period or the time period an employee becomes eligible to retain the award at retirement. Stock options and stock appreciation rights granted under the company's Long-Term Incentive Plan have graded vesting provisions by which one-third of each award vests on

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the first, second and third anniversaries of the date of grant. The company amortizes these newly issued graded awards on a straight-line basis.

Tax benefits of deductions from the exercise of stock options are presented as financing cash inflows in the Consolidated Statement of Cash Flows. Refer to Note 21, beginning on page FS-49 for a description of the company's share-based compensation plans and information related to awards granted under those plans and Note 2, which follows, for information on excess tax benefits reported on the company's Statement of Cash Flows.

Note 2

Information Relating to the Consolidated Statement of Cash Flows

	Year ended December 31		
	2008	2007	2006
Net (increase) decrease in operating working capital was composed of the following:			
Decrease (increase) in accounts and notes receivable	**$ 6,030**	$ (3,867)	$ 17
Increase in inventories	**(1,545)**	(749)	(536)
Increase in prepaid expenses and other current assets	**(621)**	(370)	(31)
(Decrease) increase in accounts payable and accrued liabilities	**(4,628)**	4,930	1,246
(Decrease) increase in income and other taxes payable	**(909)**	741	348
Net (increase) decrease in operating working capital	**$ (1,673)**	$ 685	$ 1,044
Net cash provided by operating activities includes the following cash payments for interest and income taxes:			
Interest paid on debt (net of capitalized interest)	**$ –**	$ 203	$ 470
Income taxes	**$ 19,130**	$ 12,340	$ 13,806
Net sales of marketable securities consisted of the following gross amounts:			
Marketable securities sold	**$ 3,719**	$ 2,160	$ 1,413
Marketable securities purchased	**(3,236)**	(1,975)	(1,271)
Net sales of marketable securities	**$ 483**	$ 185	$ 142

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Note 2 Information Relating to the Consolidated Statement of Cash Flows - Continued

In accordance with the cash-flow classification requirements of FAS 123R, *Share-Based Payment*, the "Net decrease in operating working capital" includes reductions of $106, $96 and $94 for excess income tax benefits associated with stock options exercised during 2008, 2007 and 2006, respectively. These amounts are offset by "Net purchases of treasury shares."

In 2008, "Net purchases of other short-term investments" consist of $367 in restricted cash associated with capital-investment projects at the company's Pascagoula, Mississippi refinery and the Angola liquefied natural gas project that was invested in short-term marketable securities and reclassified from "Cash and cash equivalents" to "Deferred charges and other assets" in the Consolidated Balance Sheet. In 2007, the company issued a $650 tax exempt Mississippi Gulf Opportunity Zone Bond as a source of funds for the Pascagoula Refinery project.

The "Net purchases of treasury shares" represents the cost of common shares less the cost of shares issued for share-based compensation plans. Purchases totaled $8,011, $7,036 and $5,033 in 2008, 2007 and 2006, respectively.

The Consolidated Statement of Cash Flows for 2008 excludes changes to the Consolidated Balance Sheet that did not affect cash. "Net purchases of treasury shares" excludes $680 of treasury shares acquired in exchange for a U.S. upstream property and $280 in cash. The carrying value of this property in "Properties, plant and equipment" on the Consolidated Balance Sheet was not significant. The "Increase in accounts payable and accrued liabilities" excludes a $2,450 increase in "Accrued liabilities" that was offset to "Properties, plant and equipment" on the Consolidated Balance Sheet. This amount related to accruals associated with upstream operating agreements outside the United States. "Capital expenditures" excludes a $1,400 increase in "Properties, plant and equipment" (PPE) related to the acquisition of an additional interest in an equity affiliate that required a change to the consolidated method of accounting for the investment during 2008. This addition to PPE was offset primarily by reductions in "Investments and advances" and working capital and an increase in "Noncurrent deferred income tax" liabilities. Refer also to Note 24 beginning on page FS-58 for a discussion of revisions to the company's AROs that also did not involve cash receipts or payments for the three years ending December 31, 2008.

The major components of "Capital expenditures" and the reconciliation of this amount to the reported capital and exploratory expenditures, including equity affiliates, are presented in the following table:

	Year ended December 31		
	2008	2007	2006
Additions to properties, plant and equipment*	**$ 18,495**	$ 16,127	$ 12,800
Additions to investments	**1,051**	881	880
Current-year dry hole expenditures	**320**	418	400
Payments for other liabilities and assets, net	**(200)**	(748)	(267)
Capital expenditures	**19,666**	16,678	13,813
Expensed exploration expenditures	**794**	816	844
	9	196	35

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Source: CHEVRON CORP, 10-K, February 26, 2009

Assets acquired through capital lease obligations and other financing obligations			
Capital and exploratory expenditures, excluding equity affiliates	**20,469**	17,690	14,692
Equity in affiliates' expenditures	**2,306**	2,336	1,919
Capital and exploratory expenditures, including equity affiliates	**$ 22,775**	$ 20,026	$ 16,611

* Net of noncash additions of $5,153 in 2008, $3,560 in 2007 and $440 in 2006.

Note 3

Stockholders' Equity

Retained earnings at December 31, 2008 and 2007, included approximately $7,951 and $7,284, respectively, for the company's share of undistributed earnings of equity affiliates.

At December 31, 2008, about 109 million shares of Chevron's common stock remained available for issuance from the 160 million shares that were reserved for issuance under the Chevron Corporation Long-Term Incentive Plan (LTIP). In addition, approximately 409,000 shares remain available for issuance from the 800,000 shares of the company's common stock that were reserved for awards under the Chevron Corporation Non-Employee Directors' Equity Compensation and Deferral Plan (Non-Employee Directors' Plan).

Note 4

Summarized Financial Data – Chevron U.S.A. Inc.

Chevron U.S.A. Inc. (CUSA) is a major subsidiary of Chevron Corporation. CUSA and its subsidiaries manage and operate most of Chevron's U.S. businesses. Assets include those related to the exploration and production of crude oil, natural gas and natural gas liquids and those associated with the refining, marketing, supply and distribution of products derived from petroleum, excluding most of the regulated pipeline operations of Chevron. CUSA also holds the company's investment in the Chevron Phillips Chemical Company LLC joint venture, which is accounted for using the equity method.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Notes to the Consolidated Financial Statements
Millions of dollars, except per-share amounts

Note 4 Summarized Financial Data – Chevron U.S.A. Inc. - Continued

During 2008, Chevron implemented legal reorganizations in which certain Chevron subsidiaries transferred assets to or under CUSA. The summarized financial information for CUSA and its consolidated subsidiaries presented in the table below gives retroactive effect to the reorganizations as if they had occurred on January 1, 2006. However, the financial information in the following table may not reflect the financial position and operating results in the periods presented if the reorganization actually had occurred on that date.

	Year ended December 31		
	2008	2007	2006
Sales and other operating revenues	**$ 195,593**	$ 153,574	$ 145,774
Total costs and other deductions	**185,788**	147,510	137,765
Net income	**7,237**	5,203	5,668

	At December 31	
	2008	2007
Current assets	**$ 32,760**	$ 32,801
Other assets	**31,806**	27,400
Current liabilities	**14,322**	20,050
Other liabilities	**14,805**	11,447
Net equity	**35,439**	28,704
Memo: Total debt	**$ 6,813**	$ 4,433

Note 5

Summarized Financial Data – Chevron Transport Corporation Ltd.

Chevron Transport Corporation Ltd. (CTC), incorporated in Bermuda, is an indirect, wholly owned subsidiary of Chevron Corporation. CTC is the principal operator of Chevron's international tanker fleet and is engaged in the marine transportation of crude oil and refined petroleum products. Most of CTC's shipping revenue is derived from providing transportation services to other Chevron companies. Chevron Corporation has fully and unconditionally guaranteed this subsidiary's obligations in connection with certain debt securities issued by a third party. Summarized financial information for CTC and its consolidated subsidiaries is presented in the following table:

	Year ended December 31		
	2008	2007	2006
Sales and other operating revenues	**$ 1,022**	$ 667	$ 692
Total costs and other deductions	**947**	713	602
Net income	**120**	(39)	119

	At December 31	
	2008	2007
Current assets	**$ 482**	$ 335
Other assets	**172**	337
Current liabilities	**98**	107
Other liabilities	**88**	188
Net equity	**468**	377

There were no restrictions on CTC's ability to pay dividends or make loans or advances at December 31, 2008.

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Source: CHEVRON CORP, 10-K, February 26, 2009

Note 6

Summarized Financial Data – Tengizchevroil LLP.

Chevron has a 50 percent equity ownership interest in Tengizchevroil LLP (TCO). Refer to Note 12 on page FS-41 for a discussion of TCO operations.

Summarized financial information for 100 percent of TCO is presented in the table below:

	Year ended December 31		
	2008	2007	2006
Sales and other operating revenues	**$ 14,329**	$ 8,919	$ 7,654
Costs and other deductions	**5,621**	3,387	2,967
Net income	**6,134**	3,952	3,315

	At December 31	
	2008	2007
Current assets	**$ 2,740**	$ 2,784
Other assets	**12,240**	11,446
Current liabilities	**1,867**	1,534
Other liabilities	**4,759**	4,927
Net equity	**8,354**	7,769

Note 7

Financial and Derivative Instruments

Derivative Commodity Instruments Chevron is exposed to market risks related to price volatility of crude oil, refined products, natural gas, natural gas liquids, liquefied natural gas and refinery feedstocks.

The company uses derivative commodity instruments to manage these exposures on a portion of its activity, including firm commitments and anticipated transactions for the purchase, sale and storage of crude oil, refined products, natural gas, natural gas liquids and feedstock for company refineries. From time to time, the company also uses derivative commodity instruments for limited trading purposes.

The company uses International Swaps and Derivatives Association agreements to govern derivative contracts with certain counterparties to mitigate credit risk. Depending on the nature of the derivative transactions, bilateral collateral arrangements may also be required. When the company is engaged in more than one outstanding derivative transaction with the same counterparty and also has a legally enforceable netting agreement with that counterparty, the net mark-to-market exposure represents the netting of the positive and negative exposures with that counterparty and is a reasonable measure of the company's credit risk exposure. The company also uses other netting agreements with certain counterparties with which it conducts significant transactions to mitigate credit risk.

The fair values of the outstanding contracts are reported on the Consolidated Balance Sheet as "Accounts and notes receivable," "Accounts payable," "Long-term receivables – net" and "Deferred credits and other noncurrent obligations." Gains and losses on the company's risk management activities

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Note 7 Financial and Derivative Instruments - Continued

are reported as either "Sales and other operating revenues" or "Purchased crude oil and products," whereas trading gains and losses are reported as "Other income."

Foreign Currency The company enters into forward exchange contracts, generally with terms of 180 days or less, to manage some of its foreign currency exposures. These exposures include revenue and anticipated purchase transactions, including foreign currency capital expenditures and lease commitments, forecasted to occur within 180 days. The forward exchange contracts are recorded at fair value on the balance sheet with resulting gains and losses reflected in income.

The fair values of the outstanding contracts are reported on the Consolidated Balance Sheet as "Accounts and notes receivable" or "Accounts payable," with gains and losses reported as "Other income."

Interest Rates The company enters into interest rate swaps from time to time as part of its overall strategy to manage the interest rate risk on its debt. Under the terms of the swaps, net cash settlements are based on the difference between fixed-rate and floating-rate interest amounts calculated by reference to agreed notional principal amounts. Interest rate swaps related to a portion of the company's fixed-rate debt are accounted for as fair value hedges.

Fair values of the interest rate swaps are reported on the Consolidated Balance Sheet as "Accounts and notes receivable" or "Accounts payable." Interest rate swaps related to floating-rate debt are recorded at fair value on the balance sheet with resulting gains and losses reflected in income. At year-end 2008, the company had no interest-rate swaps on floating-rate debt.

Fair Value Fair values are derived from quoted market prices, other independent third-party quotes or, if not available, the present value of the expected cash flows. The fair values reflect the cash that would have been received or paid if the instruments were settled at year-end.

Long-term debt of $1,221 and $2,132 had estimated fair values of $1,414 and $2,354 at December 31, 2008 and 2007, respectively.

The company holds cash equivalents and marketable securities in U.S. and non-U.S. portfolios. The instruments held are primarily time deposits, money market funds and fixed rate bonds. Cash equivalents and marketable securities had carrying/fair values of $7,271 and $5,427 at December 31, 2008 and 2007, respectively. Of these balances, $7,058 and $4,695 at the respective year-ends were classified as cash equivalents that had average maturities under 90 days. The remainder, classified as marketable securities, had average maturities of approximately one year. At December 31, 2008,

Source: CHEVRON CORP, 10-K, February 26, 2009

restricted cash with a carrying/fair value of $367 that is related to capital-investment projects at the company's Pascagoula, Mississippi refinery and Angola liquefied natural gas project was reclassified from "Cash and cash equivalents" to "Deferred charges and other assets" on the Consolidated Balance Sheet. This restricted cash was invested in short-term marketable securities.

Fair values of other financial and derivative instruments at the end of 2008 and 2007 were not material.

Concentrations of Credit Risk The company's financial instruments that are exposed to concentrations of credit risk consist primarily of its cash equivalents, marketable securities, derivative financial instruments and trade receivables. The company's short-term investments are placed with a wide array of financial institutions with high credit ratings. This diversified investment policy limits the company's exposure both to credit risk and to concentrations of credit risk. Similar standards of diversity and creditworthiness are applied to the company's counterparties in derivative instruments.

The trade receivable balances, reflecting the company's diversified sources of revenue, are dispersed among the company's broad customer base worldwide. As a consequence, the company believes concentrations of credit risk are limited. The company routinely assesses the financial strength of its customers. When the financial strength of a customer is not considered sufficient, requiring Letters of Credit is a principal method used to support sales to customers.

Note 8

Fair Value Measurements

The company implemented FASB Statement No. 157, *Fair Value Measurements* (FAS 157), as of January 1, 2008. FAS 157 was amended in February 2008 by FASB Staff Position (FSP) FAS No. 157-1, *Application of FASB Statement No. 157 to FASB Statement No. 13 and Its Related Interpretive Accounting Pronouncements That Address Leasing Transactions,* and by FSP FAS 157-2, *Effective Date of FASB Statement No. 157,* which delayed the company's application of FAS 157 for nonrecurring nonfinancial assets and liabilities until January 1, 2009. FAS 157 was further amended in October 2008 by FSP FAS 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active,* which clarifies the application of FAS 157 to assets participating in inactive markets.

Implementation of FAS 157 did not have a material effect on the company's results of operations or consolidated financial position and had no effect on the company's existing fair-value measurement practices. However, FAS 157 requires disclosure of a fair-value hierarchy of inputs the

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Note 8 Fair Value Measurements - Continued

company uses to value an asset or a liability. The three levels of the fair-value hierarchy are described as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities. For the company, Level 1 inputs include exchange-traded futures contracts for which the parties are willing to transact at the exchange-quoted price and marketable securities that are actively traded.

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly. For the company, Level 2 inputs include quoted prices for similar assets or liabilities, prices obtained through third-party broker quotes, and prices that can be corroborated with other observable inputs for substantially the complete term of a contract.

Level 3: Unobservable inputs. The company does not use Level 3 inputs for any of its recurring fair-value measurements. Beginning January 1, 2009, Level 3 inputs may be required for the determination of fair value associated with certain nonrecurring measurements of nonfinancial assets and liabilities.

The fair-value hierarchy for assets and liabilities measured at fair value at December 31, 2008, is as follows:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	At December 31 2008	Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Marketable Securities	**$ 213**	$ 213	$ –	$ –
Derivatives	**805**	529	276	–
Total Assets at Fair Value	**$ 1,018**	$ 742	$ 276	$ –
Derivatives	**$ 516**	$ 98	$ 418	$ –
Total Liabilities at Fair Value	**$ 516**	$ 98	$ 418	$ –

Marketable securities The company calculates fair value for its marketable securities based on quoted market prices for identical assets and liabilities.

Derivatives The company records its derivative instruments – other than any commodity derivative contracts that are designated as normal purchase and normal sale – on the Consolidated Balance Sheet at fair value, with virtually all the offsetting amount to income. For derivatives with identical or similar provisions as contracts that are publicly traded on a regular basis, the company uses the market values of the publicly traded instruments as an input for fair-value calculations.

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The company's derivative instruments principally include crude oil, natural gas and refined-product futures, swaps, options and forward contracts, as well as interest-rate swaps and foreign currency forward contracts. Derivatives

classified as Level 1 include futures, swaps and options contracts traded in active markets such as the NYMEX (New York Mercantile Exchange).

Derivatives classified as Level 2 include swaps (including interest rate), options, and forward (including foreign currency) contracts principally with financial institutions and other oil and gas companies, the fair values for which are obtained from third-party broker quotes, industry pricing services and exchanges. The company obtains multiple sources of pricing information for the Level 2 instruments. Since this pricing information is generated from observable market data, it has historically been very consistent. The company does not materially adjust this information. The company incorporates internal review, evaluation and assessment procedures, including a comparison of Level 2 fair values derived from the company's internally developed forward curves (on a sample basis) with the pricing information to document reasonable, logical and supportable fair-value determinations and proper level of classification.

Note 9

Operating Segments and Geographic Data

Although each subsidiary of Chevron is responsible for its own affairs, Chevron Corporation manages its investments in these subsidiaries and their affiliates. For this purpose, the investments are grouped as follows: upstream – exploration and production; downstream – refining, marketing and transportation; chemicals; and all other. The first three of these groupings represent the company's "reportable segments" and "operating segments" as defined in Financial Accounting Standards Board (FASB) Statement No. 131, *Disclosures About Segments of an Enterprise and Related Information* (FAS 131).

The segments are separately managed for investment purposes under a structure that includes "segment managers" who report to the company's "chief operating decision maker" (CODM) (terms as defined in FAS 131). The CODM is the company's Executive Committee, a committee of senior officers that includes the Chief Executive Officer and that, in turn, reports to the Board of Directors of Chevron Corporation.

The operating segments represent components of the company as described in FAS 131 terms that engage in activities (a) from which revenues are earned and expenses are incurred; (b) whose operating results are regularly reviewed by the CODM, which makes decisions about resources to be allocated to the segments and to assess their performance; and (c) for which discrete financial information is available.

Segment managers for the reportable segments are accountable directly to and maintain regular contact with the company's CODM to discuss the segment's operating activities and financial performance. The CODM approves annual capital and exploratory budgets at the reportable segment level, as well as reviews capital and exploratory funding for major

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Note 9 Operating Segments and Geographic Data - Continued

projects and approves major changes to the annual capital and exploratory budgets. However, business-unit managers within the operating segments are directly responsible for decisions relating to project implementation and all other matters connected with daily operations. Company officers who are members of the Executive Committee also have individual management responsibilities and participate in other committees for purposes other than acting as the CODM.

"All Other" activities include the company's interest in Dynegy (through May 2007, when Chevron sold its interest), mining operations, power generation businesses, worldwide cash management and debt financing activities, corporate administrative functions, insurance operations, real estate activities, alternative fuels, and technology companies.

The company's primary country of operation is the United States of America, its country of domicile. Other components of the company's operations are reported as "International" (outside the United States).

Segment Earnings The company evaluates the performance of its operating segments on an after-tax basis, without considering the effects of debt financing interest expense or investment interest income, both of which are managed by the company on a worldwide basis. Corporate administrative costs and assets are not allocated to the operating segments. However, operating segments are billed for the direct use of corporate services. Nonbillable costs remain at the corporate level in "All Other." After-tax segment income by major operating area is presented in the following table:

	Year ended December 31		
	2008	2007	2006
Income by Major Operating Area			
Upstream			
United States	**$ 7,126**	$ 4,532	$ 4,270
International	**14,584**	10,284	8,872
Total Upstream	**21,710**	14,816	13,142
Downstream			
United States	**1,369**	966	1,938
International	**2,060**	2,536	2,035
Total Downstream	**3,429**	3,502	3,973
Chemicals			
United States	**22**	253	430
International	**160**	143	109
Total Chemicals	**182**	396	539
Total Segment Income	**25,321**	18,714	17,654
All Other			
Interest expense	**–**	(107)	(312)
Interest income	**192**	385	380
Other	**(1,582)**	(304)	(584)
Net Income	**$ 23,931**	$ 18,688	$ 17,138

Segment Assets Segment assets do not include intercompany investments or intercompany receivables. Segment assets at year-end 2008 and 2007 are as follows:

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	At December 31	
	2008	2007
Upstream		
United States	**$ 26,071**	$ 23,535
International	**72,530**	61,049
Goodwill	**4,619**	4,637
Total Upstream	**103,220**	89,221
Downstream		
United States	**15,869**	16,790
International	**23,572**	26,075
Total Downstream	**39,441**	42,865
Chemicals		
United States	**2,535**	2,484
International	**1,086**	870
Total Chemicals	**3,621**	3,354
Total Segment Assets	**146,282**	135,440
All Other*		
United States	**8,984**	6,847
International	**5,899**	6,499
Total All Other	**14,883**	13,346
Total Assets – United States	**53,459**	49,656
Total Assets – International	**103,087**	94,493
Goodwill	**4,619**	4,637
Total Assets	**$ 161,165**	$ 148,786

* "All Other" assets consist primarily of worldwide cash, cash equivalents and marketable securities, real estate, information systems, mining operations, power generation businesses, technology companies, and assets of the corporate administrative functions.

Segment Sales and Other Operating Revenues Operating segment sales and other operating revenues, including internal transfers, for the years 2008, 2007 and 2006 are presented in the table on the following page. Products are transferred between operating segments at internal product values that approximate market prices.

Revenues for the upstream segment are derived primarily from the production and sale of crude oil and natural gas, as well as the sale of third-party production of natural gas. Revenues for the downstream segment are derived from the refining and marketing of petroleum products, such as gasoline, jet fuel, gas oils, kerosene, lubricants, residual fuel oils and other products derived from crude oil. This segment also generates revenues from the transportation and trading of crude oil and refined products. Revenues for the chemicals segment are derived primarily from the manufacture and sale of additives for lubricants and fuel. "All Other" activities include revenues from mining operations of coal and other minerals, power generation businesses, insurance operations, real estate activities, and technology companies.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Notes to the Consolidated Financial Statements
Millions of dollars, except per-share amounts

Note 9 Operating Segments and Geographic Data - Continued

Other than the United States, no single country accounted for 10 percent or more of the company's total sales and other operating revenues in 2008.

	Year ended December 31		
	2008	2007	2006
Upstream			
United States	**$ 23,503**	$ 18,736	$ 18,061
Intersegment	**15,142**	11,625	10,069
Total United States	**38,645**	30,361	28,130
International	**19,469**	15,213	14,560
Intersegment	**24,204**	19,647	17,139
Total International	**43,673**	34,860	31,699
Total Upstream	**82,318**	65,221	59,829
Downstream			
United States	**87,515**	70,535	69,367
Excise and similar taxes	**4,746**	4,990	4,829
Intersegment	**447**	491	533
Total United States	**92,708**	76,016	74,729
International	**122,064**	97,178	91,325
Excise and similar taxes	**5,044**	5,042	4,657
Intersegment	**122**	38	37
Total International	**127,230**	102,258	96,019
Total Downstream	**219,938**	178,274	170,748
Chemicals			
United States	**305**	351	372
Excise and similar taxes	**2**	2	2
Intersegment	**266**	235	243
Total United States	**573**	588	617
International	**1,388**	1,143	959
Excise and similar taxes	**55**	86	63
Intersegment	**154**	142	160
Total International	**1,597**	1,371	1,182
Total Chemicals	**2,170**	1,959	1,799
All Other			
United States	**815**	757	653
Intersegment	**917**	760	584
Total United States	**1,732**	1,517	1,237
International	**52**	58	44
Intersegment	**33**	31	23
Total International	**85**	89	67
Total All Other	**1,817**	1,606	1,304
Segment Sales and Other Operating Revenues			
United States	**133,658**	108,482	104,713
International	**172,585**	138,578	128,967
Total Segment Sales and Other Operating Revenues	**306,243**	247,060	233,680
Elimination of intersegment sales	**(41,285)**	(32,969)	(28,788)
Total Sales and Other Operating Revenues*	**$ 264,958**	$ 214,091	$ 204,892

* Includes buy/sell contracts of $6,725 in 2006. Substantially all of the amounts relate to the downstream segment. Refer to Note 14, on page FS-43, for a discussion of the company's accounting for buy/sell contracts.

Segment Income Taxes Segment income tax expense for the years 2008, 2007 and 2006 are as follows:

	Year ended December 31		
	2008	2007	2006

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Source: CHEVRON CORP, 10-K, February 26, 2009

Upstream			
United States	**$ 3,693**	$ 2,541	$ 2,668
International	**15,132**	11,307	10,987
Total Upstream	**18,825**	13,848	13,655
Downstream			
United States	**815**	520	1,162
International	**813**	400	586
Total Downstream	**1,628**	920	1,748
Chemicals			
United States	**(22)**	6	213
International	**47**	36	30
Total Chemicals	**25**	42	243
All Other	**(1,452)**	(1,331)	(808)
Total Income Tax Expense	**$ 19,026**	$ 13,479	$ 14,838

Other Segment Information Additional information for the segmentation of major equity affiliates is contained in Note 12, beginning on page FS-41. Information related to properties, plant and equipment by segment is contained in Note 13, on page FS-43.

Note 10
Lease Commitments
Certain noncancelable leases are classified as capital leases, and the leased assets are included as part of "Properties, plant and equipment, at cost." Such leasing arrangements involve tanker charters, crude oil production and processing equipment, service stations, office buildings, and other facilities. Other leases are classified as operating leases and are not capitalized. The payments on such leases are recorded as expense. Details of the capitalized leased assets are as follows:

	At December 31	
	2008	2007
Upstream	**$ 491**	$ 482
Downstream	**$ 399**	$ 551
Chemical and all other	**171**	171
Total	**1,061**	1,204
Less: Accumulated amortization	**522**	628
Net capitalized leased assets	**$ 539**	$ 576

Rental expenses incurred for operating leases during 2008, 2007 and 2006 were as follows:

	Year ended December 31		
	2008	2007	2006
Minimum rentals	**$ 2,984**	$ 2,419	$ 2,326
Contingent rentals	**6**	6	6
Total	**2,990**	2,425	2,332
Less: Sublease rental income	**41**	30	33
Net rental expense	**$ 2,949**	$ 2,395	$ 2,299

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Note 10 Lease Commitments - Continued

Contingent rentals are based on factors other than the passage of time, principally sales volumes at leased service stations. Certain leases include escalation clauses for adjusting rentals to reflect changes in price indices, renewal options ranging up to 25 years, and options to purchase the leased property during or at the end of the initial or renewal lease period for the fair market value or other specified amount at that time.

At December 31, 2008, the estimated future minimum lease payments (net of noncancelable sublease rentals) under operating and capital leases, which at inception had a non-cancelable term of more than one year, were as follows:

	At December 31	
	Operating Leases	Capital Leases
Year: 2009	$ 503	$ 97
2010	463	77
2011	372	77
2012	315	84
2013	288	59
Thereafter	947	154
Total	$ 2,888	$ 548
Less: Amounts representing interest and executory costs		(110)
Net present values		438
Less: Capital lease obligations included in short-term debt		(97)
Long-term capital lease obligations		$ 341

Note 11

Restructuring and Reorganization Costs

In 2007, the company implemented a restructuring and reorganization program in its downstream operations. Approximately 900 employees were eligible for severance payments. As of December 31, 2008, approximately 700 employees have been terminated under the program. Most of the associated positions are located outside the United States. The program is expected to be completed by the end of 2009.

Shown in the table below is the activity for the company's liability related to the downstream reorganization. The associated charges against income were categorized as "Operating expenses" or "Selling, general and administrative expenses" on the Consolidated Statement of Income.

Amounts before tax	**2008**	2007
Balance at January 1	**$ 85**	$ –
Accruals/adjustments	**(11)**	85
Payments	**(52)**	–
Balance at December 31	**$ 22**	$ 85

Note 12

Investments and Advances

Equity in earnings, together with investments in and advances to companies accounted for using the equity method and other investments accounted for at or below cost, is shown in the table below. For certain equity affiliates, Chevron pays its share of some income taxes directly. For such affiliates, the equity in earnings does not include these taxes, which are reported on the

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Consolidated Statement of Income as "Income tax expense."

	Investments and Advances At December 31		Equity in Earnings Year ended December 31		
	2008	2007	2008	2007	2006
Upstream					
Tengizchevroil	$ 6,290	$ 6,321	$ 3,220	$ 2,135	$ 1,817
Petropiar/Hamaca	1,130	1,168	317	327	319
Petroboscan	816	762	244	185	31
Angola LNG Limited	1,191	574	(8)	21	–
Other	725	765	206	204	123
Total Upstream	10,152	9,590	3,979	2,872	2,290
Downstream					
GS Caltex Corporation	2,601	2,276	444	217	316
Caspian Pipeline Consortium	749	951	103	102	117
Star Petroleum Refining Company Ltd.	877	944	22	157	116
Escravos Gas-to-Liquids	–	628	86	103	146
Caltex Australia Ltd.	723	580	250	129	186
Colonial Pipeline Company	536	546	32	39	34
Other	1,664	1,501	268	215	212
Total Downstream	7,150	7,426	1,205	962	1,127
Chemicals					
Chevron Phillips Chemical Company LLC	2,037	2,024	158	380	697
Other	25	24	4	6	5
Total Chemicals	2,062	2,048	162	386	702
All Other					
Other	567	449	20	(76)	136
Total equity method	$ 19,931	$ 19,513	$ 5,366	$ 4,144	$ 4,255
Other at or below cost	989	964			
Total investments and advances	$ 20,920	$ 20,477			
Total United States	$ 4,002	$ 3,889	$ 307	$ 478	$ 955
Total International	$ 16,918	$ 16,588	$ 5,059	$ 3,666	$ 3,300

Descriptions of major affiliates, including significant differences between the company's carrying value of its investments and its underlying equity in the net assets of the affiliates, are as follows:

Tengizchevroil Chevron has a 50 percent equity ownership interest in Tengizchevroil (TCO), a joint venture formed in 1993 to develop the Tengiz and Korolev crude oil fields in Kazakhstan over a 40-year period. At December 31, 2008, the company's carrying value of its investment in TCO was about $210 higher than the amount of underlying equity in TCO net assets. This difference results from Chevron acquiring a portion of its interest in TCO at a value greater than the underlying equity for that portion of TCO's assets.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Note 12 *Investments and Advances - Continued*

Petropiar Chevron has a 30 percent interest in Petropiar, a joint stock company formed in 2008 to operate the Hamaca heavy oil production and upgrading project. The project, located in Venezuela's Orinoco Belt, has a 25-year contract term. Prior to the formation of Petropiar, Chevron had a 30 percent interest in the Hamaca project. At December 31, 2008, the company's carrying value of its investment in Petropiar was approximately $250 less than the amount of underlying equity in Petropiar net assets. The difference represents the excess of Chevron's underlying equity in Petropiar's net assets over the net book value of the assets contributed to the venture.

Petroboscan Chevron has a 39 percent interest in Petroboscan, a joint stock company formed in 2006 to operate the Boscan Field in Venezuela until 2026. Chevron previously operated the field under an operating service agreement. At December 31, 2008, the company's carrying value of its investment in Petroboscan was approximately $290 higher than the amount of underlying equity in Petroboscan net assets. The difference reflects the excess of the net book value of the assets contributed by Chevron over its underlying equity in Petroboscan's net assets.

Angola LNG Ltd. Chevron has a 36 percent interest in Angola LNG Ltd., which will process and liquefy natural gas produced in Angola for delivery to international markets.

GS Caltex Corporation Chevron owns 50 percent of GS Caltex Corporation, a joint venture with GS Holdings. The joint venture imports, refines and markets petroleum products and petrochemicals, predominantly in South Korea.

Caspian Pipeline Consortium Chevron has a 15 percent interest in the Caspian Pipeline Consortium, which provides the critical export route for crude oil from both TCO and Karachaganak.

Star Petroleum Refining Company Ltd. Chevron has a 64 percent equity ownership interest in Star Petroleum Refining Company Ltd. (SPRC), which owns the Star Refinery in Thailand. The Petroleum Authority of Thailand owns the remaining 36 percent of SPRC.

Escravos Gas-to-Liquids Chevron Nigeria Limited (CNL) has a 75 percent interest in Escravos Gas-to-Liquids (EGTL) with the other 25 percent of the joint venture owned by Nigeria National Petroleum Company. Until December 1, 2008, Sasol Ltd. provided 50 percent of CNL's funding requirements for the venture as risk-based financing (returns are based on project performance). Effective December 1, 2008, Chevron acquired an additional 37 percent of the obligation from Sasol, with Sasol retaining 13 percent of the funding obligation. On that date, Chevron changed its method of accounting for its EGTL investment from equity to consolidated. This venture was formed to convert natural gas produced from Chevron's

Nigerian operations into liquid products for sale in international markets.

Caltex Australia Ltd. Chevron has a 50 percent equity ownership interest in Caltex Australia Ltd. (CAL). The remaining 50 percent of CAL is publicly owned. At December 31, 2008, the fair value of Chevron's share of CAL common stock was approximately $670. The decline in value below the company's carrying value of $723 million at the end of 2008 was deemed temporary.

Colonial Pipeline Company Chevron owns an approximate 23 percent equity interest in the Colonial Pipeline Company. The Colonial Pipeline system runs from Texas to New Jersey and transports petroleum products in a 13-state market. At December 31, 2008, the company's carrying value of its investment in Colonial Pipeline was approximately $560 higher than the amount of underlying equity in Colonial Pipeline net assets. This difference primarily relates to purchase price adjustments from the acquisition of Unocal Corporation.

Chevron Phillips Chemical Company LLC Chevron owns 50 percent of Chevron Phillips Chemical Company LLC (CPChem), with the other half owned by ConocoPhillips Corporation.

Dynegy Inc. In 2007, Chevron sold its 19 percent common stock investment in Dynegy Inc., for approximately $940, resulting in a gain of $680.

Other Information "Sales and other operating revenues" on the Consolidated Statement of Income includes $15,390, $11,555 and $9,582 with affiliated companies for 2008, 2007 and 2006, respectively. "Purchased crude oil and products" includes $6,850, $5,464 and $4,222 with affiliated companies for 2008, 2007 and 2006, respectively.

"Accounts and notes receivable" on the Consolidated Balance Sheet includes $701 and $1,722 due from affiliated companies at December 31, 2008 and 2007, respectively. "Accounts payable" includes $289 and $374 due to affiliated companies at December 31, 2008 and 2007, respectively.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Note 12 Investments and Advances - Continued

The following table provides summarized financial information on a 100 percent basis for all equity affiliates as well as Chevron's total share, which includes Chevron loans to affiliates of $2,820 at December 31, 2008.

	Affiliates			Chevron Share		
Year ended December 31	**2008**	2007	2006	**2008**	2007	2006
Total revenues	**$ 112,707**	$ 94,864	$ 73,746	**$ 54,055**	$ 46,579	$ 35,695
Income before income tax expense	**17,500**	12,510	10,973	**7,532**	5,836	5,295
Net income	**12,705**	9,743	7,905	**5,524**	4,550	4,072
At December 31						
Current assets	**$ 25,194**	$ 26,360	$ 19,769	**$ 10,804**	$ 11,914	$ 8,944
Noncurrent assets	**51,878**	48,440	49,896	**20,129**	19,045	18,575
Current liabilities	**17,727**	19,033	15,254	**7,474**	9,009	6,818
Noncurrent liabilities	**21,049**	22,757	24,059	**4,533**	3,745	3,902
Net equity	**$ 38,296**	$ 33,010	$ 30,352	**$ 18,926**	$ 18,205	$ 16,799

Note 13
Properties, Plant and Equipment

	At December 31						Year ended December 31					
	Gross Investment at Cost			Net Investment			Additions at Cost[1]			Depreciation Expense[2]		
	2008	2007	2006	**2008**	2007	2006	**2008**	2007	2006	**2008**	2007	2006
Upstream												
United States	**$ 54,156**	$ 50,991	$ 46,191	**$ 22,294**	$ 19,850	$ 16,706	**$ 5,374**	$ 5,725	$ 3,739	**$ 2,683**	$ 2,700	$ 2,374
International	**84,282**	71,408	61,281	**51,140**	43,431	37,730	**13,177**	10,512	7,290	**5,441**	4,605	3,888
Total Upstream	**138,438**	122,399	107,472	**73,434**	63,281	54,436	**18,551**	16,237	11,029	**8,124**	7,305	6,262
Downstream												
United States	**17,394**	15,807	14,553	**8,977**	7,685	6,741	**2,032**	1,514	1,109	**629**	509	474
International	**11,587**	10,471	11,036	**6,001**	4,690	5,233	**2,285**	519	532	**469**	633	551
Total Downstream	**28,981**	26,278	25,589	**14,978**	12,375	11,974	**4,317**	2,033	1,641	**1,098**	1,142	1,025
Chemicals												
United States	**725**	678	645	**338**	308	289	**50**	40	25	**19**	19	19
International	**828**	815	771	**496**	453	431	**72**	53	54	**33**	26	24
Total Chemicals	**1,553**	1,493	1,416	**834**	761	720	**122**	93	79	**52**	45	43
All Other[3]												
United States	**4,310**	3,873	3,243	**2,523**	2,179	1,709	**598**	680	270	**250**	215	171
International	**17**	41	27	**11**	14	19	**5**	5	8	**4**	1	5
Total All Other	**4,327**	3,914	3,270	**2,534**	2,193	1,728	**603**	685	278	**254**	216	176
Total United States	**76,585**	71,349	64,632	**34,132**	30,022	25,445	**8,054**	7,959	5,143	**3,581**	3,443	3,038
Total International	**96,714**	82,735	73,115	**57,648**	48,588	43,413	**15,539**	11,089	7,884	**5,947**	5,265	4,468
Total	**$ 173,299**	$ 154,084	$ 137,747	**$ 91,780**	$ 78,610	$ 68,858	**$ 23,593**	$ 19,048	$ 13,027	**$ 9,528**	$ 8,708	$ 7,506

[1] Net of dry hole expense related to prior years' expenditures of $55, $89 and $120 in 2008, 2007 and 2006, respectively.
[2] Depreciation expense includes accretion expense of $430, $399 and $275 in 2008, 2007 and 2006, respectively.
[3] Primarily mining operations, power generation businesses, real estate assets and management information systems.

Note 14
Accounting for Buy/Sell Contracts

The company adopted the accounting prescribed by Emerging Issues Task Force (EITF) Issue No. 04-13, *Accounting for Purchases and Sales of Inventory with the Same Counterparty* (Issue 04-13), on a prospective basis from April 1, 2006. Issue 04-13 requires that two or more legally separate exchange transactions with the same counterparty, including buy/sell transactions, be combined and considered as a single arrangement for purposes of applying the provisions of Accounting Principles Board Opinion No. 29, *Accounting for Nonmonetary Transactions,* when the transactions are entered into "in

contemplation" of one another. In prior periods, the company accounted for buy/sell transactions in the Consolidated

Source: CHEVRON CORP, 10-K, February 26, 2009

Statement of Income as a monetary transaction – purchases were reported as "Purchased crude oil and products"; sales were reported as "Sales and other operating revenues."

With the company's adoption of Issue 04-13, buy/sell transactions beginning in the second quarter 2006 are netted against each other on the Consolidated Statement of Income, with no effect on net income. The amount associated with buy/sell transactions in the first quarter 2006 is shown as a footnote to the Consolidated Statement of Income on page FS-27.

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Source: CHEVRON CORP, 10-K, February 26, 2009

Note 15
Litigation

MTBE Chevron and many other companies in the petroleum industry have used methyl tertiary butyl ether (MTBE) as a gasoline additive. In October 2008, 59 cases were settled in which the company was a party and which related to the use of MTBE in certain oxygenated gasolines and the alleged seepage of MTBE into groundwater. The terms of this agreement are confidential and not material to the company's results of operations, liquidity or financial position.

Chevron is a party to 37 other pending lawsuits and claims, the majority of which involve numerous other petroleum marketers and refiners. Resolution of these lawsuits and claims may ultimately require the company to correct or ameliorate the alleged effects on the environment of prior release of MTBE by the company or other parties. Additional lawsuits and claims related to the use of MTBE, including personal-injury claims, may be filed in the future. The settlement of the 59 lawsuits did not set any precedents related to standards of liability to be used to judge the merits of the claims, corrective measures required or monetary damages to be assessed for the remaining lawsuits and claims or future lawsuits and claims. As a result, the company's ultimate exposure related to pending lawsuits and claims is not currently determinable, but could be material to net income in any one period. The company no longer uses MTBE in the manufacture of gasoline in the United States.

RFG Patent Fourteen purported class actions were brought by consumers who purchased reformulated gasoline (RFG) from January 1995 through August 2005, alleging that Unocal misled the California Air Resources Board into adopting standards for composition of RFG that overlapped with Unocal's undisclosed and pending patents. The parties agreed to a settlement that calls for, among other things, Unocal to pay $48 and for the establishment of a *cy pres* fund to administer payout of the award. The court approved the final settlement in November 2008.

Ecuador Chevron is a defendant in a civil lawsuit before the Superior Court of Nueva Loja in Lago Agrio, Ecuador, brought in May 2003 by plaintiffs who claim to be representatives of certain residents of an area where an oil production consortium formerly had operations. The lawsuit alleges damage to the environment from the oil exploration and production operations, and seeks unspecified damages to fund environmental remediation and restoration of the alleged environmental harm, plus a health monitoring program. Until 1992, Texaco Petroleum Company (Texpet), a subsidiary of Texaco Inc., was a minority member of this consortium with Petroecuador, the Ecuadorian state-owned

oil company, as the majority partner; since 1990, the operations have been conducted solely by Petroecuador. At the conclusion of the consortium and following an independent third-party environmental audit of the concession area, Texpet entered into

a formal agreement with the Republic of Ecuador and Petroecuador for Texpet to remediate specific sites assigned by the government in proportion to Texpet's ownership share of the consortium. Pursuant to that agreement, Texpet conducted a three-year remediation program at a cost of $40. After certifying that the sites were properly remediated, the government granted Texpet and all related corporate entities a full release from any and all environmental liability arising from the consortium operations.

Based on the history described above, Chevron believes that this lawsuit lacks legal or factual merit. As to matters of law, the company believes first, that the court lacks jurisdiction over Chevron; second, that the law under which plaintiffs bring the action, enacted in 1999, cannot be applied retroactively to Chevron; third, that the claims are barred by the statute of limitations in Ecuador; and, fourth, that the lawsuit is also barred by the releases from liability previously given to Texpet by the Republic of Ecuador and Petroecuador. With regard to the facts, the company believes that the evidence confirms that Texpet's remediation was properly conducted and that the remaining environmental damage reflects Petroecuador's failure to timely fulfill its legal obligations and Petroecuador's further conduct since assuming full control over the operations.

In April 2008, a mining engineer appointed by the court to identify and determine the cause of environmental damage, and to specify steps needed to remediate it, issued a report recommending that the court assess $8,000, which would, according to the engineer, provide financial compensation for purported damages, including wrongful death claims, and pay for, among other items, environmental remediation, health care systems, and additional infrastructure for Petroecuador. The engineer's report also asserted that an additional $8,300 could be assessed against Chevron for unjust enrichment. The engineer's report is not binding on the court. Chevron also believes that the engineer's work was performed and his report prepared in a manner contrary to law and in violation of the court's orders. Chevron submitted a rebuttal to the report in which it asked the court to strike the report in its entirety. In November 2008, the engineer revised the report and, without additional evidence, recommended an increase in the financial compensation for purported damages to a total of $18,900 and an increase in the assessment for purported unjust enrichment to a

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Source: CHEVRON CORP, 10-K, February 26, 2009

Note 15 Litigation - Continued

total of $8,400. Chevron submitted a rebuttal to the revised report, and Chevron will continue a vigorous defense of any attempted imposition of liability.

Management does not believe an estimate of a reasonably possible loss (or a range of loss) can be made in this case. Due to the defects associated with the engineer's report, management does not believe the report itself has any utility in calculating a reasonably possible loss (or a range of loss). Moreover, the highly uncertain legal environment surrounding the case provides no basis for management to estimate a reasonably possible loss (or a range of loss).

Note 16

Taxes

Income Taxes

	Year ended December 31		
	2008	2007	2006
Taxes on income			
U.S. Federal			
Current	**$ 2,879**	$ 1,446	$ 2,828
Deferred	**274**	225	200
State and local	**669**	338	581
Total United States	**3,822**	2,009	3,609
International			
Current	**15,021**	11,416	11,030
Deferred	**183**	54	199
Total International	**15,204**	11,470	11,229
Total taxes on income	**$ 19,026**	$ 13,479	$ 14,838

In 2008, before-tax income for U.S. operations, including related corporate and other charges, was $10,682, compared with before-tax income of $7,794 and $9,131 in 2007 and 2006, respectively. For international operations, before-tax income was $32,275, $24,373 and $22,845 in 2008, 2007 and 2006, respectively. U.S. federal income tax expense was reduced by $198, $132 and $116 in 2008, 2007 and 2006, respectively, for business tax credits.

The reconciliation between the U.S. statutory federal income tax rate and the company's effective income tax rate is explained in the table below:

	Year ended December 31		
	2008	2007	2006
U.S. statutory federal income tax rate	**35.0%**	35.0%	35.0%
Effect of income taxes from international operations at rates different from the U.S. statutory rate	**10.2**	8.3	10.3
State and local taxes on income, net of U.S. federal income tax benefit	**1.0**	0.8	1.0
Prior-year tax adjustments	**(0.1)**	0.3	0.9
Tax credits	**(0.5)**	(0.4)	(0.4)
Effects of enacted changes in tax laws	**(0.6)**	(0.3)	0.3
Other	**(0.7)**	(1.8)	(0.7)
Effective tax rate	**44.3%**	41.9%	46.4%

The company's effective tax rate increased from 41.9 percent in 2007 to 44.3 percent in 2008. The increase in the "Effect of income taxes from international operations at rates different from the U.S. statutory rate" from 8.3 percent in 2007 to 10.2

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percent in 2008 was mainly due to a greater proportion of income being earned in 2008 in tax jurisdictions with higher tax rates. In addition, the 2007 period included a relatively low tax rate on the sale of downstream assets in Europe. The change in "Other" from a negative 1.8 percent to a negative 0.7 percent primarily related to a lower effective tax rate on the sale of the company's investment in Dynegy common stock in 2007.

The company records its deferred taxes on a tax-jurisdiction basis and classifies those net amounts as current or noncurrent based on the balance sheet classification of the related assets or liabilities. The reported deferred tax balances are composed of the following:

	At December 31	
	2008	2007
Deferred tax liabilities		
Properties, plant and equipment	**$ 18,271**	$ 17,310
Investments and other	**2,225**	1,837
Total deferred tax liabilities	**20,496**	19,147
Deferred tax assets		
Abandonment/environmental reserves	**(4,338)**	(3,587)
Employee benefits	**(3,488)**	(2,148)
Tax loss carryforwards	**(1,139)**	(1,603)
Deferred credits	**(3,933)**	(1,689)
Foreign tax credits	**(4,784)**	(3,138)
Inventory	**(260)**	(608)
Other accrued liabilities	**(445)**	(477)
Miscellaneous	**(1,732)**	(1,528)
Total deferred tax assets	**(20,119)**	(14,778)
Deferred tax assets valuation allowance	**7,535**	5,949
Total deferred taxes, net	**$ 7,912**	$ 10,318

Deferred tax liabilities at the end of 2008 increased by approximately $1,300 from year-end 2007. The increase was primarily related to increased temporary differences for properties, plant and equipment.

Deferred tax assets increased by approximately $5,300 in 2008. The increase related primarily to deferred credits recorded for future tax benefits earned from a new field in Africa ($2,200); increased deferred tax benefits for pension-related obligations ($1,300); and additional foreign tax credits arising from earnings in high-tax-rate international jurisdictions ($1,600), which were substantially offset by valuation allowances.

The overall valuation allowance relates to foreign tax credit carryforwards, tax loss carryforwards and temporary differences for which no benefit is expected to be realized. Tax loss carryforwards exist in many international jurisdictions. Whereas some of these tax loss carryforwards do not have an expiration date, others expire at various times from

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Note 16 Taxes - Continued

2009 th ough 2032. Foreign tax credit carryforwards of $4,784 will expire between 2009 and 2018.

At December 31, 2008 and 2007, deferred taxes were classified in the Consolidated Balance Sheet as follows:

	At December 31	
	2008	2007
Prepaid expenses and other current assets	**$ (1,130)**	$ (1,234)
Deferred charges and other assets	**(2,686)**	(812)
Federal and other taxes on income	**189**	194
Noncurrent deferred income taxes	**11,539**	12,170
Total deferred income taxes, net	**$ 7,912**	$ 10,318

Income taxes are not accrued for unremitted earnings of international operations that have been or are intended to be reinvested indefinitely. Undistributed earnings of international consolidated subsidiaries and affiliates for which no deferred income tax provision has been made for possible future remittances totaled $22,428 at December 31, 2008. This amount represents earnings reinvested as part of the company's ongoing international business. It is not practicable to estimate the amount of taxes that might be payable on the eventual remittance of earnings that are intended to be reinvested indefinitely. At the end of 2008, deferred income taxes were recorded for the undistributed earnings of certain international operations for which the company no longer intends to indefinitely reinvest the earnings. The company does not anticipate incurring significant additional taxes on remittances of earnings that are not indefinitely reinvested.

Uncertain Income Tax Positions Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – An Interpretation of FASB Statement No. 109* (FIN 48), provides the accounting guidance for income tax benefits that are uncertain in nature. Under FIN 48, a company recognizes a tax benefit in the financial statements for an uncertain tax position only if management's assessment is that the position is "more likely than not" (i.e., a likelihood greater than 50 percent) to be allowed by the tax jurisdiction based solely on the technical merits of the position. The term "tax position" in FIN 48 refers to a position in a previously filed tax return or a position expected to be taken in a future tax return that is reflected in measuring current or deferred income tax assets and liabilities for interim or annual periods.

The following table indicates the changes to the company's unrecognized tax benefits for the year ended December 31, 2008. The term "unrecognized tax benefits" in FIN 48 refers to the differences between a tax position taken or expected to be taken in a tax return and the benefit measured and recognized in the financial statements in accordance with the guidelines of FIN 48. Interest and penalties are not included.

	2008	2007

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Balance at January 1	**$ 2,199**	$ 2,296
Foreign currency effects	**(1)**	19
Additions based on tax positions taken in current year	**522**	418
Reductions based on tax positions taken in current year	**(17)**	–
Additions/reductions resulting from current year asset acquisitions/sales	**175**	–
Additions for tax positions taken in prior years	**337**	120
Reductions for tax positions taken in prior years	**(246)**	(225)
Settlements with taxing authorities in current year	**(215)**	(255)
Reductions as a result of a lapse of the applicable statute of limitations	**(58)**	–
Reductions due to tax positions previously expected to be taken but subsequently not taken on prior year tax returns	–	(174)
Balance at December 31	**$ 2,696**	$ 2,199

Although unrecognized tax benefits for individual tax positions may increase or decrease during 2009, the company believes that no change will be individually significant during 2009. Approximately 85 percent of the $2,696 of unrecognized tax benefits at December 31, 2008, would have an impact on the effective tax rate if subsequently recognized.

Tax positions for Chevron and its subsidiaries and affiliates are subject to income tax audits by many tax jurisdictions throughout the world. For the company's major tax jurisdictions, examinations of tax returns for certain prior tax years had not been completed as of December 31, 2008. For these jurisdictions, the latest years for which income tax examinations had been finalized were as follows: United States – 2003, Nigeria – 1994, Angola – 2001 and Saudi Arabia – 2003.

On the Consolidated Statement of Income, the company reports interest and penalties related to liabilities for uncertain tax positions as "Income tax expense." As of December 31, 2008, accruals of $276 for anticipated interest and penalty obligations were included on the Consolidated Balance Sheet, compared with accruals of $198 as of year-end 2007. Income tax expense associated with interest and penalties was $79 and $70 in 2008 and 2007, respectively.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Note 16 Taxes - Continued

Taxes Other Than on Income

	Year ended December 31		
	2008	2007	2006
United States			
Excise and similar taxes on products and merchandise	**$ 4,748**	$ 4,992	$ 4,831
Import duties and other levies	**1**	12	32
Property and other miscellaneous taxes	**588**	491	475
Payroll taxes	**204**	185	155
Taxes on production	**431**	288	360
Total United States	**5,972**	5,968	5,853
International			
Excise and similar taxes on products and merchandise	**5,098**	5,129	4,720
Import duties and other levies	**8,368**	10,404	9,618
Property and other miscellaneous taxes	**1,557**	528	491
Payroll taxes	**106**	89	75
Taxes on production	**202**	148	126
Total International	**15,331**	16,298	15,030
Total taxes other than on income	**$ 21,303**	$ 22,266	$ 20,883

Note 17
Short-Term Debt

	At December 31	
	2008	2007
Commercial paper*	**$ 5,742**	$ 3,030
Notes payable to banks and others with originating terms of one year or less	**149**	219
Current maturities of long-term debt	**429**	850
Current maturities of long-term capital leases	**78**	73
Redeemable long-term obligations		
Long-term debt	**1,351**	1,351
Capital leases	**19**	21
Subtotal	**7,768**	5,544
Reclassified to long-term debt	**(4,950)**	(4,382)
Total short-term debt	**$ 2,818**	$ 1,162

* Weighted-average interest rates at December 31, 2008 and 2007, were 0.67 percent and 4.35 percent, respectively.

Redeemable long-term obligations consist primarily of tax-exempt variable-rate put bonds that are included as current liabilities because they become redeemable at the option of the bondholders within one year following the balance sheet date.

The company periodically enters into interest rate swaps on a portion of its short-term debt. See Note 7, beginning on page FS-36, for information concerning the company's debt-related derivative activities.

At December 31, 2008, the company had $4,950 of committed credit facilities with banks worldwide, which permit the company to refinance short-term obligations on a long-term basis. The facilities support the company's commercial paper borrowings. Interest on borrowings under the terms of specific agreements may be based on the London Interbank Offered Rate or bank prime rate. No amounts were outstanding under these credit agreements during 2008 or at year-end.

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At December 31, 2008 and 2007, the company classified $4,950 and $4,382, respectively, of short-term debt as long-term. Settlement of these obligations is not expected to require the use of working capital in 2009, as the company has both the intent and the ability to refinance this debt on a long-term basis.

Note 18

Long-Term Debt

Total long-term debt, excluding capital leases, at December 31, 2008, was $5,742. The company's long-term debt outstanding at year-end 2008 and 2007 was as follows:

	At December 31	
	2008	2007
3.375% notes due 2008	**$ –**	$ 749
5.5% notes due 2009	**400**	405
7.327% amortizing notes due 2014[1]	**194**	213
8.625% debentures due 2032	**147**	161
8.625% debentures due 2031	**108**	108
7.5% debentures due 2043	**85**	85
8% debentures due 2032	**74**	81
9.75% debentures due 2020	**56**	57
8.875% debentures due 2021	**40**	46
8.625% debentures due 2010	**30**	30
3.85% notes due 2008	**–**	30
Medium-term notes, maturing from 2021 to 2038 (6.2%)[2]	**38**	64
Fixed interest rate notes, maturing 2011 (9.378%)[2]	**21**	27
Other foreign currency obligations (0.5%)[2]	**13**	17
Other long-term debt (9.1%)[2]	**15**	59
Total including debt due within one year	**1,221**	2,132
Debt due within one year	**(429)**	(850)
Reclassified from short-term debt	**4,950**	4,382
Total long-term debt	**$ 5,742**	$ 5,664

[1] Guarantee of ESOP debt.
[2] Weighted-average interest rate at December 31, 2008.

Long-term debt of $1,221 matures as follows: 2009 – $429; 2010 – $64; 2011 – $47; 2012 – $33; 2013 – $41; and after 2013 – $607.

In 2008, debt totaling $822 matured, including $749 of Chevron Canada Funding Company notes. In 2007, $2,000 of Chevron Canada Funding Company bonds matured. The company also redeemed early $874 of Texaco Capital Inc. bonds, at an after-tax loss of approximately $175.

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Source: CHEVRON CORP, 10-K, February 26, 2009

Note 19

New Accounting Standards

FASB Statement No. 141 (revised 2007), Business Combinations (FAS 141-R) In December 2007, the FASB issued FAS 141-R, which became effective for business combination transactions having an acquisition date on or after January 1, 2009. This standard requires the acquiring entity in a business combination to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date to be measured at their respective fair values. It also requires acquisition-related costs, as well as restructuring costs the acquirer expects to incur for which it is not obligated at acquisition date, to be recorded against income rather than included in purchase-price determination. Finally, the standard requires recognition of contingent arrangements at their acquisition-date fair values, with subsequent changes in fair value generally reflected in income.

FASB Staff Position FAS 141(R)-a Accounting for Assets Acquired and Liabilities Assumed in a Business Combination (FSP FAS 141(R)-a) In February 2009, the FASB approved for issuance FSP FAS 141(R)-a, which became effective for business combinations having an acquisition date on or after January 1, 2009. This standard requires an asset or liability arising from a contingency in a business combination to be recognized at fair value if fair value can be reasonably determined. If it cannot be reasonably determined then the asset or liability will need to be recognized in accordance with FASB Statement No. 5, *Accounting for Contingencies,* and FASB Interpretation No. 14, *Reasonable Estimation of the Amount of the Loss.*

FASB Statement No. 160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51 (FAS 160) The FASB issued FAS 160 in December 2007, which became effective for the company January 1, 2009, with retroactive adoption of the Standard's presentation and disclosure requirements for existing minority interests. This standard requires ownership interests in subsidiaries held by parties other than the parent to be presented within the equity section of the Consolidated Balance Sheet but separate from the parent's equity. It also requires the amount of consolidated net income attributable to the parent and the noncontrolling interest to be clearly identified and presented on the face of the Consolidated Statement of Income. Certain changes in a parent's ownership interest are to be accounted for as equity transactions and when a subsidiary is deconsolidated, any noncontrolling equity investment in the former subsidiary is to be initially measured at fair value. Implementation of FAS 160 will not significantly change the presentation of the company's Consolidated Statement of Income or Consolidated Balance Sheet.

FASB Statement No. 161, Disclosures about Derivative Instruments and Hedging Activities (FAS 161) In March 2008,

the FASB issued FAS 161, which became effective for the company on January 1, 2009. This standard amends and expands the disclosure requirements of FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities.* FAS 161 requires disclosures related to objectives and strategies for using derivatives; the fair-value amounts of, and gains and losses on, derivative instruments; and credit-risk-related contingent features in derivative agreements. The company's disclosures for derivative instruments will be expanded to include a tabular representation of the location and fair value amounts of derivative instruments on the balance sheet, fair value gains and losses on the income statement and gains and losses associated with cash flow hedges recognized in earnings and other comprehensive income.

FASB Staff Position FAS 132(R)-1, Employer's Disclosures about Postretirement Benefit Plan Assets (FSP FAS 132(R)-1)

In December 2008, the FASB issued FSP FAS 132(R)-1, which becomes effective with the company's reporting at December 31, 2009. This standard amends and expands the disclosure requirements on the plan assets of defined benefit pension and other postretirement plans to provide users of financial statements with an understanding of: how investment allocation decisions are made; the major categories of plan assets; the inputs and valuation techniques used to measure the fair value of plan assets; the effect of fair-value measurements using significant unobservable inputs on changes in plan assets for the period; and significant concentrations of risk within plan assets. The company does not prefund its other postretirement plan obligations, and the effect on the company's disclosures for its pension plan assets as a result of the adoption of FSP FAS 132(R)-1 will depend on the company's plan assets at that time.

Note 20

Accounting for Suspended Exploratory Wells

The company accounts for the cost of exploratory wells in accordance with FASB Statement No. 19, *Financial and Reporting by Oil and Gas Producing Companies* (FAS 19), as amended by FASB Staff Position (FSP) FAS 19-1, *Accounting for Suspended Well Costs,* which provides that exploratory well costs continue to be capitalized after the completion of drilling when (a) the well has found a sufficient quantity of reserves to justify completion as a producing well and (b) the enterprise is making sufficient progress assessing the reserves and the economic and operating viability of the project. If either condition is not met or if an enterprise obtains information that raises substantial doubt about the economic or operational viability of the project, the exploratory well would be assumed to be impaired, and its costs, net of any salvage value, would be charged to expense.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Note 20 Accounting for Suspended Exploratory Wells - Continued

FAS 19 provides a number of indicators that can assist an entity to demonstrate sufficient progress is being made in assessing the reserves and economic viability of the project.

The following table indicates the changes to the company's suspended exploratory well costs for the three years ended December 31, 2008:

	2008	2007	2006
Beginning balance at January 1	**$ 1,660**	$ 1,239	$ 1,109
Additions to capitalized exploratory well costs pending the determination of proved reserves	**643**	486	446
Reclassifications to wells, facilities and equipment based on the determination of proved reserves	**(49)**	(23)	(171)
Capitalized exploratory well costs charged to expense	**(136)**	(42)	(121)
Other reductions*	**–**	–	(24)
Ending balance at December 31	**$ 2,118**	$ 1,660	$ 1,239

* Represent property sales and exchanges.

The following table provides an aging of capitalized well costs and the number of projects for which exploratory well costs have been capitalized for a period greater than one year since the completion of drilling.

	At December 31		
	2008	2007	2006
Exploratory well costs capitalized for a period of one year or less	**$ 559**	$ 449	$ 332
Exploratory well costs capitalized for a period greater than one year	**1,559**	1,211	907
Balance at December 31	**$ 2,118**	$ 1,660	$ 1,239
Number of projects with exploratory well costs that have been capitalized for a period greater than one year*	**50**	54	44

* Certain projects have multiple wells or fields or both.

Of the $1,559 of exploratory well costs capitalized for more than one year at December 31, 2008, $874 (27 projects) is related to projects that had drilling activities under way or firmly planned for the near future. An additional $279 (four projects) is related to projects that had drilling activity during 2008. The $406 balance is related to 19 projects in areas requiring a major capital expenditure before production could begin and for which additional drilling efforts were not under way or firmly planned for the near future. Additional drilling was not deemed necessary because the presence of hydrocarbons had already been established, and other activities were in process to enable a future decision on project development.

The projects for the $406 referenced above had the following activities associated with assessing the reserves and the projects' economic viability: (a) $107 (two projects) –

government approval of the plan of development received in fourth quarter 2008; (b) $73 (two projects) – continued unitization efforts on adjacent discoveries that span inter-national boundaries; (c) $49 (one project) – alignment of

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project stakeholders regarding scope and commercial strategy; (d) $46 (one project) – subsurface and facilities engineering studies ongoing with front-end-engineering and design expected in late 2009; (e) $40 (one project) continued review of development options; (f) $91 – miscellaneous activities for 12 projects with smaller amounts suspended. While progress was being made on all 50 projects, the decision on the recognition of proved reserves under SEC rules in some cases may not occur for several years because of the complexity, scale and negotiations connected with the projects. The majority of these decisions are expected to occur in the next three years.

The $1,559 of suspended well costs capitalized for a period greater than one year as of December 31, 2008, represents 195 exploratory wells in 50 projects. The tables below contain the aging of these costs on a well and project basis:

Aging based on drilling completion date of individual wells:	Amount	Number of wells
1992	$ 7	3
1994–1997	31	4
1998–2002	176	34
2003–2007	1,345	154
Total	$ 1,559	195

Aging based on drilling completion date of last suspended well in project:	Amount	Number of projects
1992	$ 7	1
1999	8	1
2003	69	3
2004–2008	1,475	45
Total	$ 1,559	50

Note 21

Stock Options and Other Share-Based Compensation

Compensation expense for stock options for 2008, 2007 and 2006 was $168 ($109 after tax), $146 ($95 after tax) and $125 ($81 after tax), respectively. In addition, compensation expense for stock appreciation rights, performance units and restricted stock units was $132 ($86 after tax), $205 ($133 after tax) and $113 ($73 after tax) for 2008, 2007 and 2006, respectively. No significant stock-based compensation cost was capitalized at December 31, 2008 and 2007.

Cash received in payment for option exercises under all share-based payment arrangements for 2008, 2007 and 2006 was $404, $445 and $444, respectively. Actual tax benefits realized for the tax deductions from option exercises were $103, $94 and $91 for 2008, 2007 and 2006, respectively.

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Source: CHEVRON CORP, 10-K, February 26, 2009

Cash paid to settle performance units and stock appreciation rights was $136, $88 and $68 for 2008, 2007 and 2006, respectively.

Chevron Long-Term Incentive Plan (LTIP) Awards under the LTIP may take the form of, but are not limited to, stock options, restricted stock, restricted stock units, stock appreciation rights, performance units and nonstock grants. From April 2004 through January 2014, no more than 160 million shares may be issued under the LTIP, and no more than 64 million of those shares may be in a form other than a stock option, stock appreciation right or award requiring full payment for shares by the award recipient.

Texaco Stock Incentive Plan (Texaco SIP) On the closing of the acquisition of Texaco in October 2001, outstanding options granted under the Texaco SIP were converted to Chevron options. These options, which have 10-year contractual lives extending into 2011, retained a provision for being restored. This provision enables a participant who exercises a stock option to receive new options equal to the number of shares exchanged or who has shares withheld to satisfy tax withholding obligations to receive new options equal to the number of shares exchanged or withheld. The restored options are fully exercisable six months after the date of grant, and the exercise price is the market value of the common stock on the day the restored option is granted. Beginning in 2007, restored options were granted under the LTIP. No further awards may be granted under the former Texaco plans.

Unocal Share-Based Plans (Unocal Plans) When Chevron acquired Unocal in August 2005, outstanding stock options and stock appreciation rights granted under various Unocal Plans were exchanged for fully vested Chevron options and appreciation rights. These awards retained the same provisions as the original Unocal Plans. If not exercised, these awards will expire between early 2009 and early 2015.

The fair market values of stock options and stock appreciation rights granted in 2008, 2007 and 2006 were measured on the date of grant using the Black-Scholes option-pricing model, with the following weighted-average assumptions:

	Year ended December 31		
	2008	2007	2006
Stock Options			
Expected term in years[1]	**6.1**	6.3	6.4
Volatility[2]	**22.0%**	22.0%	23.7%
Risk-free interest rate based on zero coupon U.S. treasury note	**3.0%**	4.5%	4.7%
Dividend yield	**2.7%**	3.2%	3.1%
Weighted-average fair value per option granted	**$ 15.97**	$ 15.27	$ 12.74
Restored Options			
Expected term in years[1]	**1.2**	1.6	2.2
Volatility[2]	**23.1%**	21.2%	19.6%
	1.9%	4.5%	4.8%

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Source: CHEVRON CORP, 10-K, February 26, 2009

Risk-free interest rate based on zero coupon U.S. treasury note	**2.7%**	3.2%	3.3%
Dividend yield			
Weighted-average fair value per option granted	**$ 10.01**	$ 8.61	$ 7.72

1 Expected term is based on historical exercise and post-vesting cancellation data.

2 Volatility rate is based on historical stock prices over an appropriate period, generally equal to the expected term.

A summary of option activity during 2008 is presented below:

	Shares (Thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2008	57,357	$ 54.50		
Granted	12,391	$ 84.98		
Exercised	(10,758)	$ 53.69		
Restored	1,196	$ 94.53		
Forfeited	(1,173)	$ 79.53		
Outstanding at December 31, 2008	59,013	$ 61.36	6.5 yrs.	$ 883
Exercisable at December 31, 2008	36,934	$ 51.51	5.2 yrs.	$ 838

The total intrinsic value (i.e., the difference between the exercise price and the market price) of options exercised during 2008, 2007 and 2006 was $433, $423 and $281, respectively. During this period, the company continued its practice of issuing treasury shares upon exercise of these awards.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Note 21 Stock Options and Other Share-Based Compensation - Continued

As of December 31, 2008, there was $179 of total unrecognized before-tax compensation cost related to nonvested share-based compensation arrangements granted or restored under the plans. That cost is expected to be recognized over a weighted-average period of 1.9 years.

At January 1, 2008, the number of LTIP performance units outstanding was equivalent to 2,225,015 shares. During 2008, 888,300 units were granted, 652,897 units vested with cash proceeds distributed to recipients and 59,863 units were forfeited. At December 31, 2008, units outstanding were 2,400,555, and the fair value of the liability recorded for these instruments was $201. In addition, outstanding stock appreciation rights and other awards that were granted under various LTIP and former Texaco and Unocal programs totaled approximately 1.4 million equivalent shares as of December 31, 2008. A liability of $35 was recorded for these awards.

Broad-Based Employee Stock Options In addition to the plans described above, Chevron granted all eligible employees stock options or equivalents in 1998. The options vested in February 2000 and expired in February 2008. A total of 9,641,600 options were awarded with an exercise price of $38.16 per share.

The fair value of each option on the date of grant was estimated at $9.54 using the Black-Scholes model for the preceding 10 years. The assumptions used in the model, based on a 10-year average, were: a risk-free interest rate of 7 percent, a dividend yield of 4.2 percent, an expected life of seven years and a volatility of 24.7 percent.

At January 1, 2008, the number of broad-based employee stock options outstanding was 652,715. Through the conclusion of the program in February 2008, 396,875 shares were exercised and 255,840 shares were forfeited. The total intrinsic value of these options exercised during 2008, 2007 and 2006 was $18, $30, and $10, respectively.

Note 22

Employee Benefit Plans

The company has defined-benefit pension plans for many employees. The company typically prefunds defined-benefit plans as required by local regulations or in certain situations where prefunding provides economic advantages. In the United States, all qualified plans are subject to the Employee Retirement Income Security Act (ERISA) minimum funding standard. The company does not typically fund U.S. nonqualified pension plans that are not subject to funding requirements under laws and regulations because contributions to these pension plans may be less economic and investment returns may be less attractive than the company's other investment alternatives.

The company also sponsors other postretirement (OPEB) plans that provide medical and dental benefits, as well as life insurance for some active and qualifying retired employees. The plans are unfunded, and the company and

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retirees share the costs. Medical coverage for Medicare-eligible retirees in the company's main U.S. medical plan is secondary to Medicare (including Part D), and the increase to the company contribution for retiree medical coverage is limited to no more than 4 percent per year. Certain life insurance benefits are paid by the company.

Effective December 31, 2006, the company implemented the recognition and measurement provisions of Financial Accounting Standards Board (FASB) Statement No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106 and 132(R)*, which requires the recognition of the overfunded or underfunded status of each of its defined benefit pension and OPEB as an asset or liability, with the offset to "Accumulated other comprehensive loss."

The funded status of the company's pension and other postretirement benefit plans for 2008 and 2007 is on the following page:

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Notes to the Consolidated Financial Statements
Millions of dollars, except per-share amounts

Note 22 Employee Benefit Plans - Continued

	Pension Benefits				Other Benefits	
	2008		2007			
	U.S.	Int'l.	U.S.	Int'l.	**2008**	2007
Change in Benefit Obligation						
Benefit obligation at January 1	**$ 8,395**	**$ 4,633**	$ 8,792	$ 4,207	**$ 2,939**	$ 3,257
Service cost	**250**	**132**	260	125	**44**	49
Interest cost	**499**	**292**	483	255	**178**	184
Plan participants' contributions	**–**	**9**	–	7	**152**	122
Plan amendments	**–**	**32**	(301)	97	**–**	–
Curtailments	**–**	**–**	–	(12)	**–**	–
Actuarial gain	**(62)**	**(104)**	(131)	(40)	**(14)**	(413)
Foreign currency exchange rate changes	**–**	**(858)**	–	219	**(28)**	12
Benefits paid	**(955)**	**(246)**	(708)	(225)	**(340)**	(272)
Special termination benefits	**–**	**1**	–	–	**–**	–
Benefit obligation at December 31	**8,127**	**3,891**	8,395	4,633	**2,931**	2,939
Change in Plan Assets						
Fair value of plan assets at January 1	**7,918**	**3,892**	7,941	3,456	**–**	–
Actual return on plan assets	**(2,092)**	**(655)**	607	232	**–**	–
Foreign currency exchange rate changes	**–**	**(662)**	–	183	**–**	–
Employer contributions	**577**	**262**	78	239	**188**	150
Plan participants' contributions	**–**	**9**	–	7	**152**	122
Benefits paid	**(955)**	**(246)**	(708)	(225)	**(340)**	(272)
Fair value of plan assets at December 31	**5,448**	**2,600**	7,918	3,892	**–**	–
Funded Status at December 31	**$ (2,679)**	**$ (1,291)**	$ (477)	$ (741)	**$ (2,931)**	$ (2,939)

Amounts recognized on the Consolidated Balance Sheet for the company's pension and other postretirement benefit plans at December 31, 2008 and 2007, include:

	Pension Benefits				Other Benefits	
	2008		2007			
	U.S.	Int'l.	U.S.	Int'l.	**2008**	2007
Deferred charges and other assets	**$ 6**	**$ 31**	$ 181	$ 279	**$ –**	$ –
Accrued liabilities	**(72)**	**(61)**	(68)	(55)	**(209)**	(207)
Reserves for employee benefit plans	**(2,613)**	**(1,261)**	(590)	(965)	**(2,722)**	(2,732)
Net amount recognized at December 31	**$ (2,679)**	**$ (1,291)**	$ (477)	$ (741)	**$ (2,931)**	$ (2,939)

Amounts recognized on a before-tax basis in "Accumulated other comprehensive loss" for the company's pension and OPEB postretirement plans were $5,831 and $2,990 at the end of 2008 and 2007. These amounts consisted of:

	Pension Benefits				Other Benefits	
	2008		2007			
	U.S.	Int'l.	U.S.	Int'l.	**2008**	2007
Net actuarial loss	**$ 3,797**	**$ 1,804**	$ 1,539	$ 1,237	**$ 410**	$ 490
Prior-service (credit) costs	**(68)**	**211**	(75)	203	**(323)**	(404)
Total recognized at December 31	**$ 3,729**	**$ 2,015**	$ 1,464	$ 1,440	**$ 87**	$ 86

The accumulated benefit obligations for all U.S. and international pension plans were $7,376 and $3,273, respectively, at December 31, 2008, and $7,712 and $4,000, respectively, at December 31, 2007.

Information for U.S. and international pension plans with an accumulated benefit obligation in excess of plan assets at December 31, 2008 and 2007, was:

	Pension Benefits			
	2008		2007	
	U.S.	Int'l.	U.S.	Int'l.
Projected benefit obligations	**$ 8,121**	**$ 2,906**	$ 678	$ 1,089
Accumulated benefit obligations	**7,371**	**2,539**	638	926

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Source: CHEVRON CORP, 10-K, February 26, 2009

Fair value of plan assets	**5,436**	**1,698**	20	271

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Source: CHEVRON CORP, 10-K, February 26, 2009

Note 22 Employee Benefit Plans - Continued

The components of net periodic benefit cost for 2008, 2007 and 2006 and amounts recognized in other comprehensive income for 2008 and 2007 are shown in the table below. For 2008 and 2007, changes in pension plan assets and benefit obligations were recognized as changes in other comprehensive income.

	Pension Benefits						Other Benefits		
	2008		2007		2006				
	U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.	2008	2007	2006
Net Periodic Benefit Cost									
Service cost	**$ 250**	**$ 132**	$ 260	$ 125	$ 234	$ 98	**$ 44**	$ 49	$ 35
Interest cost	**499**	**292**	483	255	468	214	**178**	184	181
Expected return on plan assets	**(593)**	**(273)**	(578)	(266)	(550)	(227)	**–**	–	–
Amortization of transitional assets	**–**	**–**	–	–	–	1	**–**	–	–
Amortization of prior-service (credits) costs	**(7)**	**24**	46	17	46	14	**(81)**	(81)	(86)
Recognized actuarial losses	**60**	**77**	128	82	149	69	**38**	81	97
Settlement losses	**306**	**2**	65	–	70	–	**–**	–	–
Curtailment losses	**–**	**–**	–	3	–	–	**–**	–	–
Special termination benefit recognition	**–**	**1**	–	–	–	–	**–**	–	–
Net periodic benefit cost	**515**	**255**	404	216	417	169	**179**	233	227
Changes Recognized in Other Comprehensive Income									
Net actuarial loss (gain) during period	**2,624**	**646**	(160)	31	–	–	**(42)**	(401)	–
Amortization of actuarial loss	**(366)**	**(79)**	(193)	(82)	–	–	**(38)**	(81)	–
Prior service cost (credit) during period	**–**	**32**	(301)	97	–	–	**–**	–	–
Amortization of prior-service credits (costs)	**7**	**(24)**	(46)	(20)	–	–	**81**	81	–
Total changes recognized in other comprehensive income	**2,265**	**575**	(700)	26	–	–	**1**	(401)	–
Recognized in Net Periodic Benefit Cost and Other Comprehensive Income	**$ 2,780**	**$ 830**	$ (296)	$ 242	$ 417	$ 169	**$ 180**	$ (168)	$ 227

Net actuarial losses recorded in "Accumulated other comprehensive loss" at December 31, 2008, for the company's U.S. pension, international pension and OPEB plans are being amortized on a straight-line basis over approximately 10, 13 and 10 years, respectively. These amortization periods represent the estimated average remaining service of employees expected to receive benefits under the plans. These losses are amortized to the extent they exceed 10 percent of the higher of the projected benefit obligation or market-related value of plan assets. The amount subject to amortization is determined on a plan-by-plan basis. During 2009, the company estimates actuarial losses of $298, $103 and $28 will be amortized from "Accumulated other comprehensive loss" for U.S. pension, international pension and OPEB plans, respectively. In addition, the company estimates an additional $201 will be recognized from "Accumulated other comprehensive loss" during 2009 related to lump-sum settlement costs from U.S. pension plans.

The weighted average amortization period for recognizing prior service costs (credits) recorded in "Accumulated other comprehensive loss" at December 31, 2008, was approximately nine and 13 years for U.S. and international pension plans,

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Source: CHEVRON CORP, 10-K, February 26, 2009

respectively, and eight years for other postretirement benefit plans. During 2009, the company estimates prior service (credits) costs of $(7), $25 and $(81) will be amortized from "Accumulated other comprehensive loss" for U.S. pension, international pension and OPEB plans, respectively.

CMI09-00476

Source: CHEVRON CORP, 10-K, February 26, 2009

Notes to the Consolidated Financial Statements
Millions of dollars, except per-share amounts

Note 22 Employee Benefit Plans - Continued

Assumptions The following weighted-average assumptions were used to determine benefit obligations and net periodic benefit costs for years ended December 31:

	Pension Benefits								
	2008		2007		2006		Other Benefits		
	U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.	**2008**	2007	2006
Assumptions used to determine benefit obligations									
Discount rate	**6.3%**	**7.5%**	6.3%	6.7%	5.8%	6.0%	**6.3%**	6.3%	5.8%
Rate of compensation increase	**4.5%**	**6.8%**	4.5%	6.4%	4.5%	6.1%	**4.0%**	4.5%	4.5%
Assumptions used to determine net periodic benefit cost									
Discount rate[1]	**6.3%**	**6.7%**	5.8%	6.0%	5.8%	5.9%	**6.3%**	5.8%	5.9%
Expected return on plan assets	**7.8%**	**7.4%**	7.8%	7.5%	7.8%	7.4%	**N/A**	N/A	N/A
Rate of compensation increase	**4.5%**	**6.4%**	4.5%	6.1%	4.2%	5.1%	**4.5%**	4.5%	4.2%

[1] The 2006 U.S. discount rate reflects remeasurement on July 1, 2006, due to plan combinations and changes, primarily several Unocal plans into related Chevron plans.

Expected Return on Plan Assets The company's estimated long-term rate of return on pension assets is driven primarily by actual historical asset-class returns, an assessment of expected future performance, advice from external actuarial firms and the incorporation of specific asset-class risk factors. Asset allocations are periodically updated using pension plan asset/liability studies, and the company's estimated long-term rates of return are consistent with these studies.

There have been no changes in the expected long-term rate of return on plan assets since 2002 for U.S. plans, which account for 68 percent of the company's pension plan assets. At December 31, 2008, the estimated long-term rate of return on U.S. pension plan assets was 7.8 percent.

The market-related value of assets of the major U.S. pension plan used in the determination of pension expense was based on the market values in the three months preceding the year-end measurement date, as opposed to the maximum allowable period of five years under U.S. accounting rules. Management considers the three-month time period long enough to minimize the effects of distortions from day-to-day market volatility and still be contemporaneous to the end of the year. For other plans, market value of assets as of year-end is used in calculating the pension expense.

Discount Rate The discount rate assumptions used to determine U.S. and international pension and postretirement benefit plan obligations and expense reflect the prevailing rates available on high-quality, fixed-income debt instruments. At December 31, 2008, the company selected a 6.3 percent discount rate for the major U.S. pension and postretirement plans. This rate was based on a cash flow analysis that matched estimated future benefit payments to the Citigroup Pension Discount Yield Curve as of year-end 2008. The discount rates at the end of 2007 and 2006 were 6.3 percent and 5.8 percent, respectively.

Other Benefit Assumptions For the measurement of accumulated postretirement benefit obligation at December 31, 2008, for the main U.S. postretirement medical plan, the

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assumed health care cost-trend rates start with 7 percent in 2009 and gradually decline to 5 percent for 2017 and beyond. For this measurement at December 31, 2007, the assumed health care cost-trend rates started with 8 percent in 2008 and gradually declined to 5 percent for 2014 and beyond. In both measurements, the annual increase to company contributions was capped at 4 percent.

Assumed health care cost-trend rates can have a significant effect on the amounts reported for retiree health care costs. The impact is mitigated by the 4 percent cap on the company's medical contributions for the primary U.S. plan. A one-percentage-point change in the assumed health care cost-trend rates would have the following effects:

	1 Percent Increase	1 Percent Decrease
Effect on total service and interest cost components	$ 9	$ (8)
Effect on postretirement benefit obligation	$ 88	$ (75)

Plan Assets and Investment Strategy The company's pension plan weighted-average asset allocations at December 31 by asset category are as follows:

	U.S.		International	
Asset Category	**2008**	2007	**2008**	2007
Equities	**52%**	64%	**47%**	56%
Fixed Income	**34%**	23%	**50%**	43%
Real Estate	**13%**	12%	**2%**	1%
Other	**1%**	1%	**1%**	–
Total	**100%**	100%	**100%**	100%

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Note 22 Employee Benefit Plans - Continued

The pension plans invest primarily in asset categories with sufficient size, liquidity and cost efficiency to permit investments of reasonable size. The pension plans invest in asset categories that provide diversification benefits and are easily measured. To assess the plans' investment performance, long-term asset allocation policy benchmarks have been established.

For the primary U.S. pension plan, the Chevron Board of Directors has approved the following percentage asset-allocation ranges: equities 40–70, fixed income/cash 20–60, real estate 0–15 and other 0–5. The significant international pension plans also have established maximum and minimum asset allocation ranges that vary by each plan. Actual asset allocation, within approved ranges, is based on a variety of current economic and market conditions and consideration of specific asset category risk.

Equities include investments in the company's common stock in the amount of $22 and $36 at December 31, 2008 and 2007, respectively. The "Other" asset category includes minimal investments in private-equity limited partnerships.

Cash Contributions and Benefit Payments In 2008, the company contributed $577 and $262 to its U.S. and international pension plans, respectively. In 2009, the company expects contributions to be approximately $550 and $250 to its U.S. and international pension plans, respectively. Actual contribution amounts are dependent upon plan-investment returns, changes in pension obligations, regulatory environments and other economic factors. Additional funding may ultimately be required if investment returns are insufficient to offset increases in plan obligations.

The company anticipates paying other postretirement benefits of approximately $209 in 2009, as compared with $188 paid in 2008.

The following benefit payments, which include estimated future service, are expected to be paid in the next 10 years:

	Pension Benefits		Other
	U.S.	Int'l.	Benefits
2009	$ 853	$ 226	$ 209
2010	$ 841	$ 249	$ 216
2011	$ 849	$ 240	$ 222
2012	$ 863	$ 265	$ 225
2013	$ 874	$ 277	$ 230
2014–2018	$ 4,379	$ 1,746	$ 1,205

Employee Savings Investment Plan Eligible employees of Chevron and certain of its subsidiaries participate in the Chevron Employee Savings Investment Plan (ESIP).

Charges to expense for the ESIP represent the company's contributions to the plan, which are funded either through the purchase of shares of common stock on the open market or through the release of common stock held in the leveraged employee stock ownership plan (LESOP), which follows. Total company matching contributions to employee accounts within

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the ESIP were $231, $206 and $169 in 2008, 2007 and 2006, respectively. This cost was reduced by the value of shares released from the LESOP totaling $40, $33 and $6 in 2008, 2007 and 2006, respectively. The remaining amounts, totaling $191, $173 and $163 in 2008, 2007 and 2006, respectively, represent open market purchases.

Employee Stock Ownership Plan Within the Chevron ESIP is an employee stock ownership plan (ESOP). In 1989, Chevron established a LESOP as a constituent part of the ESOP. The LESOP provides partial prefunding of the company's future commitments to the ESIP.

As permitted by American Institute of Certified Public Accountants (AICPA) Statement of Position 93-6, *Employers' Accounting for Employee Stock Ownership Plans*, the company has elected to continue its practices, which are based on AICPA Statement of Position 76-3, *Accounting Practices for Certain Employee Stock Ownership Plans*, and subsequent consensus of the EITF of the FASB. The debt of the LESOP is recorded as debt, and shares pledged as collateral are reported as "Deferred compensation and benefit plan trust" on the Consolidated Balance Sheet and the Consolidated Statement of Stockholders' Equity.

The company reports compensation expense equal to LESOP debt principal repayments less dividends received and used by the LESOP for debt service. Interest accrued on LESOP debt is recorded as interest expense. Dividends paid on LESOP shares are reflected as a reduction of retained earnings. All LESOP shares are considered outstanding for earnings-per-share computations.

A net credit to expense of $1 was recorded for the LESOP each year in 2008, 2007 and 2006. The net credit for the respective years was composed of credits to compensation expense of $15, $17 and $18 and charges to interest expense for LESOP debt of $14, $16 and $17.

Of the dividends paid on the LESOP shares, $35, $8 and $59 were used in 2008, 2007 and 2006, respectively, to service LESOP debt. The amount in 2006 included $28 of LESOP debt service that was scheduled for payment on the first business day of January 2007 and was paid in late December 2006. No contributions were required in 2008, 2007 or 2006 as dividends received by the LESOP were sufficient to satisfy LESOP debt service.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Note 22 Employee Benefit Plans - Continued

Shares held in the LESOP are released and allocated to the accounts of plan participants based on debt service deemed to be paid in the year in proportion to the total of current year and remaining debt service. LESOP shares as of December 31, 2008 and 2007, were as follows:

Thousands	**2008**	2007
Allocated shares	**19,651**	20,506
Unallocated shares	**6,366**	7,365
Total LESOP shares	**26,017**	27,871

Benefit Plan Trusts Prior to its acquisition by Chevron, Texaco established a benefit plan trust for funding obligations under some of its benefit plans. At year-end 2008, the trust contained 14.2 million shares of Chevron treasury stock. The trust will sell the shares or use the dividends from the shares to pay benefits only to the extent that the company does not pay such benefits. The company intends to continue to pay its obligations under the benefit plans. The trustee will vote the shares held in the trust as instructed by the trust's beneficiaries. The shares held in the trust are not considered outstanding for earnings-per-share purposes until distributed or sold by the trust in payment of benefit obligations.

Prior to its acquisition by Chevron, Unocal established various grantor trusts to fund obligations under some of its benefit plans, including the deferred compensation and supplemental retirement plans. At December 31, 2008 and 2007, trust assets of $60 and $69, respectively, were invested primarily in interest-earning accounts.

Employee Incentive Plans Effective January 2008, the company established the Chevron Incentive Plan (CIP), a single annual cash bonus plan for eligible employees that links awards to corporate, unit and individual performance in the prior year. This plan replaced other cash bonus programs, which primarily included the Management Incentive Plan (MIP) and the Chevron Success Sharing program. In 2008, charges to expense for cash bonuses were $757. Charges to expense for MIP were $184 and $180 in 2007 and 2006, respectively. Charges for other cash bonus programs were $431 and $329 in 2007 and 2006, respectively. Chevron also has a Long-Term Incentive Plan (LTIP) for officers and other regular salaried employees of the company and its subsidiaries who hold positions of significant responsibility. Awards under LTIP consist of stock options and other share-based compensation that are described in Note 21 on page FS-49.

Note 23

Other Contingencies and Commitments

Income Taxes The company calculates its income tax expense and liabilities quarterly. These liabilities generally are subject to audit and are not finalized with the individual taxing authorities until several years after the end of the annual

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period for which income taxes have been calculated. Refer to Note 16 beginning on page FS-45 for a discussion of the periods for which tax returns have been audited for the company's major tax jurisdictions and a discussion for all tax jurisdictions of the differences between the amount of tax benefits recognized in the financial statements and the amount taken or expected to be taken in a tax return. The company does not expect settlement of income tax liabilities associated with uncertain tax positions will have a material effect on its results of operations, consolidated financial position or liquidity.

Guarantees The company has issued a guarantee of approximately $600 associated with certain payments under a terminal use agreement entered into by a company affiliate. The terminal is expected to be operational by 2012. Over the approximate 16-year term of the guarantee, the maximum guarantee amount will reduce over time as certain fees are paid by the affiliate. There are numerous cross-indemnity agreements with the affiliate and the other partners to permit recovery of any amounts paid under the guarantee. Chevron carries no liability for its obligation under this guarantee.

Indemnifications The company provided certain indemnities of contingent liabilities of Equilon and Motiva to Shell and Saudi Refining, Inc., in connection with the February 2002 sale of the company's interests in those investments. The company would be required to perform if the indemnified liabilities become actual losses. Were that to occur, the company could be required to make future payments up to $300. Through the end of 2008, the company paid $48 under these indemnities and continues to be obligated for possible additional indemnification payments in the future.

The company has also provided indemnities relating to contingent environmental liabilities related to assets originally contributed by Texaco to the Equilon and Motiva joint ventures and environmental conditions that existed prior to the formation of Equilon and Motiva or that occurred during the period of Texaco's ownership interest in the joint ventures. In general, the environmental conditions or events that are subject to these indemnities must have arisen prior to December 2001. Claims must be asserted no later than February 2009 for Equilon indemnities and no later than February 2012 for Motiva indemnities. Under the terms of these indemnities, there is no maximum limit on the amount of potential future payments. In February 2009, Shell delivered a letter to the company purporting to preserve unmatured claims for certain Equilon indemnities. The letter itself provides no estimate of the ultimate claim amount, and management does not believe the letter provides a basis to estimate the amount, if any, of a range of loss or potential range of loss with respect to the Equilon or the Motiva indemnities. The company posts no assets as collateral and has made no payments under the indemnities.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Note 23 Other Contingencies and Commitments - Continued

The amounts payable for the indemnities described on the previous page are to be net of amounts recovered from insurance carriers and others and net of liabilities recorded by Equilon or Motiva prior to September 30, 2001, for any applicable incident.

In the acquisition of Unocal, the company assumed certain indemnities relating to contingent environmental liabilities associated with assets that were sold in 1997. Under the indemnification agreement, the company's liability is unlimited until April 2022, when the indemnification expires. The acquirer shares in certain environmental remediation costs up to a maximum obligation of $200, which had not been reached as of December 31, 2008.

Securitization During 2008, the company terminated the program used to securitize downstream-related trade accounts receivable. At year-end 2007, the balance of securitized receivables was $675 million. As of December 31, 2008, the company had no other securitization arrangements in place.

Long-Term Unconditional Purchase Obligations and Commitments, Including Throughput and Take-or-Pay Agreements The company and its subsidiaries have certain other contingent liabilities relating to long-term unconditional purchase obligations and commitments, including throughput and take-or-pay agreements, some of which relate to suppliers' financing arrangements. The agreements typically provide goods and services, such as pipeline and storage capacity, drilling rigs, utilities, and petroleum products, to be used or sold in the ordinary course of the company's business. The aggregate approximate amounts of required payments under these various commitments are: 2009 – $6,405; 2010 – $3,964; 2011 – $3,578; 2012 – $1,473; 2013 – $1,329; 2014 and after – $4,333. A portion of these commitments may ultimately be shared with project partners. Total payments under the agreements were approximately $5,100 in 2008 $3,700 in 2007 and $3,000 in 2006.

Minority Interests The company has commitments of $469 related to minority interests in subsidiary companies.

Environmental The company is subject to loss contingencies pursuant to environmental laws and regulations that in the future may require the company to take action to correct or ameliorate the effects on the environment of prior release of chemicals or petroleum substances, including MTBE, by the company or other parties. Such contingencies may exist for various sites, including, but not limited to, federal Superfund sites and analogous sites under state laws, refineries, crude oil fields, service stations, terminals, land development areas, and mining operations, whether operating, closed or divested. These future costs are not fully determinable due to such factors as the unknown magnitude of possible contamination,

the unknown timing and extent of the corrective actions that may be required, the determination of the company's liability in proportion to other responsible parties, and the extent to which

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such costs are recoverable from third parties.

Although the company has provided for known environmental obligations that are probable and reasonably estimable, the amount of additional future costs may be material to results of operations in the period in which they are recognized. The company does not expect these costs will have a material effect on its consolidated financial position or liquidity. Also, the company does not believe its obligations to make such expenditures have had, or will have, any significant impact on the company's competitive position relative to other U.S. or international petroleum or chemical companies.

Chevron's environmental reserve as of December 31, 2008, was $1,818. Included in this balance were remediation activities of 248 sites for which the company had been identified as a potentially responsible party or otherwise involved in the remediation by the U.S. Environmental Protection Agency (EPA) or other regulatory agencies under the provisions of the federal Superfund law or analogous state laws. The company's remediation reserve for these sites at year-end 2008 was $120. The federal Superfund law and analogous state laws provide for joint and several liability for all responsible parties. Any future actions by the EPA or other regulatory agencies to require Chevron to assume other potentially responsible parties' costs at designated hazardous waste sites are not expected to have a material effect on the company's results of operations, consolidated financial position or liquidity.

Of the remaining year-end 2008 environmental reserves balance of $1,698, $968 related to the company's U.S. downstream operations, including refineries and other plants, marketing locations (i.e., service stations and terminals), and pipelines. The remaining $730 was associated with various sites in international downstream ($117), upstream ($390), chemicals ($154) and other businesses ($69). Liabilities at all sites, whether operating, closed or divested, were primarily associated with the company's plans and activities to remediate soil or groundwater contamination or both. These and other activities include one or more of the following: site assessment; soil excavation; offsite disposal of contaminants; onsite containment, remediation and/or extraction of petroleum hydrocarbon liquid and vapor from soil; groundwater extraction and treatment; and monitoring of the natural attenuation of the contaminants.

The company manages environmental liabilities under specific sets of regulatory requirements, which in the United States include the Resource Conservation and Recovery Act and various state or local regulations. No single remediation site at year-end 2008 had a recorded liability that was material to the company's results of operations, consolidated financial position or liquidity.

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Source: CHEVRON CORP, 10-K, February 26, 2009

It is likely that the company will continue to incur additional liabilities, beyond those recorded, for environmental remediation relating to past operations. These future costs are not fully determinable due to such factors as the unknown magnitude of possible contamination, the unknown timing and extent of the corrective actions that may be required, the determination of the company's liability in proportion to other responsible parties, and the extent to which such costs are recoverable from third parties.

Refer to Note 24 below for a discussion of the company's Asset Retirement Obligations.

Equity Redetermination For oil and gas producing operations, ownership agreements may provide for periodic reassessments of equity interests in estimated crude oil and natural gas reserves. These activities, individually or together, may result in gains or losses that could be material to earnings in any given period. One such equity redetermination process has been under way since 1996 for Chevron's interests in four producing zones at the Naval Petroleum Reserve at Elk Hills, California, for the time when the remaining interests in these zones were owned by the U.S. Department of Energy. A wide range remains for a possible net settlement amount for the four zones. For this range of settlement, Chevron estimates its maximum possible net before-tax liability at approximately $200, and the possible maximum net amount that could be owed to Chevron is estimated at about $150. The timing of the settlement and the exact amount within this range of estimates are uncertain.

Other Contingencies Chevron receives claims from and submits claims to customers; trading partners; U.S. federal, state and local regulatory bodies; governments; contractors; insurers; and suppliers. The amounts of these claims, individually and in the aggregate, may be significant and take lengthy periods to resolve.

The company and its affiliates also continue to review and analyze their operations and may close, abandon, sell, exchange, acquire or restructure assets to achieve operational or strategic benefits and to improve competitiveness and profitability. These activities, individually or together, may result in gains or losses in future periods.

Note 24

Asset Retirement Obligations

The company accounts for asset retirement obligations (ARO) in accordance with Financial Accounting Standards Board (FASB) Statement No. 143, *Accounting for Asset Retirement Obligations* (FAS 143) and FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations – An Interpretation of FASB Statement No. 143* (FIN 47). FAS 143 applies to the fair

value of a liability for an ARO that is recorded when there is a legal obligation associated with the retirement of a tangible long-lived asset and the liability can be reasonably estimated.

Obligations associated with the retirement of these assets require recognition in certain circumstances: (1) the present value of a liability and offsetting asset for an ARO, (2) the subsequent accretion of that liability and depreciation of the asset, and (3) the periodic review of the ARO liability estimates and discount rates. FIN 47 clarifies that the phrase "conditional asset retirement obligation," as used in FAS 143, refers to a legal obligation to perform asset retirement activity for which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the company. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and/or method of settlement. Uncertainty about the timing and/or method of settlement of a conditional ARO should be factored into the measurement of the liability when sufficient information exists. FAS 143 acknowledges that in some cases, sufficient information may not be available to reasonably estimate the fair value of an ARO. FIN 47 also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an ARO.

FAS 143 and FIN 47 primarily affect the company's accounting for crude oil and natural gas producing assets. No significant AROs associated with any legal obligations to retire refining, marketing and transportation (downstream) and chemical long-lived assets have been recognized, as indeterminate settlement dates for the asset retirements prevent estimation of the fair value of the associated ARO. The company performs periodic reviews of its downstream and chemical long-lived assets for any changes in facts and circumstances that might require recognition of a retirement obligation.

The following table indicates the changes to the company's before-tax asset retirement obligations in 2008, 2007 and 2006:

	2008	2007	2006
Balance at January 1	**$ 8,253**	$ 5,773	$ 4,304
Liabilities incurred	**308**	178	153
Liabilities settled	**(973)**	(818)	(387)
Accretion expense	**430**	399*	275
Revisions in estimated cash flows	**1,377**	2,721	1,428
Balance at December 31	**$ 9,395**	$ 8,253	$ 5,773

*Includes $175 for revision to the ARO liability retained on properties that had been sold.

In the table above, the amounts associated with "Revisions in estimated cash flows" reflect increasing costs to abandon onshore and offshore wells, equipment and facilities, including an aggregate of $1,804 for 2006 through 2008 for the estimated costs to dismantle and abandon wells and facilities damaged by hurricanes in the U.S. Gulf of Mexico in 2005 and 2008. The long-term portion of the $9,395 balance at the end of 2008 was $8,588.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Note 25 Other Financial Information

Note 25
Other Financial Information

Net income in 2008 included gains of approximately $1,200 relating to the sale of nonstrategic properties. Of this amount, approximately $1,000 related to upstream assets. Net income in 2007 included gains of approximately $2,000 relating to the sale of nonstrategic properties. Of this amount, approximately $1,100 related to downstream assets and $680 related to the sale of the company's investment in Dynegy Inc.

Other financial information is as follows:

	Year ended December 31		
	2008	2007	2006
Total financing interest and debt costs	**$ 256**	$ 468	$ 608
Less: Capitalized interest	**256**	302	157
Interest and debt expense	**$ –**	$ 166	$ 451
Research and development expenses	**$ 835**	$ 562	$ 468
Foreign currency effects*	**$ 862**	$ (352)	$ (219)

* Includes $420, $18 and $15 in 2008, 2007 and 2006, respectively, for the company's share of equity affiliates' foreign currency effects.

The excess of replacement cost over the carrying value of inventories for which the Last-In, First-Out (LIFO) method is used was $9,368 and $6,958 at December 31, 2008 and 2007, respectively. Replacement cost is generally based on average acquisition costs for the year. LIFO profits of $210, $113 and $82 were included in net income for the years 2008, 2007 and 2006, respectively.

Note 26
Assets Held for Sale

At December 31, 2008, the company classified $252 of net properties, plant and equipment as "Assets held for sale" on the Consolidated Balance Sheet. Assets in this category related to groups of service stations, aviation facilities, lubricants blending plants, and commercial and industrial fuels business. These assets are anticipated to be sold in 2009.

Note 27
Earnings Per Share

Basic earnings per share (EPS) is based upon net income less preferred stock dividend requirements and includes the effects of deferrals of salary and other compensation awards that are invested in Chevron stock units by certain officers and employees of the company and the company's share of stock transactions of affiliates, which, under the applicable accounting rules, may be recorded directly to the company's retained earnings instead of net income. Diluted EPS includes the effects of these items as well as the dilutive effects of outstanding stock options awarded under the company's stock option programs (refer to Note 21, "Stock Options and Other Share-Based Compensation" beginning on page FS-49). The table below sets forth the computation of basic and diluted EPS:

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	Year ended December 31		
	2008	2007	2006

Basic EPS Calculation			
Income from operations	**$ 23,931**	$ 18,688	$ 17,138
Add: Dividend equivalents paid on stock units	**–**	–	1
Net income available to common stockholders – Basic	**$ 23,931**	$ 18,688	$ 17,139
Weighted-average number of common shares outstanding	**2,037**	2,117	2,185
Add: Deferred awards held as stock units	**1**	1	1
Total weighted-average number of common shares outstanding	**2,038**	2,118	2,186
Per share of common stock			
Net income – Basic	**$ 11.74**	$ 8.83	$ 7.84
Diluted EPS Calculation			
Income from operations	**$ 23,931**	$ 18,688	$ 17,138
Add: Dividend equivalents paid on stock units	**–**	–	1
Add: Dilutive effects of employee stock-based awards	**–**	–	–
Net income available to common stockholders – Diluted	**$ 23,931**	$ 18,688	$ 17,139
Weighted-average number of common shares outstanding	**2,037**	2,117	2,185
Add: Deferred awards held as stock units	**1**	1	1
Add: Dilutive effect of employee stock-based awards	**12**	14	11
Total weighted-average number of common shares outstanding	**2,050**	2,132	2,197
Per share of common stock			
Net income – Diluted	**$ 11.67**	$ 8.77	$ 7.80

CMI09-00488

Source: CHEVRON CORP, 10-K, February 26, 2009

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CMI09-00489

Source: CHEVRON CORP, 10-K, February 26, 2009

Five-Year Financial Summary
Unaudited

Millions of dollars, except per-share amounts	2008	2007	2006	2005	2004
Statement of Income Data					
Revenues and Other Income					
Total sales and other operating revenues[1,2]	**$ 264,958**	$ 214,091	$ 204,892	$ 193,641	$ 150,865
Income from equity affiliates and other income	**8,047**	6,813	5,226	4,559	4,435
Total Revenues and Other Income	**273,005**	220,904	210,118	198,200	155,300
Total Costs and Other Deductions	**230,048**	188,737	178,142	173,003	134,749
Income From Continuing Operations Before Income Taxes	**42,957**	32,167	31,976	25,197	20,551
Income Tax Expense	**19,026**	13,479	14,838	11,098	7,517
Income From Continuing Operations	**23,931**	18,688	17,138	14,099	13,034
Income From Discontinued Operations	**–**	–	–	–	294
Net Income	**$ 23,931**	$ 18,688	$ 17,138	$ 14,099	$ 13,328
Per Share of Common Stock[3]					
Income From Continuing Operations					
– Basic	**$ 11.74**	$ 8.83	$ 7.84	$ 6.58	$ 6.16
– Diluted	**$ 11.67**	$ 8.77	$ 7.80	$ 6.54	$ 6.14
Income From Discontinued Operations					
– Basic	**$ –**	$ –	$ –	$ –	$ 0.14
– Diluted	**$ –**	$ –	$ –	$ –	$ 0.14
Net Income[2]					
– Basic	**$ 11.74**	$ 8.83	$ 7.84	$ 6.58	$ 6.30
– Diluted	**$ 11.67**	$ 8.77	$ 7.80	$ 6.54	$ 6.28
Cash Dividends Per Share	**$ 2.53**	$ 2.26	$ 2.01	$ 1.75	$ 1.53
Balance Sheet Data (at December 31)					
Current assets	**$ 36,470**	$ 39,377	$ 36,304	$ 34,336	$ 28,503
Noncurrent assets	**124,695**	109,409	96,324	91,497	64,705
Total Assets	**161,165**	148,786	132,628	125,833	93,208
Short-term debt	**2,818**	1,162	2,159	739	816
Other current liabilities	**29,205**	32,636	26,250	24,272	17,979
Long-term debt and capital lease obligations	**6,083**	6,070	7,679	12,131	10,456
Other noncurrent liabilities	**36,411**	31,830	27,605	26,015	18,727
Total Liabilities	**74,517**	71,698	63,693	63,157	47,978
Stockholders' Equity	**$ 86,648**	$ 77,088	$ 68,935	$ 62,676	$ 45,230
1 Includes excise, value-added and similar taxes:	**$ 9,846**	$ 10,121	$ 9,551	$ 8,719	$ 7,968
2 Includes amounts in revenues for buy/sell contracts; associated costs are in "Total Costs and Other Deductions." Refer also to Note 14, on page FS-43.	**$ –**	$ –	$ 6,725	$ 23,822	$ 18,650

3 Per-share amounts in all periods reflect a two-for-one stock split effected as a 100 percent stock dividend in September 2004.

CMI09-00490

Source: CHEVRON CORP, 10-K, February 26, 2009

Supplemental Information on Oil and Gas Producing Activities
Unaudited

In accordance with FAS 69, *Disclosures About Oil and Gas Producing Activities*, this section provides supplemental information on oil and gas exploration and producing activities of the company in seven separate tables. Tables I through IV provide historical cost information pertaining to costs incurred in exploration, property acquisitions and development; capitalized costs; and results of operations. Tables V

through VII present information on the company's estimated net proved reserve quantities, standardized measure of estimated discounted future net cash flows related to proved reserves, and changes in estimated discounted future net cash flows. The Africa geographic area includes activities principally in Nigeria, Angola, Chad, Republic of the Congo and Democratic Republic of the Congo. The Asia-Pacific

Table I – Costs Incurred in Exploration, Property Acquisitions and Development[1]

	Consolidated Companies													
	United States				International							Affiliated Companies	
Millions of dollars	Calif.	Gulf of Mexico	Other	Total U.S.	Africa	Asia-Pacific	Indonesia	Other	Total Int'l.	Total	TCO	Other
Year Ended Dec. 31, 2008												
Exploration												
Wells	$ –	$ 477	$ 42	$ 519	$ 197	$ 312	$ 20	$ 67	$ 596	$ 1,115	$ –	$ –
Geological and geophysical	–	65	1	66	90	56	11	106	263	329	–	–
Rentals and other	–	140	3	143	60	148	37	97	342	485	–	–
Total exploration	–	682	46	728	347	516	68	270	1,201	1,929	–	–
Property acquisitions[2]												
Proved	(1)	2	87	88	–	169	–	–	169	257	–	–
Unproved	1	576	2	579	–	280	–	–	280	859	–	–
Total property acquisitions	–	578	89	667	–	449	–	–	449	1,116	–	–
Development[3]	928	1,923	1,497	4,348	3,723	4,484	753	1,879	10,839	15,187	643	120
Total Costs Incurred	$ 928	$ 3,183	$ 1,632	$ 5,743	$ 4,070	$ 5,449	$ 821	$ 2,149	$ 12,489	$ 18,232	$ 643	$ 120
Year Ended Dec. 31, 2007												
Exploration												
Wells	$ 4	$ 430	$ 18	$ 452	$ 202	$ 156	$ 3	$ 195	$ 556	$ 1,008	$ –	$ 7
Geological and geophysical	–	59	14	73	136	48	11	98	293	366	–	–
Rentals and other	–	128	5	133	70	120	50	79	319	452	–	–
Total exploration	4	617	37	658	408	324	64	372	1,168	1,826	–	7
Property acquisitions[2]												
Proved	10	220	13	243	5	92	–	(2)	95	338	–	–
Unproved	35	75	3	113	8	35	–	24	67	180	–	–
Total property acquisitions	45	295	16	356	13	127	–	22	162	518	–	–
Development[3]	1,198	2,237	1,775	5,210	4,176	1,897	620	1,504	8,197	13,407	832	64
Total Costs Incurred	$ 1,247	$ 3,149	$ 1,828	$ 6,224	$ 4,597	$ 2,348	$ 684	$ 1,898	$ 9,527	$ 15,751	$ 832	$ 71
Year Ended Dec. 31, 2006												
Exploration												
Wells	$ –	$ 493	$ 22	$ 515	$ 151	$ 121	$ 20	$ 246	$ 538	$ 1,053	$ 25	$ –
Geological and geophysical	–	96	8	104	180	53	12	92	337	441	–	–
Rentals and other	–	116	16	132	48	140	58	50	296	428	–	–
Total exploration	–	705	46	751	379	314	90	388	1,171	1,922	25	–
Property acquisitions[2]												
Proved	6	152	–	158	1	10	–	15	26	184	–	581
Unproved	1	47	10	58	–	1	–	135	136	194	–	–
Total property acquisitions	7	199	10	216	1	11	–	150	162	378	–	581
Development[3]	686	1,632	868	3,186	2,890	1,788	460	1,019	6,157	9,343	671	25
Total Costs Incurred	$ 693	$ 2,536	$ 924	$ 4,153	$ 3,270	$ 2,113	$ 550	$ 1,557	$ 7,490	$ 11,643	$ 696	$ 606

1 Includes costs incurred whether capitalized or expensed. Excludes general support equipment expenditures. Includes capitalized amounts related to asset retirement obligations. See Note 24, "Asset Retirement Obligations," beginning on page FS-58.

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Source: CHEVRON CORP, 10-K, February 26, 2009

2 Includes wells, equipment and facilities associated with proved reserves. Does not include properties acquired in nonmonetary transactions.
3 Includes $224, $99 and $160 costs incurred prior to assignment of proved reserves in 2008, 2007 and 2006, respectively.

CMI09-00492

Source: CHEVRON CORP, 10-K, February 26, 2009

Table II Capitalized Costs Related to Oil and Gas Producing Activities

geographic area includes activities principally in Australia, Azerbaijan, Bangladesh, China, Kazakhstan, Myanmar, the Partitioned Neutral Zone between Kuwait and Saudi Arabia, the Philippines, and Thailand. The international "Other" geographic category includes activities in Argentina, Brazil, Canada, Colombia, Denmark, the Netherlands, Norway, Trinidad and Tobago, Venezuela, the United Kingdom, and

other countries. Amounts for TCO represent Chevron's 50 percent equity share of Tengizchevroil, an exploration and production partnership in the Republic of Kazakhstan. The affiliated companies "Other" amounts are composed of the company's equity interests in Venezuela, Angola and Russia. Refer to Note 12 beginning on page FS-41 for a discussion of the company's major equity affiliates.

Table II - Capitalized Costs Related to Oil and Gas Producing Activities

	Consolidated Companies											
	United States				International						Affiliated Companies	
Millions of dollars	Calif.	Gulf of Mexico	Other	Total U.S.	Africa	Asia-Pacific	Indonesia	Other	Total Int'l.	Total	TCO	Other
At Dec. 31, 2008												
Unproved properties	$ 810	$ 1,357	$ 328	$ 2,495	$ 294	$ 2,788	$ 651	$ 912	$ 4,645	$ 7,140	$ 113	$ –
Proved properties and related producing assets	12,048	19,318	14,914	46,280	17,495	21,726	8,117	13,041	60,379	106,659	5,991	841
Support equipment	239	226	252	717	967	266	1,150	475	2,858	3,575	888	–
Deferred exploratory wells	–	602	–	602	499	495	107	415	1,516	2,118	–	–
Other uncompleted projects	405	3,812	58	4,275	4,226	2,490	875	1,739	9,330	13,605	501	81
Gross Cap. Costs	13,502	25,315	15,552	54,369	23,481	27,765	10,900	16,582	78,728	133,097	7,493	922
Unproved properties valuation	744	80	21	845	202	223	64	439	928	1,773	29	–
Proved producing properties – Depreciation and depletion	7,802	14,546	8,432	30,780	6,602	8,692	6,214	8,360	29,868	60,648	831	212
Support equipment depreciation	145	99	138	382	523	128	611	307	1,569	1,951	307	–
Accumulated provisions	8,691	14,725	8,591	32,007	7,327	9,043	6,889	9,106	32,365	64,372	1,167	212
Net Capitalized Costs	$ 4,811	$ 10,590	$ 6,961	$ 22,362	$ 16,154	$ 18,722	$ 4,011	$ 7,476	$ 46,363	$ 68,725	$ 6,326	$ 710
At Dec. 31, 2007												
Unproved properties	$ 805	$ 892	$ 353	$ 2,050	$ 314	$ 2,639	$ 630	$ 1,015	$ 4,598	$ 6,648	$ 112	$ –
Proved properties and related producing assets	11,260	19,110	13,718	44,088	11,894	17,321	7,705	11,360	48,280	92,368	4,247	858
Support equipment	201	206	230	637	850	284	1,123	439	2,696	3,333	758	–
Deferred exploratory wells	–	406	7	413	368	293	148	438	1,247	1,660	–	–
Other uncompleted	308	3,128	573	4,009	6,430	2,049	593	1,421	10,493	14,502	1,633	55

Source: CHEVRON CORP, 10-K, February 26, 2009

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projects												
Gross Cap. Costs	12,574	23,742	14,881	51,197	19,856	22,586	10,199	14,673	67,314	118,511	6,750	913
Unproved properties valuation	741	57	35	833	201	221	39	427	888	1,721	23	–
Proved producing properties – Depreciation and depletion	7,383	15,074	7,640	30,097	5,427	6,912	5,592	7,062	24,993	55,090	644	167
Support equipment depreciation	133	92	124	349	464	144	571	261	1,440	1,789	267	–
Accumulated provisions	8,257	15,223	7,799	31,279	6,092	7,277	6,202	7,750	27,321	58,600	934	167
Net Capitalized Costs	$ 4,317	$ 8,519	$ 7,082	$ 19,918	$ 13,764	$ 15,309	$ 3,997	$ 6,923	$ 39,993	$ 59,911	$ 5,816	$ 746

CMI09-00494

Source: CHEVRON CORP, 10-K, February 26, 2009

Supplemental Information on Oil and Gas Producing Activities

Table II Capitalized Costs Related to Oil and Gas Producing Activities - Continued

	Consolidated Companies											
	United States				International						Affiliated Companies	
Millions of dollars	Calif.	Gulf of Mexico	Other	Total U.S.	Africa	Asia-Pacific	Indonesia	Other	Total Int'l.	Total	TCO	Other
At Dec. 31, 2006												
Unproved properties	$ 770	$ 1,007	$ 370	$ 2,147	$ 342	$ 2,373	$ 707	$ 1,082	$ 4,504	$ 6,651	$ 112	$ –
Proved properties and related producing assets	9,960	18,464	12,284	40,708	9,943	15,486	7,110	10,461	43,000	83,708	2,701	1,096
Support equipment	189	212	226	627	745	240	1,093	364	2,442	3,069	611	–
Deferred exploratory wells	–	343	7	350	231	217	149	292	889	1,239	–	–
Other uncompleted projects	370	2,188	–	2,558	4,299	1,546	493	917	7,255	9,813	2,493	40
Gross Cap. Costs	11,289	22,214	12,887	46,390	15,560	19,862	9,552	13,116	58,090	104,480	5,917	1,136
Unproved properties valuation	738	52	29	819	189	74	14	337	614	1,433	22	–
Proved producing properties – Depreciation and depletion	7,082	14,468	6,880	28,430	4,794	5,273	4,971	6,087	21,125	49,555	541	109
Support equipment depreciation	125	111	130	366	400	102	522	238	1,262	1,628	242	–
Accumulated provisions	7,945	14,631	7,039	29,615	5,383	5,449	5,507	6,662	23,001	52,616	805	109
Net Capitalized Costs	$ 3,344	$ 7,583	$ 5,848	$ 16,775	$ 10,177	$ 14,413	$ 4,045	$ 6,454	$ 35,089	$ 51,864	$ 5,112	$ 1,027

CMI09-00495

Source: CHEVRON CORP, 10-K, February 26, 2009

Table III Results of Operations for Oil and Gas Producing Activities[1]

The company's results of operations from oil and gas producing activities for the years 2008, 2007 and 2006 are shown in the following table. Net income from exploration and production activities as reported on page FS-39 reflects income taxes computed on an effective rate basis.

In accordance with FAS 69, income taxes in Table III are based on statutory tax rates, reflecting allowable deductions and tax credits. Interest income and expense are excluded from the results reported in Table III and from the net income amounts on page FS-39.

	Consolidated Companies											
	United States				International						Affiliated Companies	
Millions of dollars	Calif.	Gulf of Mexico	Other	Total U.S.	Africa	Asia-Pacific	Indonesia	Other	Total Int'l.	Total	TCO	Other
Year Ended Dec. 31, 2008												
Revenues from net production												
Sales	$ 226	$ 1,543	$ 3,113	$ 4,882	$ 2,578	$ 7,030	$ 1,447	$ 4,026	$ 15,081	$ 19,963	$ 4,971	$ 1,599
Transfers	6,405	2,839	3,624	12,868	8,373	5,703	2,975	3,651	20,702	33,570	–	–
Total	6,631	4,382	6,737	17,750	10,951	12,733	4,422	7,677	35,783	53,533	4,971	1,599
Production expenses excluding taxes	(1,385)	(914)	(1,523)	(3,822)	(1,228)	(1,182)	(1,009)	(874)	(4,293)	(8,115)	(376)	(125)
Taxes other than on income	(107)	(55)	(554)	(716)	(163)	(585)	(1)	(47)	(796)	(1,512)	(41)	(278)
Proved producing properties: Depreciation and depletion	(415)	(926)	(945)	(2,286)	(1,176)	(1,804)	(617)	(1,330)	(4,927)	(7,213)	(237)	(77)
Accretion expense[2]	(29)	(119)	(94)	(242)	(60)	(31)	(22)	(54)	(167)	(409)	(2)	(1)
Exploration expenses	–	(330)	(40)	(370)	(223)	(243)	(83)	(250)	(799)	(1,169)	–	–
Unproved properties valuation	(3)	(91)	(20)	(114)	(13)	(12)	(25)	(7)	(57)	(171)	–	–
Other income (expense)[3]	(20)	(383)	1,110	707	(350)	298	(64)	282	166	873	184	105
Results before income taxes	4,672	1,564	4,671	10,907	7,738	9,174	2,601	5,397	24,910	35,817	4,499	1,223
Income tax expense	(1,652)	(553)	(1,651)	(3,856)	(6,051)	(4,865)	(1,257)	(3,016)	(15,189)	(19,045)	(1,357)	(612)
Results of Producing Operations	$ 3,020	$ 1,011	$ 3,020	$ 7,051	$ 1,687	$ 4,309	$ 1,344	$ 2,381	$ 9,721	$ 16,772	$ 3,142	$ 611
Year Ended Dec. 31, 2007												
Revenues from net production												
Sales	$ 202	$ 1,555	$ 2,476	$ 4,233	$ 1,810	$ 6,192	$ 1,045	$ 3,012	$ 12,059	$ 16,292	$ 3,327	$ 1,290
Transfers	4,671	2,630	2,707	10,008	6,778	4,440	2,590	2,744	16,552	26,560	–	–
Total	4,873	4,185	5,183	14,241	8,588	10,632	3,635	5,756	28,611	42,852	3,327	1,290
Production expenses[4] excluding taxes	(1,063)	(936)	(1,400)	(3,399)	(892)	(953)	(892)	(828)	(3,565)	(6,964)	(248)	(92)
Taxes other than on income	(91)	(53)	(378)	(522)	(49)	(292)	(2)	(58)	(401)	(923)	(31)	(163)
	(300)	(1,143)	(833)	(2,276)	(646)	(1,668)	(623)	(980)	(3,917)	(6,193)	(127)	(94)

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Proved producing properties: Depreciation and depletion												
Accretion expense[2]	(92)	1	(167)	(258)	(33)	(36)	(21)	(27)	(117)	(375)	(1)	(2)
Exploration expenses	–	(486)	(25)	(511)	(267)	(225)	(61)	(259)	(812)	(1,323)	–	–
Unproved properties valuation	(3)	(102)	(27)	(132)	(12)	(150)	(30)	(120)	(312)	(444)	–	–
Other income (expense)[3]	3	2	31	36	(447)	(302)	(197)	33	(913)	(877)	18	7
Results before income taxes	3,327	1,468	2,384	7,179	6,242	7,006	1,809	3,517	18,574	25,753	2,938	946
Income tax expense	(1,204)	(531)	(864)	(2,599)	(4,907)	(3,456)	(841)	(1,830)	(11,034)	(13,633)	(887)	(462)
Results of Producing Operations	$ 2,123	$ 937	$ 1,520	$ 4,580	$ 1,335	$ 3,550	$ 968	$ 1,687	$ 7,540	$ 12,120	$ 2,051	$ 484

1 The value of owned production consumed in operations as fuel has been eliminated from revenues and production expenses, and the related volumes have been deducted from net production in calculating the unit average sales price and production cost. This has no effect on the results of producing operations.

2 Represents accretion of ARO liability. Refer to Note 24, "Asset Retirement Obligations," beginning on page FS-58.

3 Includes foreign currency gains and losses, gains and losses on property dispositions, and income from operating and technical service agreements.

4 Includes $10 costs incurred prior to assignment of proved reserves in 2007.

CMI09-00497

Source: CHEVRON CORP, 10-K, February 26, 2009

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Supplemental Information on Oil and Gas Producing Activities

Table III Results of Operations for Oil and Gas Producing Activities[1] - Continued

	Consolidated Companies											
	United States				International						Affiliated Companies	
Millions of dollars	Calif.	Gulf of Mexico	Other	Total U.S.	Africa	Asia-Pacific	Indonesia	Other	Total Int'l.	Total	TCO	Other
Year Ended Dec. 31, 2006												
Revenues from net production												
Sales	$ 308	$ 1,845	$ 2,976	$ 5,129	$ 2,377	$ 4,938	$ 1,001	$ 2,814	$ 11,130	$ 16,259	$ 2,861	$ 598
Transfers	4,072	2,317	2,046	8,435	5,264	4,084	2,211	2,848	14,407	22,842	–	–
Total	4,380	4,162	5,022	13,564	7,641	9,022	3,212	5,662	25,537	39,101	2,861	598
Production expenses excluding taxes	(889)	(765)	(1,057)	(2,711)	(640)	(740)	(728)	(664)	(2,772)	(5,483)	(202)	(42)
Taxes other than on income	(84)	(57)	(442)	(583)	(57)	(231)	(1)	(60)	(349)	(932)	(28)	(6)
Proved producing properties: Depreciation and depletion	(275)	(1,096)	(763)	(2,134)	(579)	(1,475)	(666)	(703)	(3,423)	(5,557)	(114)	(33)
Accretion expense[2]	(11)	(80)	(39)	(130)	(26)	(30)	(23)	(49)	(128)	(258)	(1)	–
Exploration expenses	–	(407)	(24)	(431)	(296)	(209)	(110)	(318)	(933)	(1,364)	(25)	–
Unproved properties valuation	(3)	(73)	(8)	(84)	(28)	(15)	(14)	(27)	(84)	(168)	–	–
Other income (expense)[3]	1	(732)	254	(477)	(435)	(475)	50	385	(475)	(952)	8	(50)
Results before income taxes	3,119	952	2,943	7,014	5,580	5,847	1,720	4,226	17,373	24,387	2,499	467
Income tax expense	(1,169)	(357)	(1,103)	(2,629)	(4,740)	(3,224)	(793)	(2,151)	(10,908)	(13,537)	(750)	(174)
Results of Producing Operations	$ 1,950	$ 595	$ 1,840	$ 4,385	$ 840	$ 2,623	$ 927	$ 2,075	$ 6,465	$ 10,850	$ 1,749	$ 293

1 The value of owned production consumed in operations as fuel has been eliminated from revenues and production expenses, and the related volumes have been deducted from net production in calculating the unit average sales price and production cost. This has no effect on the results of producing operations.

2 Represents accretion of ARO liability. Refer to Note 24, "Asset Retirement Obligations," beginning on page FS-58.

3 Includes foreign currency gains and losses, gains and losses on property dispositions, and income from operating and technical service agreements.

CMI09-00498

Source: CHEVRON CORP, 10-K, February 26, 2009

Table IV Results of Operations for Oil and Gas Producing Activities - Unit Prices and Costs[1,2]

	Consolidated Companies											
	United States				International						Affiliated Companies	
	Calif.	Gulf of Mexico	Other	Total U.S.	Africa	Asia-Pacific	Indonesia	Other	Total Int'l.	Total	TCO	Other
Year Ended Dec. 31, 2008												
Average sales prices Liquids, per barrel	**$ 87.43**	**$ 95.62**	**$ 85.30**	**$ 88.43**	**$ 91.71**	**$ 86.38**	**$ 79.14**	**$ 85.14**	**$ 86.99**	**$ 87.44**	**$ 79.11**	**$ 69.65**
Natural gas, per thousand cubic feet	**7.19**	**9.17**	**7.43**	**7.90**	**–**	**4.56**	**8.25**	**6.00**	**5.14**	**6.02**	**1.56**	**3.98**
Average production costs, per barrel	**17.67**	**16.22**	**14.31**	**15.85**	**10.00**	**5.14**	**16.46**	**7.36**	**8.06**	**10.49**	**5.24**	**5.32**
Year Ended Dec. 31, 2007												
Average sales prices Liquids, per barrel	$ 62.61	$ 65.07	$ 62.35	$ 63.16	$ 69.90	$ 64.20	$ 61.05	$ 62.97	$ 65.40	$ 64.71	$ 62.47	$ 51.98
Natural gas, per thousand cubic feet	5.77	7.01	5.65	6.12	–	3.60	7.61	4.13	4.02	4.79	0.89	0.44
Average production costs, per barrel	13.23	12.32	12.62	12.72	7.26	3.96	14.28	6.96	6.54	8.58	3.98	3.56
Year Ended Dec. 31, 2006												
Average sales prices Liquids, per barrel	$ 55.20	$ 60.35	$ 55.80	$ 56.66	$ 61.53	$ 57.05	$ 52.23	$ 57.31	$ 57.92	$ 57.53	$ 56.80	$ 37.26
Natural gas, per thousand cubic feet	6.08	7.20	5.73	6.29	0.06	3.44	7.12	4.03	3.88	4.85	0.77	0.36
Average production costs, per barrel	10.94	9.59	9.26	9.85	5.13	3.36	11.44	5.23	5.17	6.76	3.31	2.51

1 The value of owned production consumed in operations as fuel has been eliminated from revenues and production expenses, and the related volumes have been deducted from net production in calculating the unit average sales price and production cost. This has no effect on the results of producing operations.

2 Natural gas converted to oil-equivalent gas (OEG) barrels at a rate of 6 MCF = 1 OEG barrel.

Table V – Reserve Quantity Information

Reserves Governance The company has adopted a comprehensive reserves and resource classification system modeled after a system developed and approved by the Society of Petroleum Engineers, the World Petroleum Congress and the American Association of Petroleum Geologists. The system classifies recoverable hydrocarbons into six categories based on their status at the time of reporting – three deemed commercial and three noncommercial. Within the commercial classification are proved reserves and two categories of unproved: probable and possible. The noncommercial categories are also referred to as contingent resources. For reserves estimates to be classified as proved, they must meet all SEC and company standards.

Proved reserves are the estimated quantities that geologic and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. Net proved reserves exclude royalties and interests owned by others and reflect contractual arrangements and royalty obligations in effect at the time of the estimate.

CMI09-00499

Source: CHEVRON CORP, 10-K, February 26, 2009

Proved reserves are classified as either developed or undeveloped. Proved developed reserves are the quantities expected to be recovered through existing wells with existing equipment and operating methods.

Due to the inherent uncertainties and the limited nature of reservoir data, estimates of reserves are subject to change as additional information becomes available.

Proved reserves are estimated by company asset teams composed of earth scientists and engineers. As part of the internal control process related to reserves estimation, the company maintains a Reserves Advisory Committee (RAC) that is chaired by the corporate reserves manager, who is a member of a corporate department that reports directly to the executive vice president responsible for the company's worldwide exploration and production activities. All of the RAC members are knowledgeable in SEC guidelines for proved reserves classification. The RAC coordinates its activities through two operating company-level reserves managers. These two reserves managers are not members of the RAC so as to preserve the corporate-level independence.

The RAC has the following primary responsibilities: provide independent reviews of the business units' recommended reserve changes; confirm that proved reserves are recognized in accordance with SEC guidelines; determine that reserve volumes are calculated using consistent and appropriate standards, procedures and technology; and maintain the *Corporate Reserves Manual,* which provides standardized procedures used corporatewide for classifying and reporting hydrocarbon reserves.

CMI09-00500

Source: CHEVRON CORP, 10-K, February 26, 2009

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Table V Reserve Quantity Information - Continued

During the year, the RAC is represented in meetings with each of the company's upstream business units to review and discuss reserve changes recommended by the various asset teams. Major changes are also reviewed with the company's Strategy and Planning Committee and the Executive Committee, whose members include the Chief Executive Officer and the Chief Financial Officer. The company's annual reserve activity is also reviewed with the Board of Directors. If major changes to reserves were to occur between the annual reviews, those matters would also be discussed with the Board.

RAC subteams also conduct in-depth reviews during the year of many of the fields that have the largest proved reserves quantities. These reviews include an examination of the proved-reserve records and documentation of their alignment with the *Corporate Reserves Manual.*

Modernization of Oil and Gas Reporting In December 2008, the SEC issued its final rule, Modernization of Oil and Gas Reporting (Release Nos. 33-8995; 34-59192; FR-78). The disclosure requirements under the final rule will become effective for the company in its Form 10-K filing for the year ending December 31, 2009. The final rule changes a number of oil and gas reserve estimation and disclosure requirements under SEC Regulations S-K and S-X.

Among the principal changes in the final rule are requirements to use a price based on a 12-month average for reserve estimation and disclosure instead of a single end-of-year price; expanding the definition of oil and gas producing activities to include nontraditional sources such as bitumen extracted from oil sands; permitting the use of new reliable technologies to establish reasonable certainty of proved reserves; allowing optional disclosure of probable and possible reserves; modifying the definition of geographic area for disclosure of reserve estimates and production; amending disclosures of proved reserve quantities to include separate disclosures of synthetic oil and gas; expanding proved, undeveloped reserve disclosures (PUDs), including discussion of PUDs five years old or more; and disclosure of the qualifications of the chief technical person who oversees the company's overall reserves estimation process.

Reserve Quantities At December 31, 2008, oil-equivalent reserves for the company's consolidated operations were 7.9 billion barrels. (Refer to the term "Reserves" on page E-147 for the definition of oil-equivalent reserves.) Approximately 25 percent of the total reserves were in the United States. For the company's interests in equity affiliates, oil-equivalent reserves were 3.3 billion barrels, 82 percent of which were associated with the company's 50 percent ownership in TCO.

Aside from the Tengiz Field in the TCO affiliate, no single property accounted for more than 5 percent of the company's total oil-equivalent proved reserves. About 20 other individual properties in the company's portfolio of assets

each contained between 1 percent and 5 percent of the company's oil-equivalent proved reserves, which in the aggregate accounted for approximately 40 percent of the company's total proved reserves. These properties were geographically dispersed, located in the United States, South

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America, West Africa, the Middle East and the Asia-Pacific region.

In the United States, total oil-equivalent reserves at year-end 2008 were 2.0 billion barrels. Of this amount, 43 percent, 22 percent and 35 percent were located in California, the Gulf of Mexico and other U.S. areas, respectively.

In California, liquids reserves represented 94 percent of the total, with most classified as heavy oil. Because of heavy oil's high viscosity and the need to employ enhanced recovery methods, the producing operations are capital intensive in nature. Most of the company's heavy-oil fields in California employ a continuous steamflooding process.

In the Gulf of Mexico region, liquids represented approximately 66 percent of total oil-equivalent reserves. Production operations are mostly offshore and, as a result, are also capital intensive. Costs include investments in wells, production platforms and other facilities, such as gathering lines and storage facilities.

In other U.S. areas, the reserves were split about equally between liquids and natural gas. For production of crude oil, some fields utilize enhanced recovery methods, including water-flood and CO_2 injection.

The pattern of net reserve changes shown in the following tables, for the three years ending December 31, 2008, is not necessarily indicative of future trends. Apart from acquisitions, the company's ability to add proved reserves is affected by, among other things, events and circumstances that are outside the company's control, such as delays in government permitting, partner approvals of development plans, declines in oil and gas prices, OPEC constraints, geopolitical uncertainties and civil unrest.

The upward revision in Thailand reflected additional drilling and development activity during the year. These upward revisions were partially offset by reductions in reservoir performance in Nigeria and the United Kingdom, which decreased reserves by 43 million barrels and by 32 million barrels, respectively. Most of the upward revision for affiliated companies was related to a 60 million-barrel increase in TCO as a result of improved reservoir performance.

In 2007, net revisions decreased reserves by 146 million barrels for worldwide consolidated companies and increased reserves by 103 million barrels for equity affiliates. For consolidated companies, the largest downward net revisions were 89 million barrels in Africa and 66 million barrels in Indonesia. The company's estimated net proved oil and natural gas reserves and changes thereto for the years 2006, 2007 and 2008 are shown in the tables on pages FS-69 and FS-71.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Table V Reserve Quantity Information - Continued

Net Proved Reserves of Crude Oil, Condensate and Natural Gas Liquids

	Consolidated Companies											
	United States				International						Affiliated Companies	
Millions of barrels	Calif.	Gulf of Mexico	Other	Total U.S.	Africa	Asia-Pacific	Indonesia	Other	Total Int'l.	Total	TCO	Other
Reserves at Jan. 1, 2006[1]	965	333	533	1,831	1,814	829	579	573	3,795	5,626	1,939	435
Changes attributable to:												
Revisions	(14)	7	7	–	(49)	72	61	(45)	39	39	60	24
Improved recovery	49	–	3	52	13	1	6	11	31	83	–	–
Extensions and discoveries	–	25	8	33	30	6	2	36	74	107	–	–
Purchases[2]	2	2	–	4	15	–	–	2	17	21	–	119
Sales[3]	–	–	–	–	–	–	–	(15)	(15)	(15)	–	–
Production	(76)	(42)	(51)	(169)	(125)	(123)	(72)	(78)	(398)	(567)	(49)	(16)
Reserves at Dec. 31, 2006[1]	926	325	500	1,751	1,698	785	576	484	3,543	5,294	1,950	562
Changes attributable to:												
Revisions	1	(1)	(5)	(5)	(89)	7	(66)	7	(141)	(146)	92	11
Improved recovery	6	–	3	9	7	3	1	–	11	20	–	–
Extensions and discoveries	1	25	10	36	6	1	–	17	24	60	–	–
Purchases[2]	1	9	–	10	–	–	–	–	–	10	–	316
Sales[3]	–	(8)	(1)	(9)	–	–	–	–	–	(9)	–	(432)
Production	(75)	(43)	(50)	(168)	(122)	(128)	(72)	(74)	(396)	(564)	(53)	(24)
Reserves at Dec. 31, 2007[1]	860	307	457	1,624	1,500	668	439	434	3,041	4,665	1,989	433
Changes attributable to:												
Revisions	10	4	(30)	(16)	2	384	191	(25)	552	536	249	18
Improved recovery	4	–	1	5	1	17	1	3	22	27	–	10
Extensions and discoveries	1	13	3	17	3	3	2	8	16	33	–	–
Purchases	–	–	1	1	–	–	–	–	–	1	–	–
Sales[3]	–	(6)	(1)	(7)	–	–	–	–	–	(7)	–	–
Production	(73)	(32)	(49)	(154)	(121)	(110)	(66)	(69)	(366)	(520)	(62)	(22)
Reserves at Dec. 31, 2008[1,4]	**802**	**286**	**382**	**1,470**	**1,385**	**962**	**567**	**351**	**3,265**	**4,735**	**2,176**	**439**
Developed Reserves[5]												
At Jan. 1, 2006	809	177	474	1,460	945	534	439	416	2,334	3,794	1,611	196
At Dec. 31, 2006	749	163	443	1,355	893	530	426	349	2,198	3,553	1,003	311
At Dec. 31, 2007	701	136	401	1,238	758	422	363	305	1,848	3,086	1,273	263
At Dec. 31, 2008	**679**	**140**	**339**	**1,158**	**789**	**666**	**474**	**249**	**2,178**	**3,336**	**1,369**	**263**

1 Included are year-end reserve quantities related to production-sharing contracts (PSC) (refer to page E-146 for the definition of a PSC). PSC-related reserve quantities are 32 percent, 26 percent and 30 percent for consolidated companies for 2008, 2007 and 2006, respectively.

2 Includes reserves acquired through nonmonetary transactions.

3 Includes reserves disposed of through nonmonetary transactions.

4 Net reserve changes (excluding production) in 2008 consist of 770 million barrels of developed reserves and (180) million barrels of undeveloped reserves for consolidated companies and 180 million barrels of developed reserves and 97 million barrels of undeveloped reserves for affiliated companies.

5 During 2008, the percentages of undeveloped reserves at December 31, 2007, transferred to developed reserves were 18 percent and 2 percent for consolidated companies and affiliated companies, respectively.

Information on Canadian Oil Sands Net Proved Reserves Not Included Above:

In addition to conventional liquids and natural gas proved reserves, Chevron has a 20 percent nonoperated working interest in the Athabasca oil-sands project in Canada. As of year-end 2008, SEC regulations defined oil-sands reserves as mining-related and not a part of conventional oil and gas reserves. Net proved oil-sands reserves were 436 million and 443 million as of December 31, 2007 and 2006, respectively. The oil-sands quantities were not classified as proved reserves at the end of 2008 because under the provisions of SEC Industry Guide 7, *Description of Property by Issuers Engaged or to Be Engaged in Significant Mining Operations,* a mineral deposit must be economically producible at the time of the reserve determination in order to be classified as proved. Due to the decline in crude-oil prices at the end of 2008, the operating costs of the Athabasca project exceeded the revenues from crude-oil sales at that time. The inability to classify the oil-sands volumes as proved at the end of 2008 did not affect the daily operations of the Athabasca project nor the activities under way to expand those operations. During 2008, bitumen production for the project averaged 126,000 barrels per day (27,000 net). The expansion project is designed to increase production capacity to 255,000 barrels per day in late 2010. The oil-sands proved reserves for 2007 and 2006 are not included in the standardized measure of discounted future net cash flows for conventional oil and gas reserves on page FS-73.

Noteworthy amounts in the categories of liquids proved-reserve changes for 2006 through 2008 are discussed below:

Revisions In 2006, net revisions increased reserves by 39 million and 84 million barrels for worldwide consolidated

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Source: CHEVRON CORP, 10-K, February 26, 2009

companies and equity affiliates, respectively. International consolidated companies accounted for the net increase of 39 million barrels. The largest upward net revisions were 61 mil-

lion barrels in Indonesia and 27 million barrels in Thailand. In Indonesia, the increase was the result of infill drilling and improved steamflood and waterflood performance.

In Africa, the decrease was mainly based on field performance data for fields in Nigeria and the effect of higher year-end prices in Angola and Republic of the Congo. In Indonesia, the decline also reflected the impact of higher

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Table V Reserve Quantity Information - Continued

year-end prices. Higher prices also resulted in downward revisions in Karachaganak and Azerbaijan. For equity affiliates, most of the upward revision was related to a 92 million-barrel increase for TCO's Tengiz Field and an 11 million-barrel increase for Petroboscan in Venezuela, both as a result of improved reservoir performance. At TCO, the upward revision was tempered by the negative impact of higher year-end prices.

In 2008, net revisions increased reserves by 536 million barrels for worldwide consolidated companies and increased reserves by 267 million barrels for equity affiliates. For consolidated companies, international areas added 552 million barrels. The largest increase was in the Asia-Pacific region, which added 384 million barrels. The majority of the increase was in the Partitioned Neutral Zone as a result of a concession extension. Upward revisions were also recorded in Kazakhstan and Azerbaijan and were mainly associated with the effect of lower year-end prices on the calculation of reserves associated with production-sharing and variable-royalty contracts. In Indonesia, reserves increased 191 million barrels due mainly to the impact of lower year-end prices on the reserve calculations for production-sharing contracts, as well as a result of development drilling and improved waterflood and steamflood performance. For affiliate companies, the 249 million-barrel increase for TCO was due to the effect of lower year-end prices on the royalty determination and facility optimization at the Tengiz and Korolev fields.

Improved Recovery In 2006, improved recovery increased liquids volumes worldwide by 83 million barrels for consolidated companies. Reserves in the United States increased 52 million barrels, with California representing 49 million barrels of the total increase due to steamflood expansion and revised modeling activities. Internationally, improved recovery increased reserves by 31 million barrels, with no single country accounting for an increase of more than 10 million barrels.

In 2007, improved recovery increased liquids volumes by 20 million barrels worldwide. No addition was individually significant.

In 2008, improved recovery increased worldwide liquids volumes by 37 million barrels. International consolidated companies accounted for 22 million barrels and the United States accounted for 5 million barrels. The largest addition was related to gas reinjection in Kazakhstan. Affiliated companies increased reserves 10 million barrels due to improved secondary recovery at Boscan.

Extensions and Discoveries In 2006, extensions and discoveries increased liquids volumes worldwide by 107 million barrels for consolidated companies. Reserves in Nigeria increased by 27 million barrels due in part to the initial booking of reserves for the Aparo Field. Additional drilling activities contributed 19 million barrels in the United Kingdom and 14 million barrels in Argentina. In the United States, the Gulf of Mexico added 25 million barrels, mainly the result of the initial booking of the Great White Field in the deepwater Perdido Fold Belt area.

Source: CHEVRON CORP, 10-K, February 26, 2009

In 2007, extensions and discoveries increased liquids volumes by 60 million barrels worldwide. The largest additions were 25 million barrels in the U.S. Gulf of Mexico, mainly for the deepwater Tahiti and Mad Dog fields.

In 2008, extensions and discoveries increased consolidated company reserves 33 million barrels worldwide. The United States increased reserves 17 million barrels, primarily in the Gulf of Mexico. International companies increased reserves 16 million barrels with no one country resulting in additions greater than 5 million barrels.

Purchases In 2006, acquisitions increased liquids volumes worldwide by 21 million barrels for consolidated companies and 119 million barrels for equity affiliates. For consolidated companies, the amount was mainly the result of new agreements in Nigeria, which added 13 million barrels of reserves. The other-equity-affiliates quantity reflects the result of the conversion of Boscan and LL-652 operations to joint stock companies in Venezuela.

In 2007, acquisitions of 316 million barrels for equity affiliates related to the formation of a new Hamaca equity affiliate in Venezuela.

Sales In 2006, sales decreased reserves by 15 million barrels due to the conversion of the LL-652 risked service agreement to a joint stock company in Venezuela.

In 2007, affiliated company sales of 432 million barrels related to the dissolution of a Hamaca equity affiliate in Venezuela.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Table V Reserve Quantity Information - Continued

Net Proved Reserves of Natural Gas

	Consolidated Companies											
	United States				International						Affiliated Companies	
Billions of cubic feet	Calif.	Gulf of Mexico	Other	Total U.S.	Africa	Asia-Pacific	Indonesia	Other	Total Int'l.	Total	TCO	Other
Reserves at Jan. 1, 2006[1]	304	1,171	2,953	4,428	3,191	8,623	646	3,578	16,038	20,466	2,787	181
Changes attributable to:												
Revisions	32	40	(102)	(30)	34	400	38	39	511	481	26	–
Improved recovery	5	–	–	5	3	–	–	5	8	13	–	–
Extensions and discoveries	–	111	157	268	11	510	–	10	531	799	–	–
Purchases[2]	6	13	–	19	–	16	–	–	16	35	–	54
Sales[3]	–	–	(1)	(1)	–	–	–	(148)	(148)	(149)	–	–
Production	(37)	(241)	(383)	(661)	(33)	(629)	(110)	(302)	(1,074)	(1,735)	(70)	(4)
Reserves at Dec. 31, 2006[1]	310	1,094	2,624	4,028	3,206	8,920	574	3,182	15,882	19,910	2,743	231
Changes attributable to:												
Revisions	40	39	130	209	(141)	149	12	166	186	395	75	(2)
Improved recovery	–	–	–	–	–	–	–	1	1	1	–	–
Extensions and discoveries	–	40	46	86	11	392	–	29	432	518	–	–
Purchases[2]	2	19	29	50	–	91	–	–	91	141	–	211
Sales[3]	–	(39)	(37)	(76)	–	–	–	–	–	(76)	–	(175)
Production	(35)	(210)	(375)	(620)	(27)	(725)	(101)	(279)	(1,132)	(1,752)	(70)	(10)
Reserves at Dec. 31, 2007[1]	317	943	2,417	3,677	3,049	8,827	485	3,099	15,460	19,137	2,748	255
Changes attributable to:												
Revisions	8	21	(57)	(28)	60	961	107	66	1,194	1,166	498	632
Improved recovery	–	–	–	–	–	–	–	–	–	–	–	–
Extensions and discoveries	–	95	13	108	–	23	–	1	24	132	–	–
Purchases	–	–	66	66	–	441	–	–	441	507	–	–
Sales[3]	–	(27)	(97)	(124)	–	–	–	–	–	(124)	–	–
Production	(32)	(161)	(356)	(549)	(53)	(769)	(117)	(308)	(1,247)	(1,796)	(71)	(9)
Reserves at Dec. 31, 2008[1,4]	**293**	**871**	**1,986**	**3,150**	**3,056**	**9,483**	**475**	**2,858**	**15,872**	**19,022**	**3,175**	**878**
Developed Reserves[5]												
At Jan. 1, 2006	251	977	2,794	4,022	1,346	4,819	449	2,453	9,067	13,089	2,314	85
At Dec. 31, 2006	250	873	2,434	3,557	1,306	4,751	377	1,912	8,346	11,903	1,412	144
At Dec. 31, 2007	261	727	2,238	3,226	1,151	5,081	326	1,915	8,473	11,699	1,762	117
At Dec. 31, 2008	**247**	**669**	**1,793**	**2,709**	**1,209**	**5,374**	**302**	**2,245**	**9,130**	**11,839**	**1,999**	**124**

[1] Includes year-end reserve quantities related to production-sharing contracts (PSC) (refer to page E-146 for the definition of a PSC). PSC-related reserve quantities are 40 percent, 37 percent and 47 percent for consolidated companies for 2008, 2007 and 2006, respectively.

[2] Includes reserves acquired through nonmonetary transactions.

[3] Includes reserves disposed of through nonmonetary transactions.

[4] Net reserve changes (excluding production) in 2008 consist of 1,936 billion cubic feet of developed reserves and (255) billion cubic feet of undeveloped reserves for consolidated companies and 324 billion cubic feet of developed reserves and 806 billion cubic feet of undeveloped reserves for affiliated companies.

[5] During 2008, the percentages of undeveloped reserves at December 31, 2007, transferred to developed reserves were 12 percent and 0 percent for consolidated companies and affiliated companies, respectively.

Noteworthy amounts in the categories of natural gas proved-reserve changes for 2006 through 2008 are discussed below:

Revisions In 2006, revisions accounted for a net increase of 481 billion cubic feet (BCF) for consolidated companies and 26 BCF for affiliates. For consolidated companies, net increases of 511 BCF internationally were partially offset by a 30 BCF downward revision in the United States. Drilling and development activities added 337 BCF of reserves in Thailand,

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while Kazakhstan added 200 BCF, largely due to development activity. Trinidad and Tobago increased 185 BCF, attributable to improved reservoir performance and a

new contract for sales of natural gas. These additions were partially offset by downward revisions of 224 BCF in the United Kingdom and 130 BCF in Australia due to drilling results and reservoir performance. U.S. "Other" had a downward revision of 102 BCF due to reservoir performance, which was partially offset by upward revisions of 72 BCF in the Gulf of Mexico and California related to reservoir performance and development drilling. TCO had an upward revision of 26 BCF associated with additional development activity and updated reservoir performance.

In 2007, revisions increased reserves for consolidated companies by a net 395 BCF and increased reserves for affili-

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Source: CHEVRON CORP, 10-K, February 26, 2009

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ated companies by a net 73 BCF. For consolidated companies, net increases were 209 BCF in the United States and 186 BCF internationally. Improved reservoir performance for many fields in the United States contributed 130 BCF in the "Other" region, 40 BCF in California and 39 BCF in the Gulf of Mexico. Drilling activities added 360 BCF in Thailand and improved reservoir performance added 188 BCF in Trinidad and Tobago. These additions were partially offset by downward revisions of 185 BCF in Australia due to drilling results and 136 BCF in Nigeria due to field performance. Negative revisions due to the impact of higher prices were recorded in Azerbaijan and Kazakhstan. TCO had an upward revision of 75 BCF associated with improved reservoir performance and development activities. This upward revision was net of a negative impact due to higher year-end prices.

In 2008, revisions increased reserves for consolidated companies by a net 1,166 BCF and increased reserves for affiliated companies by 1,130 BCF. In the Asia-Pacific region, positive revisions totaled 961 BCF for consolidated companies. Almost half of the increase was attributed to the Karachaganak Field in Kazakhstan, due mainly to the effects of low year-end prices on the production-sharing contract and the results of development drilling and improved recovery. Other large upward revisions were recorded for the Pattani Field in Thailand due to a successful drilling campaign. For the TCO affiliate in Kazakhstan, an increase of 498 BCF reflected the impacts of lower year-end prices on the royalty determination and facility optimization. Reserves associated with the Angola LNG project accounted for a majority of the 632 BCF increase in "Other" affiliated companies.

Extensions and Discoveries In 2006, extensions and discoveries accounted for an increase of 799 BCF for consolidated companies, reflecting a 531 BCF increase outside the United States and a U.S. increase of 268 BCF. Bangladesh added 451 BCF, the result of development activity and field extensions, and Thailand added 59 BCF, the result of drilling activities. U.S. "Other" contributed 157 BCF, approximately half of which was related to South Texas and the Piceance Basin, and the Gulf of Mexico added 111 BCF, partly due to the initial booking of reserves at the Great White Field in the deepwater Perdido Fold Belt area.

In 2007, extensions and discoveries accounted for an increase of 518 BCF worldwide. The largest addition was 330 BCF in Bangladesh, the result of drilling activities. Other additions were not individually significant.

Purchases In 2006, purchases of natural gas reserves were 35 BCF for consolidated companies, about evenly divided between the company's U.S. and international operations. Affiliated companies added 54 BCF of reserves, the result of conversion of an operating service agreement to a joint stock company in Venezuela.

In 2007, purchases of natural gas reserves were 141 BCF for consolidated companies, which include the acquisition of an additional interest in the Bibiyana Field in Bangladesh. Affiliated company purchases of 211 BCF related to the formation of a new Hamaca equity affiliate in Venezuela and an

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initial booking related to the Angola LNG project.

Sales In 2006, sales for consolidated companies totaled 149 BCF, mostly associated with the conversion of a risked service agreement to a joint stock company in Venezuela.

In 2007, sales were 76 BCF and 175 BCF for consolidated companies and equity affiliates, respectively. The affiliated company sales related to the dissolution of a Hamaca equity affiliate in Venezuela.

Table VI – Standardized Measure of Discounted Future Net Cash Flows Related to Proved Oil and Gas Reserves

The standardized measure of discounted future net cash flows, related to the preceding proved oil and gas reserves, is calculated in accordance with the requirements of FAS 69. Estimated future cash inflows from production are computed by applying year-end prices for oil and gas to year-end quantities of estimated net proved reserves. Future price changes are limited to those provided by contractual arrangements in existence at the end of each reporting year. Future development and production costs are those estimated future expenditures necessary to develop and produce year-end estimated proved reserves based on year-end cost indices, assuming continuation of year-end economic conditions, and include estimated costs for asset retirement obligations. Estimated future income taxes are calculated by applying appropriate year-end statutory tax rates. These rates reflect allowable deductions and tax credits and are applied to estimated future pretax net cash flows, less the tax basis of related assets. Discounted future net cash flows are calculated using 10 percent midperiod discount factors. Discounting requires a year-by-year estimate of when future expenditures will be incurred and when reserves will be produced.

The information provided does not represent management's estimate of the company's expected future cash flows or value of proved oil and gas reserves. Estimates of proved-reserve quantities are imprecise and change over time as new information becomes available. Moreover, probable and possible reserves, which may become proved in the future, are excluded from the calculations. The arbitrary valuation prescribed under FAS 69 requires assumptions as to the timing and amount of future development and production costs. The calculations are made as of December 31 each year and should not be relied upon as an indication of the company's future cash flows or value of its oil and gas reserves. In the following table, "Standardized Measure Net Cash Flows" refers to the standardized measure of discounted future net cash flows.

CMI09-00510

Source: CHEVRON CORP, 10-K, February 26, 2009

009341

Table VI Standardized Measure of Discounted Future Net Cash Flows Related to Proved Oil and Gas Reserves

	Consolidated Companies											
	United States				International						Affiliated Companies	
Millions of dollars	Calif.	Gulf of Mexico	Other	Total U.S.	Africa	Asia-Pacific	Indonesia	Other	Total Int'l.	Total	TCO	Other
At December 31, 2008												
Future cash inflows from production	$ 27,223	$ 16,407	$ 22,544	$ 66,174	$ 52,344	$ 67,386	$ 22,836	$ 23,041	$ 165,607	$ 231,781	$ 51,252	$ 13,968
Future production costs	(20,554)	(8,311)	(16,873)	(45,738)	(20,302)	(21,949)	(17,857)	(9,374)	(69,482)	(115,220)	(14,502)	(2,319)
Future devel. costs	(3,087)	(1,650)	(1,362)	(6,099)	(19,001)	(12,575)	(3,632)	(2,499)	(37,707)	(43,806)	(10,140)	(1,551)
Future income taxes	(1,272)	(2,289)	(1,530)	(5,091)	(9,581)	(11,906)	(613)	(5,352)	(27,452)	(32,543)	(7,517)	(5,223)
Undiscounted future net cash flows	2,310	4,157	2,779	9,246	3,460	20,956	734	5,816	30,966	40,212	19,093	4,875
10 percent midyear annual discount for timing of estimated cash flows	(1,118)	(583)	(617)	(2,318)	(1,139)	(9,145)	(352)	(1,597)	(12,233)	(14,551)	(11,261)	(2,966)
Standardized Measure Net Cash Flows	$ 1,192	$ 3,574	$ 2,162	$ 6,928	$ 2,321	$ 11,811	$ 382	$ 4,219	$ 18,733	$ 25,661	$ 7,832	$ 1,909
At December 31, 2007												
Future cash inflows from production	$ 75,201	$ 34,162	$ 52,775	$ 162,138	$ 132,450	$ 93,046	$ 35,020	$ 45,566	$ 306,082	$ 468,220	$ 159,078	$ 29,845
Future production costs	(17,888)	(7,193)	(16,780)	(41,861)	(15,707)	(16,022)	(18,270)	(11,990)	(61,989)	(103,850)	(10,408)	(1,529)
Future devel. costs	(3,491)	(3,011)	(1,578)	(8,080)	(11,516)	(8,263)	(4,012)	(3,468)	(27,259)	(35,339)	(8,580)	(1,175)
Future income taxes	(19,112)	(8,507)	(12,221)	(39,840)	(74,172)	(26,838)	(5,796)	(15,524)	(122,330)	(162,170)	(39,575)	(13,600)
Undiscounted future net cash flows	34,710	15,451	22,196	72,357	31,055	41,923	6,942	14,584	94,504	166,861	100,515	13,541
10 percent midyear annual discount for timing of estimated cash flows	(17,204)	(4,438)	(9,491)	(31,133)	(14,171)	(17,117)	(2,702)	(4,689)	(38,679)	(69,812)	(64,519)	(7,779)
Standardized Measure Net Cash Flows	$ 17,506	$ 11,013	$ 12,705	$ 41,224	$ 16,884	$ 24,806	$ 4,240	$ 9,895	$ 55,825	$ 97,049	$ 35,996	$ 5,762
At December 31, 2006												
Future cash inflows from production	$ 48,828	$ 23,768	$ 38,727	$ 111,323	$ 97,571	$ 70,288	$ 30,538	$ 36,272	$ 234,669	$ 345,992	$ 104,069	$ 20,644
Future production costs	(14,791)	(6,750)	(12,845)	(34,386)	(12,523)	(13,398)	(16,281)	(10,777)	(52,979)	(87,365)	(7,796)	(2,348)
Future devel. costs	(3,999)	(2,947)	(1,399)	(8,345)	(9,648)	(6,963)	(2,284)	(3,082)	(21,977)	(30,322)	(7,026)	(1,732)
Future income taxes	(10,171)	(4,764)	(8,290)	(23,225)	(53,214)	(20,633)	(5,448)	(11,164)	(90,459)	(113,684)	(25,212)	(8,282)
Undiscounted future net cash flows	19,867	9,307	16,193	45,367	22,186	29,294	6,525	11,249	69,254	114,621	64,035	8,282
10 percent midyear annual discount for timing of estimated cash flows	(9,779)	(3,256)	(7,210)	(20,245)	(10,065)	(12,457)	(2,426)	(3,608)	(28,556)	(48,801)	(40,597)	(5,185)
Standardized Measure Net Cash Flows	$ 10,088	$ 6,051	$ 8,983	$ 25,122	$ 12,121	$ 16,837	$ 4,099	$ 7,641	$ 40,698	$ 65,820	$ 23,438	$ 3,097

CMI09-00511

Source: CHEVRON CORP, 10-K, February 26, 2009

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Supplemental Information on Oil and Gas Producing Activities

Table VII Changes in the Standardized Measure of Discounted Future Net Cash Flows From Proved Reserves

The changes in present values between years, which can be significant, reflect changes in estimated proved-reserve quantities and prices and assumptions used in forecasting production volumes and costs. Changes in the timing of production are included with "Revisions of previous quantity estimates."

	Consolidated Companies			Affiliated Companies		
Millions of dollars	**2008**	2007	2006	**2008**	2007	2006
Present Value at January 1	**$ 97,049**	$ 65,820	$ 84,287	**$ 41,758**	$ 26,535	$ 26,769
Sales and transfers of oil and gas produced net of production costs	**(43,906)**	(34,957)	(32,690)	**(5,750)**	(4,084)	(3,180)
Development costs incurred	**13,682**	10,468	8,875	**763**	889	721
Purchases of reserves	**233**	780	580	**–**	7,711	1,767
Sales of reserves	**(542)**	(425)	(306)	**–**	(7,767)	–
Extensions, discoveries and improved recovery less related costs	**646**	3,664	4,067	**83**	–	–
Revisions of previous quantity estimates	**37,853**	(7,801)	7,277	**3,718**	(1,333)	(967)
Net changes in prices, development and production costs	**(169,046)**	74,900	(24,725)	**(51,696)**	23,616	(837)
Accretion of discount	**17,458**	12,196	14,218	**5,976**	3,745	3,673
Net change in income tax	**72,234**	(27,596)	4,237	**14,889**	(7,554)	(1,411)
Net change for the year	**(71,388)**	31,229	(18,467)	**(32,017)**	15,223	(234)
Present Value at December 31	**$ 25,661**	$ 97,049	$ 65,820	**$ 9,741**	$ 41,758	$ 26,535

CMI09-00512

Source: CHEVRON CORP, 10-K, February 26, 2009

EXHIBIT INDEX

Exhibit No.	Description
3.1	Restated Certificate of Incorporation of Chevron Corporation, dated May 30, 2008, filed as Exhibit 3.1 to Chevron Corporation's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2008, and incorporated herein by reference.
3.2	By-Laws of Chevron Corporation, as amended January 30, 2008, filed as Exhibit 3.1 to Chevron Corporation's Current Report on Form 8-K dated February 1, 2008, and incorporated herein by reference.
4.1	Pursuant to the Instructions to Exhibits, certain instruments defining the rights of holders of long-term debt securities of the company and its consolidated subsidiaries are not filed because the total amount of securities authorized under any such instrument does not exceed 10 percent of the total assets of the corporation and its subsidiaries on a consolidated basis. A copy of such instrument will be furnished to the Commission upon request.
4.2*	Confidential Stockholder Voting Policy of Chevron Corporation (page E-3).
10.1*	Chevron Corporation Non-Employee Directors' Equity Compensation and Deferral Plan (pages E-4 to E-16).
10.2*	Chevron Incentive Plan (pages E-17 to E-30).
10.3*	Long-Term Incentive Plan of Chevron Corporation (pages E-31 to E-57).
10.4	Chevron Corporation Deferred Compensation Plan for Management Employees, as amended and restated on December 7, 2005, filed as Exhibit 10.5 to Chevron Corporation's Current Report on Form 8-K dated December 7, 2005, and incorporated herein by reference.
10.5*	Chevron Corporation Deferred Compensation Plan for Management Employees II (pages E-58 to E-71).
10.6*	Chevron Corporation Retirement Restoration Plan (pages E-72 to E-98).
10.7*	Chevron Corporation ESIP Restoration Plan (pages E-99 to E-120).
10.8	Texaco Inc. Stock Incentive Plan, adopted May 9, 1989, as amended May 13, 1993, and May 13, 1997, filed as Exhibit 10.13 to Chevron Corporation's Annual Report on Form 10-K for the year ended December 31, 2001, and incorporated herein by reference.
10.9	Supplemental Pension Plan of Texaco Inc., dated June 26, 1975, filed as Exhibit 10.14 to Chevron Corporation's Annual Report on Form 10-K for the year ended December 31, 2001, and incorporated herein by reference.
10.10	Supplemental Bonus Retirement Plan of Texaco Inc., dated May 1, 1981, filed as Exhibit 10.15 to Chevron Corporation's Annual Report on Form 10-K for the year ended December 31, 2001, and incorporated herein by reference.
10.11	Texaco Inc. Director and Employee Deferral Plan approved March 28, 1997, filed as Exhibit 10.16 to Chevron Corporation's Annual Report on Form 10-K for the year ended December 31, 2001, and incorporated herein by reference.
10.12	Chevron Corporation 1998 Stock Option Program for U.S. Dollar Payroll Employees, filed as Exhibit 10.12 to Chevron Corporation's Annual Report on Form 10-K for the year ended December 31, 2002, and incorporated herein by reference.
10.13*	Summary of Chevron Incentive Plan Award Criteria (pages E-121 to E-122).
10.14	Chevron Corporation Change in Control Surplus Employee Severance Program for Salary Grades 41 through 43, filed as Exhibit 10.1 to Chevron Corporation's Current Report on Form 8-K dated December 6, 2006, and incorporated herein by reference.
10.15	Chevron Corporation Benefit Protection Program, filed as Exhibit 10.2 to Chevron Corporation's Current Report on Form 8-K dated December 6, 2006, and incorporated herein by reference.
10.16	Form of Notice of Grant under the Chevron Corporation Long-Term Incentive Plan, filed as Exhibit 10.1 to Chevron's Current Report on Form 8-K dated June 29, 2005, and incorporated herein by reference.
10.17	Form of Restricted Stock Unit Grant Agreement under the Chevron Corporation Long-Term Incentive Plan, filed as Exhibit 10.20 to Chevron Corporation's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006, and incorporated herein by reference.
10.18	Form of Retainer Stock Option Agreement under the Chevron Corporation Non-Employee Directors' Equity Compensation and Deferral Plan, filed as Exhibit 10.2 to Chevron's Current Report on Form 8-K dated June 29, 2005, and incorporated herein by reference.
10.19*	Form of Stock Units Agreement under Chevron Corporation Non-Employee Directors' Equity Compensation and Deferral Plan (page E-123).
12.1*	Computation of Ratio of Earnings to Fixed Charges (page E-124).

CMI09-00513

Source: CHEVRON CORP, 10-K, February 26, 2009

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Exhibit No.	Description
21.1*	Subsidiaries of Chevron Corporation (pages E-125 to E-127).
23.1*	Consent of PricewaterhouseCoopers LLP (page E-128).
24.1 to 24.13*	Powers of Attorney for directors and certain officers of Chevron Corporation, authorizing the signing of the Annual Report on Form 10-K on their behalf (pages E-129 to E-141).
31.1*	Rule 13a-14(a)/15d-14(a) Certification of the company's Chief Executive Officer (page E-142).
31.2*	Rule 13a-14(a)/15d-14(a) Certification of the company's Chief Financial Officer (page E-143).
32.1*	Section 1350 Certification of the company's Chief Executive Officer (page E-144).
32.2*	Section 1350 Certification of the company's Chief Financial Officer (page E-145).
99.1*	Definitions of Selected Energy and Financial Terms (pages E-146 to E-148).
100.INS*	XBRL Instance Document
100.SCH*	XBRL Schema Document
100.CAL*	XBRL Calculation Linkbase Document
100.LAB*	XBRL Label Linkbase Document
100.PRE*	XBRL Presentation Linkbase Document
100.DEF*	XBRL Definition Linkbase Document

* Filed herewith.

Copies of above exhibits not contained herein are available to any security holder upon written request to the Corporate Governance Department, Chevron Corporation, 6001 Bollinger Canyon Road, San Ramon, California 94583-2324.

CMI09-00514

Source: CHEVRON CORP, 10-K, February 26, 2009

Exhibit 4.2

Confidential Stockholder Voting Policy of Chevron Corporation

Chevron has a confidential voting policy to protect stockholders' voting privacy. Under this policy, ballots, proxy forms and voting instructions returned to brokerage firms, banks and other holders of record are kept confidential. Only the proxy solicitor, proxy tabulator and the Inspector of Election have access to the ballots, proxy forms and voting instructions. Anyone who processes or inspects ballots, proxy forms or voting instructions signs a pledge to treat them as confidential. None of these persons is a Chevron employee. The proxy solicitor and the proxy tabulator will disclose information taken from the ballots, proxy forms and voting instructions only in the event of a proxy contest or as otherwise required by law.

CMI09-00515

Source: CHEVRON CORP, 10-K, February 26, 2009

Exhibit 10.1

CHEVRON CORPORATION

NON-EMPLOYEE DIRECTORS' EQUITY COMPENSATION AND DEFERRAL PLAN

Amended and Restated on December 10, 2008
E-4

CMI09-00516

Source: CHEVRON CORP, 10-K, February 26, 2009

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CMI09-00518

Source: CHEVRON CORP, 10-K, February 26, 2009

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CHEVRON CORPORATION
NON-EMPLOYEE DIRECTORS' EQUITY COMPENSATION AND DEFERRAL PLAN

Amended and Restated on December 10, 2008

SECTION I.PURPOSE.

This Chevron Corporation Non-Employee Directors' Equity Compensation and Deferral Plan, as amended and restated effective January 1, 2009, shall govern all Awards and deferrals by Non-Employee Directors for which distribution has not commenced prior to January 1, 2009, unless and until modified by the Board; provided that the Non-Employee Director did not obtain a vested legal right to such Awards or deferrals prior to January 1, 2005. A series of installment payments shall be considered to be one distribution as of the date of the first installment for purposes of Section 409A of the Code.

The Plan was originally adopted by the Board on March 26, 2003 and approved by the stockholders on May 22, 2003. It was amended and restated on December 6, 2006 to be effective January 1, 2005. It was subsequently amended and restated on February 28, 2007 and April 25, 2007.

The purposes of the Plan are to attract and retain qualified Non-Employee Directors to serve on the Board and to align the interests of the Non-Employee Directors with those of the stockholders of the Corporation.

SECTION II.DEFINITIONS.

When capitalized in this Plan, the following terms shall have the meanings set forth below:

(a) "Account" means the bookkeeping account maintained on behalf of a Non-Employee Director to which shall be credited any amount described in Section IX.

(b) "Annual Cash Retainer" means the annual fees as determined by the Board and payable in cash as earned monthly to a Non-Employee Director for service as a Non-Employee Director during an Annual Compensation Cycle.

(c) "Annual Compensation Cycle" means that period commencing on the day of the Corporation's Annual Meeting and running through the day immediately preceding the Corporation's next Annual Meeting.

(d) "Annual Meeting" means the annual meeting of the stockholders of the Corporation.

(e) "Award" or "Awards" means a grant of an Option, Stock Units, or Restricted Stock under the Plan.

CMI09-00519

Source: CHEVRON CORP, 10-K, February 26, 2009

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(f) "Beneficiary" means a person designated by a Non-Employee Director for purposes of transferring interests in Awards upon the Non-Employee Director's death.

(g) "Board" means the Board of Directors of the Corporation.

(h) "Change in Control" shall have the meaning set forth in Article VI of the By-Laws of the Corporation, as such By-Laws may be amended from time to time.

(i) "Code" means the Internal Revenue Code of 1986, as amended.

(j) "Committee" means the Board Nominating and Governance Committee (or other committee designated by the Board).

(k) "Common Stock" means the $0.75 par value common stock of the Corporation or any security of the Corporation identified by the Committee as having been issued in substitution, exchange or lieu thereof.

(l) "Corporation" means Chevron Corporation, a Delaware corporation, or any successor corporation.

(m) "Disability" means the existence of a serious medical condition which is expected to be of long-term duration and which significantly affects the Non-Employee Director's ability to travel in order to attend meetings of the Board or to perform other essential duties of a Non-Employee Director, as determined by the Committee on the basis of competent medical evidence.

(n) "Discretionary Transaction" shall mean a transaction pursuant to any benefit plan that:

(1) Is at the volition of a plan participant;

(2) Is not made in connection with the participant's death, Disability, retirement or termination of employment;

(3) Is not required to be made available to a plan participant pursuant to a provision of the Code; and

(4) Results in either an intra-plan transfer involving an equity securities fund of the Corporation, or a cash distribution funded by a volitional disposition of an equity security of the Corporation, or otherwise as such term is defined under Rule 16b-3(b)(1) of the Exchange Act or successor provision thereto.

(o) "Dividend Equivalent" means an amount equal to the dividends that would be payable to the holder of a Stock Unit if the holder held Shares rather than such Stock Units.

(p) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor statute.

CMI09-00520

Source: CHEVRON CORP, 10-K, February 26, 2009

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(q) "Fair Market Value" of a Share as of a specified date means the price per share at which Shares were traded at the close of business on such date as reported on the New York Stock Exchange (or other established exchange or exchanges) or, if no trading of Common Stock is reported for that day, the preceding day on which trading was reported.

(r) "Non-Employee Director" means a member of the Board who is not employed by the Corporation or its subsidiaries or affiliates.

(s) "Option" means a non-statutory stock option to purchase a Share awarded pursuant to Section VI. of the Plan. An Option shall not qualify as an incentive stock option under Section 422 of the Code.

(t) "Option Agreement" means an agreement between the Corporation and the Non-Employee Director that contains the terms and conditions pertaining to an Option.

(u) "Plan" means the Chevron Corporation Non-Employee Directors' Equity Compensation and Deferral Plan, as amended from time to time.

(v) "Restricted Stock" means forfeitable Shares awarded pursuant to Section VIII. of the Plan.

(w) "Rules" means the regulations and rules adopted from time to time by the Committee to interpret or administer the Plan.

(x) "Share" means one share of Common Stock, adjusted in accordance with Section X. of the Plan (if applicable).

(y) "Stock Unit" means a bookkeeping entry unit awarded pursuant to Section VII. of the Plan that is measurable with respect to Shares.

SECTION III. ADMINISTRATION.

(a) Composition and Powers of the Committee. The Plan shall be administered by the Board, except as delegated to the Committee in this Plan or the Rules or by resolution of the Board. The Committee shall have the power to adopt and amend Rules, construe and interpret the Plan and the Rules, and to make all other determinations necessary for the administration of the Plan. Subject to the requirements of applicable law, the Committee may designate persons other than members of the Committee to carry out its responsibilities and may prescribe such conditions and limitations as it may deem appropriate. Subject to the approval of the Board, any determination, decision or action of the Committee in connection with the construction, interpretation, administration or application of the Plan shall be final, conclusive and binding on all persons. The Committee shall consist of two or more Non-Employee Directors who satisfy the requirements of Rule 16b-3 (or its successor) under the Exchange Act to the extent necessary for grants of Awards to the Non-Employee Directors under Section 16 of the Exchange Act.

CMI09-00521

Source: CHEVRON CORP, 10-K, February 26, 2009

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(b)Liability of Board and Committee Members. No member of the Board or the Committee shall be liable for any action or determination made in good faith by the Board or the Committee with respect to the Plan or any Award under it.

(c)Administration of the Plan Following a Change in Control. Within thirty (30) days after the occurrence of a Change in Control, the Committee shall appoint an independent organization which shall thereafter administer the Plan and have all of the powers and duties formerly held and exercised by the Committee with respect to the Plan as provided in Section III.(a). Upon such appointment, the Committee shall cease to have any responsibility with respect to the administration of the Plan.

SECTION IV.DURATION OF THE PLAN AND SHARES SUBJECT TO THE PLAN.

(a)Duration of the Plan. The Plan shall remain in effect until terminated by the Board.

(b)Shares Subject to the Plan. The maximum number of Shares for which Awards may be granted under the Plan is eight hundred thousand (800,000) Shares, which has been adjusted for the two-for-one Common Stock split on September 10, 2004 and includes the number of Shares previously authorized for use but unissued pursuant to the Chevron Restricted Stock Plan for Non-Employee Directors. The limitation as to the maximum number of Shares set forth in this Section IV.(b) shall be subject to adjustment as provided in Section X.

(c)Accounting for Numbers of Shares. For the purpose of computing the total number of Shares available for Awards under the Plan there shall be counted against the limitation under the Plan the number of Shares issued or subject to issuance upon exercise or settlement of any outstanding Awards. Dividends paid, Dividend Equivalents granted and interest or other amounts credited with respect to any Award outstanding under the Plan shall not apply against the Plan limitation. If Stock Units, Restricted Stock or Shares issued upon the exercise of Options are forfeited or otherwise terminated before exercise or settlement, then the corresponding Shares shall again become available for Awards under the Plan. If Stock Units are settled, then only the number of Shares (if any) actually issued in settlements of such Stock Units shall reduce the number available for Awards.

(d)Source of Stock Issued Under the Plan. Common Stock issued under the Plan may be either authorized and unissued Shares or issued Shares that have been reacquired by the Corporation, as determined in the sole discretion of the Committee. No fractional Shares shall be issued under the Plan.

SECTION V.PERSONS ELIGIBLE FOR AWARDS AND DEFERRALS.

Non-Employee Directors are eligible for Awards and deferrals. A Non-Employee Director may receive more than one Award, including Awards of the same type, subject to the restrictions of the Plan.

CMI09-00522

Source: CHEVRON CORP, 10-K, February 26, 2009

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SECTION VI.OPTIONS.

(a)Option Grant. The Board may, in its sole discretion, award Options to Non-Employee Directors. All such Options shall be subject to the terms of the Plan, Rules, and Option Agreement (which shall not be inconsistent with the Plan or Rules). Each Option Agreement shall state the number of Options being granted to a Non-Employee Director. Such number shall be subject to adjustment in accordance with Section X.

(b)Exercise of Options. No Option may have an exercise period exceeding ten (10) years from the grant date. The exercise price of each Option shall be the Fair Market Value of a Share on the date the Option is granted. No fractional Shares shall be issued pursuant to the exercise of an Option.

(c)Rights as a Stockholder. A Non-Employee Director who has been awarded an Option or any transferee of an Option (to the extent transfers of an Option are permitted under the Rules) shall have no rights with respect to any Shares covered by his or her Options until the respective Option is properly exercised and the acquired Share is recorded as a book entry on the records of the Corporation. No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions or other rights for which the record date is prior to the date the Non-Employee Director's interest is recorded as a book entry on the records of the Corporation, except as provided elsewhere in this Plan or in the Rules.

SECTION VII.STOCK UNITS.

(a)Stock Unit Awards. The Board may award Stock Units to a Non-Employee Director with respect to an Annual Compensation Cycle pursuant to a resolution it adopts no later than the first day of that Annual Compensation Cycle. Such resolution shall include the number of Stock Units awarded to a Non-Employee Director and the effective date of the Award. Notwithstanding the foregoing, the Board may award a proportional number of Stock Units pursuant to a resolution it adopts during the Annual Compensation Cycle to a Non-Employee Director who joins the Board after the first day of the Annual Compensation Cycle. Such resolution shall indicate the proportional number of Stock Units awarded and the effective date of the Award, which shall not be before the Non-Employee Director begins providing services on the Board. Awards of Stock Units shall be subject to the terms and conditions set forth in the Plan, the Rules, and the granting resolution (which shall not be inconsistent with the Plan or Rules). The number of Stock Units awarded under this Section VII.(a) shall be subject to adjustment as provided in Section X.

(b)Stockholders' Rights. Unless and until such time as a Non-Employee Director receives a distribution of all or a portion of Stock Units awarded pursuant to the Plan in the form of Shares and prior to the date the Non-Employee Director's interest in such Shares is recorded as a book entry on the records of the Corporation, the Non-Employee Director shall have no dividend rights, voting rights or other rights as a stockholder with respect to such Shares covered by his or her Stock Unit Award. The holders of Stock Units shall have no voting rights. Prior to settlement or forfeiture, if the Rules so provide, any Stock Unit awarded under the Plan may carry with it Dividend Equivalents. Such right entitles the holder to be credited with an amount equal to the cash dividends paid on a Share while a Stock Unit is outstanding. Dividend Equivalents may be converted into additional Stock Units, as provided in the Rules.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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(c)Pre-1997 Stock Unit Accounts. The "stock unit account" of each Non-Employee Director who received an award of "stock units" under the Chevron Corporation Restricted Stock Plan for Non-Employee Directors with respect to service as a Non-Employee Director prior to the 1997 Annual Meeting shall continue to be maintained pursuant to the terms of such plan as in effect prior to April 30, 1997.

SECTION VIII.RESTRICTED STOCK.

(a)Restricted Stock Awards. The Board may award Restricted Stock to a Non-Employee Director with respect to an Annual Compensation Cycle pursuant to a resolution it adopts no later than the first day of that Annual Compensation Cycle. Such resolution shall include the number of Shares of Restricted Stock awarded to a Non-Employee Director and the effective date of the Award. Notwithstanding the foregoing, the Board may award a proportional number of Shares of Restricted Stock pursuant to a resolution it adopts during the Annual Compensation Cycle to a Non-Employee Director who joins the Board after the first day of the Annual Compensation Cycle. Such resolution shall indicate the proportional number of Shares of Restricted Stock awarded and the effective date of the Award, which shall not be before the Non-Employee Director begins providing services on the Board. Awards of Restricted Stock shall be subject to the terms and conditions set forth in the Plan, the Rules, and the granting resolution (which shall not be inconsistent with the Plan or Rules). The number of Shares subject to an Award of Restricted Stock under this Section VIII.(a) shall be subject to adjustment as provided in Section X.

(b)Stockholders' Rights. The Corporation shall maintain in its records a book entry account to which the Shares represented by each Award of Restricted Stock shall be credited. The Shares in the book entry account represented by such Award of Restricted Stock shall be subject to the terms, conditions, and restrictions applicable to such Award. The Committee shall require that no change shall be made in the book entry account representing an Award of Restricted Stock until the restrictions thereon shall have lapsed. At that time, a book entry shall be made in the records of the Corporation in the name of the Non-Employee Director in the amount of Shares as to which the restrictions have lapsed. Except as provided in the Rules, the holders of an Award of Restricted Stock shall have the same voting, dividend and other rights as the Corporation's other stockholders.

SECTION IX.DEFERRED COMPENSATION.

A Non-Employee Director may elect to defer receipt of all or a portion of his or her Annual Cash Retainer and/or Stock Units. Such deferrals shall be subject to the terms and conditions set forth in the Plan and the Rules.

SECTION X.RECAPITALIZATION.

(a) Subject to any required action by the stockholders, the number of Shares covered by the Plan as provided in Section IV., the number of Shares covered by or referred to in each outstanding Award and the exercise price, if applicable, of each outstanding Award shall be proportionately adjusted for:

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Source: CHEVRON CORP, 10-K, February 26, 2009

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(1) Any increase or decrease in the number of issued Shares resulting from a subdivision or consolidation of Shares;

(2) The payment of a stock dividend (but only of Common Stock) or any other increase or decrease in the number of such Shares effected without receipt of consideration by the Corporation;

(3) The declaration of a dividend payable in cash that has a material effect on the price of issued Shares; or

(4) A recapitalization, spinoff or similar occurrence.

(b) Subject to any required action by the stockholders, if the Corporation is the surviving corporation in any merger, consolidation or other reorganization, each outstanding Award (other than an Award of Restricted Stock that is outstanding at such time) shall pertain and apply to the securities to which a holder of the number of Shares subject to the Award would have been entitled.

(c) In the event of a dissolution or liquidation of the Corporation or a merger, consolidation or other reorganization pursuant to which the Corporation is not the surviving corporation, the Shares subject to each non-vested Award shall be handled in accordance with the terms of the agreement of merger, consolidation or reorganization which may provide for the full vesting, cash-out or assumption of such Awards.

(d) In the event of a change in the Common Stock, which is limited to a change of all of the Corporation's authorized shares with par value into the same number of shares with a different par value or without par value, the shares resulting from any such change shall be deemed to be the Common Stock within the meaning of the Plan.

(e) To the extent that the foregoing adjustments relate to stock or securities of the Corporation, such adjustments shall be made by the Committee as directed by the Board, and the action in that respect shall be final, binding and conclusive.

(f) Except as provided in this Section X., a Non-Employee Director shall have no rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividend or any other increase or decrease in the number of shares of stock of any class. Except as provided in this Section X., any issue by the Corporation of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or exercise price of Shares subject to an Award.

(g) The grant of an Award pursuant to the Plan shall not affect in any way the right or power of the Corporation to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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(h) The Committee shall prescribe Rules governing the adjustment of the number of Shares covered by the Plan as provided in Section IV., the number of Shares covered by or referred to in each outstanding Award and the exercise price, if applicable, of each outstanding Award in the event that preferred stock purchase rights issued pursuant to any stockholder rights plan detach from the Common Stock and become exercisable.

SECTION XI.SECURITIES LAW REQUIREMENTS.

No Shares shall be issued and no Options shall become exercisable pursuant to the Plan unless and until the Corporation has determined that:

(a) It and the Non-Employee Director have taken all actions required to register the Shares under the Securities Act of 1933, as amended, or perfect an exemption from the registration requirements thereof;

(b) Any applicable listing requirement of any stock exchange on which the Common Stock is listed has been satisfied; and

(c) Any other applicable provision of state or federal law has been satisfied.

SECTION XII.AMENDMENTS OF THE PLAN AND AWARDS.

(a)Plan Amendments. The Board may, insofar as permitted by law, from time to time and in its discretion, with respect to any Shares at the time not subject to Awards, suspend the Plan or revise or amend it in any respect whatsoever without stockholder approval. However, unless the Board specifically otherwise provides, any revision or amendment that would cause the Plan to fail to comply with any requirement of applicable law or regulation if such amendment were not approved by the stockholders of the Corporation shall not be effective unless and until the approval of the stockholders of the Corporation is obtained.

(b)Amendments of Awards. Subject to the terms and conditions and within the limitations of the Plan, the Board may amend, cancel, modify, extend or renew outstanding Awards granted under the Plan, or accept the exchange of outstanding non-vested Awards (to the extent not theretofore exercised) for the granting of new Awards in substitution therefore.

(c)Rights of Non-Employee Directors. No amendment, suspension or termination of the Plan nor any amendment, cancellation or modification of any Rule or Award outstanding under the Plan that would adversely affect the right of any Non-Employee Director in an Award previously granted under the Plan shall be effective without the written consent of the affected Non-Employee Director, unless such amendment is necessary or appropriate to comply with applicable law (including applicable tax law necessary to obtain favorable tax treatment).

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Source: CHEVRON CORP, 10-K, February 26, 2009

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SECTION XIII.TERMINATION OR SUSPENSION OF THE PLAN.

(a)Termination or Suspension. The Board may terminate or suspend the Plan at any time.

(1) In the event of termination of the Plan, any deferred amounts may be distributed within the period beginning twelve (12) months after the date the Plan was terminated and ending twenty-four (24) months after the date the Plan was terminated, or pursuant to Sections IV. to VI. of the Rules, if earlier. If the Plan is terminated and deferred amounts are distributed, the Corporation shall terminate all account balance non-qualified and stock based deferred compensation plans with respect to all participants and shall not adopt a new account balance or stock based non-qualified deferred compensation plan for at least three (3) years after the date the Plan was terminated and administered in accordance with Treas. Reg. Section 1.409A-3(j)(4)(ix).

(2) In the event of a suspension of the Plan, the Plan will continue without any additional Awards or deferrals.

(b)Dissolution or Bankruptcy. The Plan shall automatically terminate upon a dissolution of the Corporation that is taxed under Code section 331 or with the approval of a bankruptcy court pursuant to 11 U.S.C. Section 503(b)(1)(A), provided that the deferred amounts are distributed and included in the gross income of the Non-Employee Directors by the latest of (i) the calendar year in which the Plan terminates or (ii) the first calendar year in which payment of the deferred amounts is administratively practicable.

SECTION XIV.GENERAL PROVISIONS.

(a)Application of Funds. The proceeds received by the Corporation from the sale of Common Stock pursuant to the exercise of an Option shall be used for general corporate purposes.

(b)Creditors' Rights. Non-Employee Directors shall have no rights other than those of a general creditor of the Corporation with respect to Stock Unit Awards and any Account established pursuant to Section IX. These interests shall represent unfunded and unsecured obligations of the Corporation, subject to the terms and conditions of the applicable Rules.

(c)No Obligation to Exercise Option. The award of an Option shall impose no obligation upon the Non-Employee Director to exercise such Option.

(d)Costs of the Plan. The costs and expenses of administering the Plan shall be borne by the Corporation.

(e)Non-Employee Director's Beneficiary. The Rules may provide that a Non-Employee Director may designate a Beneficiary with respect to any Award in the event of death of such Non-Employee Director. If such Beneficiary is the executor or administrator of the estate of the Non-Employee Director, any rights with respect to such Award may be transferred to the person or persons or entity (including a trust, if permitted under the Rules) entitled thereto by bequest of or inheritance from the holder of such Award.

(f)Prohibition of Opposite Way Transactions and Discretionary Transactions. To the extent any transactions executed by a Non-Employee Director in securities of the Corporation would be considered a non-exempt purchase or sale of an equity security of the Corporation for purposes of the short-swing profit recovery provisions of Section 16(b) of the

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Source: CHEVRON CORP, 10-K, February 26, 2009

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Exchange Act, such Non-Employee Director shall be prohibited from executing, or electing to enter into, any transaction relating to or resulting from Awards under this Plan that would be considered an opposite way transaction within six (6) months from such prior non-exempt transaction. In addition, a Non-Employee Director shall be prohibited from engaging in, or electing to engage in, a Discretionary Transaction under the Plan if the election to engage in such transaction is less than six (6) months after an election to engage in an opposite way Discretionary Transaction under any benefit plan of the Corporation, including this Plan.

(g)Severability. The provisions of the Plan shall be deemed severable and the validity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

(h)Binding Effect of Plan. The Plan shall be binding upon and shall inure to the benefit of the Corporation, its successors and assigns and the Corporation shall require any successor or assign to expressly assume and agree to perform the Plan in the same manner and to the same extent that the Corporation would be required to perform it if no such succession or assignment had taken place. The term "the Corporation" as used herein shall include such successors and assigns. The term "successors and assigns" as used herein shall mean a corporation or other entity directly or indirectly acquiring all or substantially all the assets and business of the Corporation (including the Plan) whether by operation of law or otherwise.

(i)No Waiver of Breach. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of the Plan to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions of conditions at the same or at any prior or subsequent time.

(j)Authority to Establish Grantor Trust. The Committee is authorized in its sole discretion to establish a grantor trust for the purpose of providing security for the payment of Awards under the Plan; provided, however, that no Non-Employee Director shall be considered to have a beneficial ownership interest (or any other sort of interest) in any specific asset of the Corporation or of its subsidiaries or affiliates as a result of the creation of such trust or the transfer of funds or other property to such trust.

SECTION XV.APPROVAL OF STOCKHOLDERS.

Adoption of the Plan shall be subject to approval by affirmative vote of the stockholders of the Corporation in accordance with applicable law.

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Source: CHEVRON CORP, 10-K, February 26, 2009

CHEVRON INCENTIVE PLAN

(Amended and Restated Effective January 1, 2008)
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Source: CHEVRON CORP, 10-K, February 26, 2009

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Source: CHEVRON CORP, 10-K, February 26, 2009

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CHEVRON INCENTIVE PLAN

(Amended and Restated Effective January 1, 2008)

SECTION I.PURPOSE.

The purpose of the Chevron Incentive Plan is to obtain, develop, retain and reward high caliber employees, stimulate constructive and imaginative thinking, and contribute to the growth and profits of the Corporation.

SECTION II.EFFECTIVE DATE.

The Plan, formerly known as the Management Incentive Plan of Chevron Corporation, was adopted effective January 1, 1966 and approved by the Corporation's stockholders at the Annual Meeting on May 5, 1966. Prior to this amendment and restatement, the Plan was last amended and restated effective January 1, 2005; further amended December 7, 2005 and December 6, 2006; and last approved by the Corporation's stockholders at the Annual Meeting on May 15, 2002. This Restatement shall apply to all Plan distributions made after December 31, 2008. This Plan, effective, January 1, 2008, is also the successor to the Chevron Success Sharing Program.

SECTION III.DEFINITIONS.

For purposes of the Plan, the following terms have the meanings set forth below:

(a) "Annual Income" means the Corporation's reported earnings before special items and account changes for the Performance Year.

(b) "Award" means a cash payment approved by the Committee under Section V. of the Plan.

(c) "Benefit Protection Period" means the period commencing on the date six months prior to the public announcement of a proposed transaction which, when effected, is a Change in Control and ending on the date which is two years after the date of a Change in Control.

(d) "Board" means the Board of Directors of the Corporation.

(e) "Business in Competition" means any person, organization or enterprise which is engaged in or is about to be engaged in any line of business engaged in by the Corporation at such time.

(f) "Change in Control" means a "change in control" of the Corporation as defined in Article VI. of the By-Laws of the Corporation, as such By-Laws may be amended from time to time.

(g) "Code" means the Internal Revenue Code of 1986, as amended.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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(h) "Committee" means the committee of the Board that it appoints to administer the Plan. In the absence of specific action by the Board, the Board shall be deemed to have appointed the Board's Management Compensation Committee.

(i) "Corporation" means Chevron Corporation, a Delaware corporation, or any Successors or Assigns. Where the context shall permit, "Corporation" shall include the Subsidiaries of Chevron Corporation.

(j) "Corporation Confidential Information" includes:

(1) Information embodied in inventions, discoveries and improvements, whether patentable or unpatentable, including trade secrets;

(2) Geological and geophysical data and analyses thereof, well information, discoveries, development initiatives, reserves, offshore bidding strategies, potential value of unleased offshore acreage, exploration and other business strategies and investment plans, business methods, current and planned technology, processes and practices relating to the existence of, exploration for, or the development of oil, gas, or other potentially valuable raw material, product, mineral or natural resource of any kind;

(3) Confidential personnel or Human Resources data;

(4) Customer lists, pricing, supplier lists, and Corporation processes;

(5) Any other information having present or potential commercial value; and

(6) Confidential information of any kind in possession of the Corporation, whether developed for or by the Corporation (including information developed by the Participant), received from a third party in confidence, or belonging to others and licensed or disclosed to the Corporation in confidence for use in any aspect of its business and without regard to whether it is designated or marked as such through use of such words as "classified," "confidential" or "restricted";

Provided, however, that Corporation Confidential Information shall not include any information that is or becomes generally known through no wrongful act or omission of the Participant. However, information shall not fail to be Corporation Confidential Information solely because it is embraced by more general information available on a non-confidential basis.

(k) "Covered Employee" means the Corporation's principal executive officer, principal financial officer and three other most highly compensated executive officers (as defined in Item 402 of Regulation S-K) who were serving as such at the end of the last completed Performance Year.

(l) "Director" means a member of the Board.

(m) "Document" means any devices, records, data, notes, reports, abstracts, proposals, lists, correspondence (including e-mails), specifications, drawings, blueprints, sketches, materials, equipment, reproductions of any kind made from or about such documents or information contained therein, recordings, or similar items.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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(n) "Eligible Employee" means any individual who is an employee on the Payroll.

(o) "Executive Committee" means the Executive Committee of the Corporation.

(p) "Independent Director" means a member of the Board that is independent of the Corporation within the meaning of the rules of the New York Stock Exchange and the Corporation's Corporate Governance Guidelines.

(q) "Misconduct" of a Participant means:

(1) The Corporation has been required to prepare an accounting restatement due to material noncompliance, as a result of misconduct, with any financial reporting requirement under the securities laws, and the Committee has determined in its sole discretion that the Participant:

(A) Had knowledge of the material noncompliance or circumstances giving rise to such noncompliance and willfully failed to take reasonable steps to bring it to the attention of appropriate individuals within the Corporation; or

(B) Knowingly engaged in practices which materially contributed to the circumstances that enabled such material noncompliance to occur;

(2) A Participant commits an act of embezzlement, fraud or theft with respect to the property of the Corporation, materially violates the Corporation's conflict of interest policy, or breaches his or her fiduciary duty to the Corporation;

(3) A Participant, while still employed by the Corporation:

(A) Willfully misappropriates or discloses to any person, firm or corporation any Corporation Confidential Information, unless the Participant is expressly authorized by the Corporation's management to disclose such Corporation Confidential Information, pursuant to a written non-disclosure agreement that sufficiently protects it;

(B) Directly or indirectly engages in, commences employment with, or materially renders services, advice or assistance to any Business in Competition with the Corporation other than on behalf of the Corporation;

(C) Induces or attempts to induce, directly or indirectly, any of the Corporation's customers, employees, representatives or consultants to terminate, discontinue or cease working with or for the Corporation, or to breach any contract with the Corporation, in order to work with or for, or enter into a contract with, the Participant or any third party other than when such action is taken on behalf of the Corporation;

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Source: CHEVRON CORP, 10-K, February 26, 2009

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(4) A Participant willfully fails to promptly return all Documents and other tangible items belonging to the Corporation that are in his or her possession or control upon termination of employment, whether pursuant to retirement or otherwise;

(5) A Participant willfully commits an act which, under applicable law, constitutes the misappropriation of a Corporation trade secret or otherwise violates the law of unfair competition with respect to the Corporation; including, but not limited to, unlawfully:

(A) Using or disclosing Corporation Confidential Information; or

(B) Soliciting (or contributing to the soliciting of) the Corporation's customers, employees, representatives, or consultants to:

(i) Terminate, discontinue or cease working with or for the Corporation; or

(ii) To breach any contract with the Corporation, in order to work with or for, or enter into a contract with, the Participant or any third party;

(6) A Participant willfully fails to inform any new employer of the Participant's continuing obligation to maintain the confidentiality of the trade secrets and other Corporation Confidential Information obtained by the Participant during the term of his or her employment with the Corporation;

The Committee shall determine in its sole discretion whether the Participant has engaged in any of the acts set forth in subsections (1) through (6) above, and its determination shall be conclusive and binding on all interested persons.

(r) "Outside Director" means an outside director of the Board within the meaning of Section 162(m) of the Code.

(s) "Participant" means an Eligible Employee who receives an Award under the Plan.

(t) "Payroll" means the system used by the Corporation to pay those individuals it regards as Corporation employees for their services and to withhold employment taxes from the compensation it pays to such employees. "Payroll" does not include any system the Corporation uses to pay individuals whom it does not regard as Corporation employees and for whom it does not actually withhold employment taxes (including, but not limited to, individuals it regards as independent contractors) for their services.

(u) "Performance Year" means the Corporation's fiscal year with respect to which the Committee makes Awards to Eligible Employees under the Plan.

(v) "Plan" means the Chevron Incentive Plan, as amended from time to time. Previously, the Chevron Incentive Plan was known as the Management Incentive Plan of Chevron Corporation.

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Source: CHEVRON CORP, 10-K, February 26, 2009

(w) "Rules" mean the rules promulgated by the Committee within its sole discretion to administer the Plan.

(x) "Subsidiary" means any corporation or entity with respect to which the Corporation, one or more Subsidiaries, or the Corporation together with one or more Subsidiaries, owns not less than eighty percent (80%) of the total combined voting power of all classes of stock entitled to vote, or not less than eighty percent (80%) of the total value of all shares of all classes of stock.

(y) "Successors or Assigns" means a corporation or other entity acquiring all or substantially all the assets and business of the Corporation (including the Plan) whether by operation of law or otherwise, including any corporation or other entity effectuating a Change in Control of the Corporation.

(z) "Termination", "Terminated", or "Terminates" means that an Eligible Employee's formal employment relationship with the Corporation has ended, including by reason of death. A formal employment relationship with the Corporation cannot exist unless an individual is on the Payroll.

SECTION IV.ADMINISTRATION.

The Plan shall be administered by the Committee.

(a) Composition of the Committee.

(1) The Committee shall consist of not less than a sufficient number of Outside Directors so as to qualify the Committee to administer the Plan as contemplated by Section 162(m) of the Code and each of whom is also an Independent Director.

(2) The Board shall appoint one (1) of the members of the Committee as chair.

(3) If any member of the Committee does not qualify as an Outside Director, Awards under the Plan with respect to a Covered Employee shall be administered by a subcommittee consisting of all Committee members who qualify as Outside Directors. Such subcommittee must consist of at least two (2) members of the Committee.

(4) The Board may from, time to time, remove members from, add members to, or fill vacancies on the Committee. If fewer than two (2) Committee members qualify as an Outside Director, the Board shall appoint one or more new members who so qualify.

(5) In the event that the Committee will not satisfy the requirements of paragraph (a)(1) above, the Board shall appoint another committee that shall satisfy such requirements.

(b) Actions by the Committee. The Committee shall hold meetings at such times and places as it may determine. Acts approved by a majority of the members of the Committee present at a meeting at which a quorum is present, or acts reduced to or approved in writing by a majority of the members of the Committee, shall be the valid acts of the Committee.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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(c) Powers of the Committee.

(1) The Committee shall have the authority to administer the Plan in its sole discretion. The Committee's authority includes the rights to:

(A) Construe and interpret the Plan;

(B) Promulgate, amend, interpret, and rescind Rules relating to the implementation of the Plan;

(C) Select which Eligible Employees to whom to make an Award and under what conditions;

(D) Determine the Award amount;

(E) Determine other terms and conditions of Awards;

(F) Adopt procedures for the disposition of Awards in the event of a Participant's divorce or dissolution of marriage; and

(G) Make all other determinations necessary or advisable for the administration of the Plan.

(2) Notwithstanding Section IV.(c)(1) of the Plan:

(A) No provision in the Plan referencing the Committee's discretion shall be construed as granting the Committee the authority to exercise discretion in a manner that is inconsistent with the Plan; and

(B) Adoption of Rules by the Committee is an exercise of the Committee's discretion. Once adopted, the Committee may not exercise additional discretion that is inconsistent with the Rules without amending the Rules.

(3) Subject to the requirements of applicable law, the Committee may designate the Corporation's Executive Committee to carry out its responsibilities and may prescribe such conditions and limitations as it may deem appropriate in its sole discretion; provided, however, the Committee may not delegate its authority with regard to the selection for participation of or the grant of Awards to persons in salary classification PSG 41 or above (or at a level determined by the Committee in its sole discretion to be the equivalent under a successor salary classification system). The Executive Committee may further delegate this function as it deems appropriate. The Committee may also designate the Corporation's Vice President, Human Resources, to perform the day-to-day administrative tasks as may be necessary for the Committee's administration of the Plans. Any determination, decision or action of the Committee in connection with the construction, interpretation, administration, or application of the Plan shall be final, conclusive and binding upon all persons participating in the Plan and any person validly claiming under or through persons participating in the Plan.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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(d) Liability of Committee Members. No member of the Board or the Committee shall be liable for any action or determination made in good faith by the Board or the Committee with respect to the Plan or any Award under it.

(e) Administration of the Plan Following a Change in Control. Within thirty (30) days after the occurrence of a Change in Control, the Committee shall appoint an independent organization which shall thereafter administer the Plan and have all of the powers and duties formerly held and exercised by the Committee with respect to the Plan as provided in Section IV.(c). Upon such appointment, the Committee shall cease to have any responsibility with respect to the administration of the Plan.

SECTION V.AWARDS UNDER THE PLAN.

(a) Discretion to Grant Awards. Subject to Section V.(b); the Committee, in its discretion, may approve an Award under the Plan to any Eligible Employee for the Performance Year in any amount.

(b) Limitation for Covered Employees. The amount of any Award granted to Covered Employees shall be subject to the following limitations:

(1) 0.5% of the Corporation's Annual Income shall be set aside for Awards to the Covered Employees.

(2) The maximum Award amount for the Covered Employees shall equal the indicated percentage of the aggregate fund set forth in Section V.(b)(1), determined pursuant to the following schedule:

Officer	Percentage
CEO	40%
Other Covered Employees	15% each
Total	100%

(3) The Committee in its sole discretion may reduce the Award otherwise payable to any Covered Employee as determined above, but in no event shall any such reduction result in an increase of the Award payable to any other Participant, including but not limited to any other Covered Employee.

(c) Awards Payable After Change in Control. Notwithstanding Section V.(a) and (b), the following shall apply with respect to Awards for the Performance Year in which a Change in Control occurs (and for the prior Performance Year to the extent such Awards have not been granted prior to the Change in Control):

CMI09-00538

Source: CHEVRON CORP, 10-K, February 26, 2009

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(1) Eligible Employees below PSG 44 shall be entitled to receive an Award for such Performance Year(s) in an amount that is not less than that Eligible Employee's target Award, as may be established from time-to-time by the Committee; provided that such Eligible Employee:

(A) Received an Award for the Performance Year for which the Award had been paid prior to the Change in Control;

(B) Would have received such an Award but for his or her performance; and

(C) Is an otherwise similarly situated Eligible Employee, who shall be determined by the independent organization appointed by the Committee pursuant to this Section V.(c) on the basis of the Committee's practices in the Performance Year for which the Committee last determined Awards.

Such Awards shall be prorated for the portion of the year the employee is an Eligible Employee during the Performance Year.

Eligible Employees above PSG 43 shall be entitled to receive an Award, if any, for such Performance Year(s) as determined by the independent organization appointed by the Committee pursuant to Section IV.(e).

(2) All such Awards shall be vested upon grant.

(d) Effect of Mandatory Wage Controls. Notwithstanding anything in this Section V. to the contrary, the Committee may cancel the payment of all or any part of an Award under the Plan if the Committee determines that the payment of such Award or part thereof would violate any mandatory wage controls in effect at the time payment would otherwise be made.

SECTION VI.PAYMENT OF AWARDS.

(a) Non-Deferred Awards. Non-deferred Awards shall be paid in the form of a cash lump sum in the Payroll for which payment is scheduled by the Corporation, which in no event shall be later than two and one-half ($2\ ^{1}/_{2}$) months following the end of the calendar year in which the Committee makes the Award.

(b) Deferral of Awards. Deferral of Awards shall be determined under the terms of the Chevron Corporation Deferred Compensation Plan for Chevron Employees II (or any successor plan), its Rules, and in compliance with the requirements of Section 409A of the Code.

SECTION VII.ASSIGNABILITY.

Except as otherwise determined by the Committee, or a domestic relations order enforceable under applicable law, a Participant's Award or the interest, if any, of a Participant's beneficiary may not be assigned, either by voluntary or involuntary assignment or by operation of law, including, but without limitation, garnishment, attachment or other creditor's process and any act in violation hereof shall be void.

CMI09-00539

Source: CHEVRON CORP, 10-K, February 26, 2009

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SECTION VIII.FORFEITURE FOR MISCONDUCT.

Notwithstanding any other provision of the Plan to the contrary, if a Participant engages in Misconduct, the Committee (or its delegate) may determine that:

(a) The Participant shall not receive any future Awards pursuant to the Plan; and

(b) The Corporation may demand repayment of any Award received after June 29, 2005 with respect to a period after the date of the Participant's Misconduct; provided that, following a Change in Control, this Section VIII. shall apply only in the event of Misconduct as defined in Section II.(q)(1) and (2) of the Plan.

(c) Any provision of this Section VIII. which is determined by a court of competent jurisdiction to be invalid or unenforceable should be construed or limited in a manner that is valid and enforceable and that comes closest to the business objectives intended by such invalid or unenforceable provision, without invalidating or rendering unenforceable the remaining provisions of this Section VIII;

SECTION IX.AMENDMENT OF THE PLAN OR AWARDS.

The Board may, at any time, alter, amend or terminate the Plan, provided:

(a) Subject to Sections V.(b)(3) and (d), no amendment, suspension or termination of the Plan nor any amendment, cancellation or modification of any Award outstanding under it that would adversely affect the right of any Participant in an Award or grant previously made under the Plan shall be effective without the written consent of the affected Participant except to the extent necessary to comply with applicable law (including compliance with any provision of law concerning favorable taxation); and

(b) No amendment, revision, suspension or discontinuation of the Plan (including any amendment to this Section IX.) approved by the Board during the Benefit Protection Period under Change in Control shall be valid or effective if such amendment, revision, suspension or discontinuation would alter the provisions of this Section IX. or adversely affect an Award outstanding under the Plan; provided, however, any amendment, revision, suspension or discontinuation may be effected, even if so approved after the public announcement of the proposed transaction which effected, would have constituted a Change in Control, if:

(1) The alteration, amendment or termination is approved after any plans have been abandoned to effect the transaction which, if effected, would have constituted a Change in Control and the event which would have constituted the Change in Control has not occurred; and

(2) Within a period of six months after such approval, no other event constituting a Change in Control shall have occurred, and no public announcement of a proposed event which would constitute a Change in Control shall have been made, unless thereafter any plans to effect the Change in Control have been abandoned and the event which would have constituted the Change in Control has not occurred.

CMI09-00540

Source: CHEVRON CORP, 10-K, February 26, 2009

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(3) Any alteration, amendment or termination of the Plan which is approved by the Board prior to a Change in Control at the request of a third party who effectuates a Change in Control shall be deemed to be an alteration, amendment or termination approved during the Benefit Protection Period.

SECTION X.GENERAL PROVISIONS.

(a) Participant's Rights Unsecured. A Participant shall have no rights other than those of a general creditor of the Corporation. Awards shall represent unfunded and unsecured obligations against the general assets of the Corporation.

(b) Authority to Establish a Grantor Trust. The Committee is authorized in its sole discretion to establish a grantor trust for the purpose of providing security for the payment of Awards under the Plan; provided, however, that no Participant shall be considered to have a beneficial ownership interest (or any other sort of interest) in any specific asset of the Corporation or of its subsidiaries or affiliates as a result of the creation of such trust or the transfer of funds or other property to such trust.

(c) Awards in Foreign Countries. The Committee shall have the authority to adopt such modifications, procedures and sub-plans as may be necessary or desirable to comply with provisions of the laws of foreign countries in which the Corporation may operate to assure the viability of the benefits of Awards made to Participants employed in such countries and to meet the intent of the Plan.

(d) Costs of the Plan. The costs and expenses of administering the Plan shall be borne by the Corporation.

(e) Binding Effect of Plan. The Plan shall be binding upon and shall inure to the benefit of the Corporation, its Successors or Assigns and the Corporation shall require any Successor or Assign to expressly assume and agree to perform the Plan in the same manner and to the same extent that the Corporation would be required to perform it if no such Succession or Assignment had taken place.

(f) No Waiver of Breach. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of the Plan to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions of conditions at the same or at any prior or subsequent time.

(g) No Right to Employment. Neither the Plan, its Rules, nor any Award granted under the Plan shall be deemed to give any individual a right to remain employed by the Corporation. The Corporation reserves the right to Terminate any Eligible Employee at any time and for any reason, which right is hereby reserved.

(h) Choice of Law. The Plan shall be administered, construed and governed in accordance with the Code, and the laws of the State of California, but without regard to its conflict of law rules. Notwithstanding the foregoing, domestic relations orders and the Section III.(q) definition of Misconduct shall be subject to the jurisdiction's law that would otherwise be applicable, but without regard to that particular jurisdiction's conflict of laws rules.

CMI09-00541

Source: CHEVRON CORP, 10-K, February 26, 2009

(i) Severability. The provisions of the Plan shall be deemed severable and the validity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

SECTION XI.EXECUTION.

Approved by the Board at a meeting held on December 10, 2008 and effective January 1, 2008 and executed pursuant to the Board's delegation.

By /s/ Robert J. Eaton Date December 10, 2008

CMI09-00542

Source: CHEVRON CORP, 10-K, February 26, 2009

Exhibit 10.3

LONG-TERM INCENTIVE PLAN OF CHEVRON CORPORATION

(Amended and Restated Effective January 1, 2009)
E-31

CMI09-00543

Source: CHEVRON CORP, 10-K, February 26, 2009

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Source: CHEVRON CORP, 10-K, February 26, 2009

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LONG-TERM INCENTIVE PLAN OF CHEVRON CORPORATION

(Amended and Restated Effective January 1, 2009)

SECTION I.PURPOSE OF THE PLAN.

The purpose of the Long-Term Incentive Plan of Chevron Corporation ("Plan") is to promote and advance the interests of Chevron Corporation and its stockholders by strengthening the ability of the Corporation to attract, motivate and retain managerial and other employees, and to strengthen the mutuality of interests between such employees and the Corporation's stockholders. The Plan was originally adopted by the Board on January 24, 1990 and was approved by the stockholders of the Corporation at the 1990 annual meeting of stockholders. The Plan replaced the Management Contingent Incentive Plan. The Plan has been amended on various occasions. The Plan was amended and restated by the Board effective January 28, 2004 and approved by the stockholders of the Corporation at the 2004 annual meeting of stockholders. The Plan was further amended and restated effective January 1, 2005 to comply with Section 409A of the Code. It was then amended and restated effective December 7, 2005 and December 6, 2006. It is now amended and restated effective January 1, 2009 in order to comply with the Internal Revenue Service's final regulations under Section 409A. This restatement of the Plan shall apply to all Awards made after December 31, 2008. It shall also apply to earlier Awards (other than that of Stock Options, Stock Appreciation Rights, and Restricted Stock) that will be distributed after December 31, 2008.

SECTION II.DEFINITIONS.

For purposes of the Plan, the following terms shall have the meanings set forth below:

(a) "Award" means a grant under the Plan of Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Other Share-Based Awards, or Non-Stock Awards.

(b) "Benefit Protection Period" means the period commencing on the date six months prior to the public announcement of a proposed transaction which, when effected, is a Change in Control and ending on the date which is two years after the date of a Change in Control.

(c) "Board" means the Board of Directors of the Corporation.

(d) "Business in Competition" means any person, organization or enterprise which is engaged in or is about to be engaged in any line of business engaged in by the Corporation at such time.

(e) "Change in Control" means a "change in control" of the Corporation as defined in Article VI. of the bylaws of the Corporation, as such bylaws may be amended from time to time.

(f) "Code" means the Internal Revenue Code of 1986, as amended.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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(g) "Commission" means the federal Securities and Exchange Commission.

(h) "Committee" means the committee of the Board that it appoints to administer the Plan. In the absence of specific action by the Board, the Board shall be deemed to have appointed the Board's Management Compensation Committee.

(i) "Common Stock" means the $0.75 par value common stock of the Corporation or any security of the Corporation identified by the Committee as having been issued in substitution, exchange or lieu thereof.

(j) "Corporation" means Chevron Corporation, a Delaware corporation, or any Successors or Assigns. Where the context shall permit, "Corporation" shall include the Subsidiaries of Chevron Corporation.

(k) "Corporation Confidential Information" includes:

(1) Information embodied in inventions, discoveries and improvements, whether patentable or unpatentable, including trade secrets;

(2) Geological and geophysical data and analyses thereof, well information, discoveries, development initiatives, reserves, offshore bidding strategies, potential value of unleased offshore acreage, exploration and other business strategies and investment plans, business methods, current and planned technology, processes and practices relating to the existence of, exploration for, or the development of oil, gas, or other potentially valuable raw material, product, mineral or natural resource of any kind;

(3) Confidential personnel or Human Resources data;

(4) Customer lists, pricing, supplier lists, and Corporation processes;

(5) Any other information having present or potential commercial value; and

(6) Confidential information of any kind in possession of the Corporation, whether developed for or by the Corporation (including information developed by the Participant), received from a third party in confidence, or belonging to others and licensed or disclosed to the Corporation in confidence for use in any aspect of its business and without regard to whether it is designated or marked as such through use of such words as "classified," "confidential" or "restricted";

Provided, however, that Corporation Confidential Information shall not include any information that is or becomes generally known through no wrongful act or omission of the Participant. However, information shall not fail to be Corporation Confidential Information solely because it is embraced by more general information available on a non-confidential basis.

(l) "Covered Employee" means a covered employee of the Corporation as defined in Section 162(m) of the Code.

(m) "Director" means a member of the Board.

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Source: CHEVRON CORP, 10-K, February 26, 2009

(n) "Dividend Equivalent" means an amount equal to the dividends that would have been payable with respect to Shares of Common Stock if the Participant held Shares rather than such Restricted Stock Units.

(o) "Document" means any devices, records, data, notes, reports, abstracts, proposals, lists, correspondence (including e-mails), specifications, drawings, blueprints, sketches, materials, equipment, reproductions of any kind made from or about such documents or information contained therein, recordings, or similar items.

(p) "Eligible Employee" means any individual who is an employee on the Payroll of the Corporation.

(q) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor statute.

(r) "Fair Market Value" of a Share as of a specified date means a price that is based on the opening, closing, actual, high, low or average selling prices of Shares on the New York Stock Exchange (or other established exchange or exchanges), on the applicable date, the preceding trading day, the next succeeding trading day, or an average of trading days as determined by the Committee in its discretion.

(s) "Full Value Award" means an Award other than in the form of a Stock Option or a Stock Appreciation Right and which is settled by the issuance of Shares and which does not provide for full payment in cash or property for such Shares by the Award recipient as determined under the Rules.

(t) "Grant Eligible Employee" means an Eligible Employee that is employed (at the time of an Award or grant) by the Corporation.

(u) "Independent Director" means a member of the Board that is independent of the Corporation within the meaning of the rules of the New York Stock Exchange.

(v) "Misconduct" of a Participant means:

(1) The Corporation has been required to prepare an accounting restatement due to material noncompliance, as a result of misconduct, with any financial reporting requirement under the securities laws, and the Committee has determined in its sole discretion that the Participant:

(A) Had knowledge of the material noncompliance or circumstances giving rise to such noncompliance and willfully failed to take reasonable steps to bring it to the attention of appropriate individuals within the Corporation; or

(B) Knowingly engaged in practices which materially contributed to the circumstances that enabled such material noncompliance to occur;

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Source: CHEVRON CORP, 10-K, February 26, 2009

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(2) A Participant commits an act of embezzlement, fraud or theft with respect to the property of the Corporation, materially violates the Corporation's conflict of interest policy, or breaches his or her fiduciary duty to the Corporation;

(3) A Participant, while still employed by the Corporation:

(A) Willfully misappropriates or discloses to any person, firm or corporation any Corporation Confidential Information, unless the Participant is expressly authorized by the Corporation's management to disclose such Corporation Confidential Information, pursuant to a written non-disclosure agreement that sufficiently protects it;

(B) Directly or indirectly engages in, commences employment with, or materially renders services, advice or assistance to any Business in Competition with the Corporation other than on behalf of the Corporation;

(C) Induces or attempts to induce, directly or indirectly, any of the Corporation's customers, employees, representatives or consultants to terminate, discontinue or cease working with or for the Corporation, or to breach any contract with the Corporation, in order to work with or for, or enter into a contract with, the Participant or any third party other than when such action is taken on behalf of the Corporation;

(4) A Participant willfully fails to promptly return all Documents and other tangible items belonging to the Corporation that are in his or her possession or control upon termination of employment, whether pursuant to retirement or otherwise;

(5) A Participant willfully commits an act which, under applicable law, constitutes the misappropriation of a Corporation trade secret or otherwise violates the law of unfair competition with respect to the Corporation; including, but not limited to, unlawfully:

(A) Using or disclosing Corporation Confidential Information; or

(B) Soliciting (or contributing to the soliciting of) the Corporation's customers, employees, representatives, or consultants to:

(i) Terminate, discontinue or cease working with or for the Corporation; or

(ii) To breach any contract with the Corporation, in order to work with or for, or enter into a contract with, the Participant or any third party;

(6) A Participant willfully fails to inform any new employer of the Participant's continuing obligation to maintain the confidentiality of the trade secrets and other Corporation Confidential Information obtained by the Participant during the term of his or her employment with the Corporation;

The Committee shall determine in its sole discretion whether the Participant has engaged in any of the acts set forth in subsections (1) through (6) above, and its determination shall be conclusive and binding on all interested persons.

CMI09-00550

Source: CHEVRON CORP, 10-K, February 26, 2009

(w) "Non-Employee Director" means a Director who is not an employee of the Corporation as provided in Rule 16b-3.

(x) "Non-Stock Award" means an Award under the Plan, for which the amount, value and denomination are not determined with reference to, or expressed in, Shares.

(y) "Non-Stock Award Agreement" means the agreement between the Corporation and the recipient of a Non-Stock Award that contains the terms and conditions pertaining to the Non-Stock Award.

(z) "Optionee" means an Eligible Employee who has received the grant of a Stock Option. An Optionee shall also be a Participant.

(aa) "Other Share-Based Award" means an Award granted pursuant to Section X. of the Plan.

(bb) "Other Share-Based Award Agreement" means the agreement between the Corporation and the recipient of an Other Share-Based Award that contains the terms and conditions pertaining to the Other Share-Based Award.

(cc) "Outside Director" means an outside director of the Board within the meaning of Section 162(m) of the Code.

(dd) "Participant" means an Eligible Employee who is granted an Award under the Plan.

(ee) "Payroll" means the system used by the Corporation to pay those individuals it regards as Corporation employees for their services and to withhold employment taxes from the compensation it pays to such employees. "Payroll" does not include any system the Corporation uses to pay individuals whom it does not regard as Corporation employees and for whom it does not actually withhold employment taxes (including, but not limited to, individuals it regards as independent contractors) for their services.

(ff) "Performance Share" means a unit granted by the Committee as described in Section X. of the Plan.

(gg) "Plan" means the Long-Term Incentive Plan of Chevron Corporation, as amended from time to time.

(hh) "Restricted Stock" means Shares granted pursuant to Section IX. of the Plan.

(ii) "Restricted Stock Agreement" means the agreement between the Corporation and the recipient of Restricted Stock that contains the terms, conditions and restrictions pertaining to such Restricted Stock.

CMI09-00551

Source: CHEVRON CORP, 10-K, February 26, 2009

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(jj) "Restricted Stock Award" means an Award granted pursuant to the provisions of Section IX. of the Plan.

(kk) "Restricted Stock Unit" means a bookkeeping entry unit granted by the Committee that is measurable with respect to Shares, and that is forfeitable and restricted as provided in Section X. of the Plan.

(ll) "Restriction Period" means with respect to a Restricted Stock Share or a Restricted Stock Unit, the period from grant until the earlier of the date that the restrictions lapse or the Share or Unit is forfeited.

(mm) "Rule 16b-3" means Rule 16b-3 promulgated by the Commission pursuant to the Exchange Act, or any successor or replacement rule adopted by the Commission.

(nn) "Rules" means regulations and rules adopted from time to time by the Committee.

(oo) "Share" means one share of Common Stock, adjusted in accordance with Section XII. (if applicable).

(pp) "Stock Appreciation Right" or "SAR" means a right to the payment of the appreciation in Share price as described in Sections VIII. and X. of the Plan.

(qq) "Stock Option" means a non-statutory stock option granted pursuant to Section VIII. of the Plan.

(rr) "Stock Option Agreement" means the agreement between the Corporation and the Optionee that contains the terms and conditions pertaining to a Stock Option.

(ss) "Subsidiary" means any corporation or entity with respect to which the Corporation, one or more Subsidiaries, or the Corporation together with one or more Subsidiaries, owns not less than eighty percent (80%) of the total combined voting power of all classes of stock entitled to vote, or not less than eighty percent (80%) of the total value of all shares of all classes of stock.

(tt) "Stock Unit" means a bookkeeping entry unit granted by the Committee that is measurable with respect to Shares as provided in Section X. of the Plan.

(uu) "Successors or Assigns" means a corporation or other entity acquiring all or substantially all the assets and business of the Corporation (including the Plan) whether by operation of law or otherwise, including any corporation or other entity effectuating a Change in Control of the Corporation.

(vv) "Termination", "Terminated", or "Terminate" means that a Participant's formal employment relationship with the Corporation has ended, including by reason of death.

(1) A formal employment relationship with the Corporation cannot exist unless an individual is on the Payroll.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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(2) A Participant shall be deemed to have Terminated upon the earlier of

(A) Twenty-nine (29) months after the commencement of long-term disability benefits under a plan or program sponsored by the Corporation; or

(B) The date the Participant either fails to qualify or no longer qualifies for such long-term disability benefits, provided that he or she does not return to active employment with the Corporation at that time.

SECTION III.ADMINISTRATION.

The Plan shall be administered by the Committee.

(a) Composition of the Committee.

(1) The Committee shall consist of not less than a sufficient number of Non-Employee Directors so as to qualify the Committee to administer the Plan as contemplated by Rule 16b-3 and each of whom shall be an Independent Director.

(2) The Board shall appoint one (1) of the members of the Committee as chair.

(3) If any Committee member does not qualify as an Outside Director, Awards under the Plan for Covered Employees shall be administered by a subcommittee consisting of each Committee member who qualifies as an Outside Director. If fewer than two (2) Committee members qualify as an Outside Director, the Board shall appoint one (1) or more other members to such subcommittee who do qualify as Outside Directors so that it shall at all times consist of at least two (2) members who qualify as an Outside Director for purposes of Section 162(m) of the Code.

(4) The Board may, from time to time, remove members from, add members to, or fill vacancies on the Committee. If fewer than two Committee members qualify as an Outside Director, the Board shall appoint one (1) or more new members who so qualify and they shall be members of the subcommittee described in Section III.(a)(3) so that at all times it consists of at least two (2) members who qualify as Outside Directors.

(5) In the event that the Committee will not satisfy the requirements of Rule 16b-3, the Board shall appoint another committee that shall satisfy such requirements.

(b) Actions by the Committee. The Committee shall hold meetings at such times and places as it may determine. Acts approved by a majority of the members of the Committee present at a meeting at which a quorum is present, or acts reduced to or approved in writing by a majority of the members of the Committee, shall be the valid acts of the Committee.

(c) Powers of the Committee.

(1) The Committee's authority includes the rights to:

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Source: CHEVRON CORP, 10-K, February 26, 2009

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(A) Construe and interpret the Plan;

(B) Promulgate, amend, interpret, and rescind Rules relating to the implementation of the Plan;

(C) Select which Grant Eligible Employees shall be granted Awards;

(D) Determine the number of Shares or Share equivalents to be subject to each Award;

(E) Determine the Award price, if any;

(F) Determine the vesting or duration of Awards;

(G) Determine other terms and conditions of Awards;

(H) Adopt procedures for the disposition of Awards in the event of a Participant's divorce or dissolution of marriage; and

(I) Make all other determinations necessary or advisable for the administration of the Plan.

(2) Notwithstanding Section III.(c)(1) of the Plan:

(A) No provision in the Plan referencing the Committee's discretion shall be construed as granting the Committee the authority to exercise discretion in a manner that is inconsistent with the Plan; and

(B) Adoption of Rules by the Committee is an exercise of the Committee's discretion. Once adopted, the Committee may not exercise additional discretion that is inconsistent with the Rules without amending the Rules.

(3) Subject to the requirements of applicable law, the Committee may designate other persons to carry out its responsibilities and may prescribe such conditions and limitations as it may determine in its sole discretion, except that the Committee may not delegate its authority with regard to the selection for participation or the granting of Awards to persons subject to Section 16 of the Exchange Act.

(4) Any determination, decision or action of the Committee in connection with the construction, interpretation, administration, or application of the Plan shall be final, conclusive and binding upon all persons participating in the Plan and any person validly claiming under or through persons participating in the Plan.

(d) Liability of Committee Members. No member of the Board or the Committee shall be liable for any action or determination made in good faith by the Board or the Committee with respect to the Plan or any Award under it.

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Source: CHEVRON CORP, 10-K, February 26, 2009

(e) Administration of the Plan Following a Change in Control. Within thirty (30) days after the occurrence of a Change in Control, the Committee shall appoint an independent organization which shall thereafter administer the Plan and have all of the powers and duties formerly held and exercised by the Committee with respect to the Plan as provided in Section III.(c). Upon such appointment, the Committee shall cease to have any responsibility with respect to the administration of the Plan.

SECTION IV.DURATION OF THE PLAN.

The Plan shall terminate on the earlier of the date it is terminated by the Board or January 27, 2014.

SECTION V.SHARES SUBJECT TO THE PLAN.

(a) Maximum Number of Shares. Effective April 28, 2004 and with respect to April 28, 2004 and later grants, the maximum number of Shares which may be issued under the Plan shall be one hundred sixty million (160,000,000) Shares; provided, however, that the maximum number of Shares which may be issued under the Plan subject to Full Value Awards shall be sixty-four million (64,000,000) Shares. The limitations set forth in this Section V.(a) have been adjusted and shall be subject to adjustment as provided in Section XII. For Awards granted prior to April 28, 2004, the maximum number of Shares for which Awards may be granted was set forth in the Plan prior to the January 28, 2004 amendment and restatement.

(b) Accounting for Number of Shares.

(1) Shares covered by an Award shall only be counted against the limit set forth in Section V.(a) as used to the extent that such Shares are actually issued;

(2) Any Shares related to Awards which terminate by expiration, forfeiture, cancellation or otherwise without the issuance of such Shares, are settled in cash in lieu of Shares, or are exchanged, with the Committee's permission, prior to the issuance of Shares, for Awards not involving Shares, shall be available again for grant under the Plan;

(3) If the exercise price of any Stock Option granted under the Plan or the tax withholding requirements with respect to any Award under the Plan are satisfied by tendering Shares to the Corporation (either by attestation or actual delivery) or if a Stock Appreciation Right is exercised, only the number of Shares issued, net of the Shares tendered, if any, shall be deemed delivered for purposes of determining the maximum number of Shares available for issuance under the Plan; and

(4) The maximum number of Shares available for issuance under the Plan under Section V.(a) shall not be reduced to reflect any dividends or Dividend Equivalents that are reinvested into additional Shares or credited with respect to any Award outstanding under the Plan.

(c) Source of Stock Issued Under the Plan. Common Stock issued under the Plan may be either authorized and unissued Shares or issued Shares that have been reacquired by the Corporation, as determined in the sole discretion of the Committee. No fractional Shares of Common Stock shall be issued under the Plan.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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SECTION VI.PERSONS ELIGIBLE FOR AWARDS.

Grant Eligible Employees (including officers, whether or not they are directors) are eligible to receive Awards under the Plan within the sole discretion of the Committee. In its sole discretion, the Committee may award a Grant Eligible Employee more than one Award, including Awards of the same type.

SECTION VII.AGGREGATE LIMITS ON AWARDS.

The following aggregate limits shall apply to grants of Awards under the Plan:

(a) Stock Options, Stock Appreciation Rights, Restricted Stock and Other Share-Based Awards. The aggregate number of Shares that may be granted in the form of Stock Options, Stock Appreciation Rights, Restricted Stock and Other Share-Based Awards in any one calendar year to any Participant shall not exceed four million (4,000,000) Shares. This limitation shall be subject to adjustment as provided in Section XII.

(b) Non-stock Awards. The value of all Non-Stock Awards granted in any single calendar year to any Participant shall not exceed $4,000,000. For this purpose, the value of a Non-Stock Award shall be determined on the grant date without regard to any conditions imposed on the Non-Stock Award.

SECTION VIII.STOCK OPTIONS.

(a) Limitation to Non-Statutory Stock Options. All Stock Options granted under the Plan shall be in the form of non-statutory stock options, i.e. options that are not incentive stock options within the meaning of Section 422 of the Code. All Stock Options shall be subject to the following terms and conditions and shall contain such additional terms and conditions as the Committee shall determine in its sole discretion.

(b) Awards of Stock Options. The Committee shall have authority in its sole discretion to determine the Grant Eligible Employees to whom and the time or times at which grants of Stock Options shall be made. The terms of each Stock Option shall be set forth in a Stock Option Agreement, including, without limitation, restrictions upon the exercise of the Stock Option or restrictions on the transferability of Shares issued upon the exercise of a Stock Option, as the Committee shall determine in its sole discretion. Stock Options may be granted alone, in addition to, or in tandem with other Awards under the Plan.

(c) Number of Shares. Each Stock Option Agreement shall state the number of Shares to which the Stock Option Agreement pertains and shall provide for the adjustment thereof in accordance with the provisions of Section XII. No fractional Shares shall be issued pursuant to the exercise of a Stock Option.

(d) Exercise Price. Each Stock Option Agreement shall state the exercise price per Share, which shall be determined by the Committee in its sole discretion; provided, however, that the exercise price shall never be less than one hundred percent (100%) of the Share's Fair Market Value on the grant date.

Source: CHEVRON CORP, 10-K, February 26, 2009

(e) Method of Payment. A Stock Option may be exercised, in whole or in part, by giving notice of exercise in the manner prescribed by the Corporation specifying the number of Shares to be purchased. Such notice shall be accompanied by payment in full of the purchase price in cash or, if acceptable to the Committee in its sole discretion:

(1) In Shares already owned by the Participant (including, without limitation, by attestation to the ownership of such Shares);

(2) By the withholding and surrender of the Shares subject to the Stock Option;

(3) By delivery (on a form prescribed by the Committee) of an irrevocable direction to a securities broker approved by the Committee to sell Shares and to deliver all or part of the sales proceeds to the Corporation in payment of all or part of the purchase price and any withholding taxes; or

(4) In any other form acceptable to the Committee that is consistent with applicable law.

(f) Term and Exercise of Stock Options; Non-Transferability of Stock Options.

(1) Each Stock Option Agreement shall state the time or times when the Stock Options become exercisable and the time or times when any Stock Appreciation Right granted with it may be exercised, which shall be determined by the Committee in its sole discretion subject to the following:

(A) No Stock Option shall be exercisable before the completion of a specified period of continued employment with the Corporation after the date the Stock Option is granted (except upon a Change in Control where the Participant qualifies for severance pay under a Change in Control severance pay program maintained by the Corporation).

(B) No Stock Option shall be exercisable for more than ten (10) years from the date it is granted.

(2) Except as determined by the Committee in its sole discretion, the Participant shall not be permitted to sell, transfer, pledge, assign or encumber Stock Options during the lifetime of the Optionee. Notwithstanding the foregoing, any Stock Option may be transferred or assigned:

(A) After the Optionee's death to his or her beneficiary designated pursuant to procedures adopted by the Committee; and

(B) Pursuant to a domestic relations order enforceable under applicable law.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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(g) Termination of Employment. The Rules and/or individual Stock Option Agreement shall set forth the extent to which the Optionee shall have the right to exercise the Stock Option following Termination. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Stock Options issued pursuant to the Plan, and may reflect distinctions based on the reasons for Termination.

(h) Rights as a Stockholder. An Optionee or a transferee of an Optionee shall have no rights as a stockholder with respect to any Shares covered by his or her Stock Option until the date such interest is recorded as a book entry on the records of the Corporation. No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions or other rights for which the record date is prior to the date such interest is recorded as a book entry in the records of the Corporation. Stock Options are subject to adjustment as provided in Section XII.

(i) Stock Appreciation Rights. In connection with the grant of any Stock Option pursuant to the Plan, the Committee, in its sole discretion, may also grant a Stock Appreciation Right pursuant to which the Optionee shall have the right to surrender all or part of the unexercised portion of such Stock Option, exercise the Stock Appreciation Right, and thereby obtain payment of an amount equal to (or less than, if the Committee shall so determine in its sole discretion at the time of grant) the difference obtained by subtracting the aggregate exercise price of the Shares subject to the Stock Option (or the portion thereof) so surrendered from the market price (as determined under the Rules) of such Shares on the date of such surrender. The exercise of such Stock Appreciation Right shall be subject to such limitations (including, but not limited to, limitations as to time and amount) as the Committee shall determine in its sole discretion. The payment for Stock Appreciation Rights may be made in Shares (determined with reference to its Fair Market Value on the date of exercise), or in cash, or partly in cash and in Shares, as determined in the sole discretion of the Committee. In the event of the exercise of a Stock Appreciation Right, the underlying Stock Option shall be deemed to have been exercised for all purposes under the Plan, including Section V. Stock Appreciation Rights are subject to adjustment as provided in Section XII.

SECTION IX.RESTRICTED STOCK.

(a) Restricted Stock Awards. The Committee shall have authority in its sole discretion to determine the Grant Eligible Employees to whom, and the time or times at which, grants of Restricted Stock shall be made; the number of Shares of Restricted Stock to be awarded; the price (if any) to be paid by the recipient of Restricted Stock; the time or times within which such Awards may be subject to forfeiture; the time or times when restrictions shall lapse; and all other terms and conditions of the Awards.

(1) For any Restricted Stock Award, the Corporation shall receive consideration in an amount at least equal to any amount required to be received by the Corporation under Delaware law for the valid issuance of fully paid and non-assessable stock.

(2) The Committee may condition the grant of a Restricted Stock Award upon the attainment of specified performance goals (such as earnings per share, total shareholder return, return on capital employed, operating margin, operating expense, or cash flow) or such other factors as the Committee may determine in its sole discretion.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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(3) Restricted Stock Awards may be granted alone, in addition to, or in tandem with, other Awards under the Plan.

(4) Each Participant receiving a Restricted Stock Award shall have his or her interest in the Restricted Stock recorded as a book entry on the records of the Corporation, subject to adjustment as provided in Section XII.

(b) Terms, Conditions, and Restrictions. The terms of each Restricted Stock Award shall be set forth within the sole discretion of the Committee in the Restricted Stock Agreement.

(1) The Committee shall specify the terms, conditions and restrictions applicable to Shares of Restricted Stock.

(2) These terms, conditions and restrictions must include continued employment with the Corporation for a specified period of time following the grant date, provided that they may also provide for the lapse of such restrictions upon Termination or taxation (other than through an election under Section 83(b) of the Code or similar provision) prior to the completion of a specified period or the attainment of designated performance objectives.

(A) With respect to the Restricted Stock during the Restriction Period; the Committee may provide for the lapse of any such term, condition or restriction in installments and may accelerate or waive such term, condition or restriction, in whole or in part, based on service, performance, and/or such other factors or criteria as the Committee may determine in its sole discretion.

(B) Except as provided by the Committee, the Participant shall not be permitted to sell, transfer, pledge, assign or encumber Restricted Stock awarded under the Plan during the Restriction Period. Notwithstanding the foregoing, any Restricted Stock may be transferred:

(i) After the Participant's death to his or her beneficiary designated pursuant to procedures adopted by the Committee; or

(ii) Pursuant to a domestic relations order enforceable under applicable law.

(c) Limitations. Notwithstanding Section IX.(b)(1);

(1) With the exception for a sum of Restricted Stock and Restricted Stock Units counted pursuant to Section V.(b) against Shares authorized for issuance up to a maximum of five percent (5%) of the total Shares authorized under Section V.(a),

(A) The restrictions on Restricted Stock may not lapse more rapidly than pro rata on an annual basis over a three (3) year period; and

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Source: CHEVRON CORP, 10-K, February 26, 2009

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(B) Any Awards of Restricted Stock which vest upon the attainment of performance goals shall provide for a performance period of no less than twelve (12) months.

(2) The Restricted Stock may be forfeited as provided in Section XIII.

(d) Rights as a Stockholder. Except as otherwise inconsistent with the provisions of this Section IX.:

(1) The Participant shall have all of the rights of a stockholder of the Corporation with respect to the Shares of Restricted Stock, including the right to vote the Shares and the right to receive any cash or stock dividends; and

(2) Payment of cash dividends shall be made at a time consistent with that of other shareholders, except that payment shall not be later than two and one-half ($2\ ^{1}/_{2}$) months after the record date. Cash dividends may not be deferred.

(e) Recording of the Participant's Interest. If and when the Restriction Period applicable to Shares of Restricted Stock expires without a prior forfeiture of the Restricted Stock, an appropriate book entry recording the Participant's interest in the unrestricted Shares shall be entered on the records of the Company, subject to adjustment as provided in Section XII.

SECTION X.OTHER SHARE-BASED AWARDS.

(a) Grants.

(1) Other Share-Based Awards may include, but are not limited to:

(A) Performance Shares;

(B) Stock Units;

(C) Restricted Stock Units;

(D) Stock Appreciation Rights not granted in connection with the grant of Stock Options pursuant to Section VIII.;

(E) Dividend Equivalents;

(F) The grant of Shares conditioned upon

(i) Some specified event; or

(ii) The lapse of restrictions on Restricted Stock;

(G) The payment of cash based upon the performance of the Shares; or

(H) The grant of securities convertible into Shares.

(2) The Committee shall have sole discretion to determine:

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Source: CHEVRON CORP, 10-K, February 26, 2009

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(A) The Grant Eligible Employees to whom to grant Other Share-Based Awards;

(B) When to grant Other Share-Based Awards;

(C) The number of Shares or other securities, if any, to be granted pursuant to Other Share-Based Awards; and

(D) All other conditions of the Other Share-Based Awards, including, without limitation, whether Stock Appreciation Rights not granted in connection with the grant of any Stock Option shall be settled in cash or in Shares.

(b) Terms, Conditions, and Restrictions. The terms of each Other Share-Based Award shall be set forth in the Other Share-Based Award Agreement. Such terms shall be within the sole discretion of the Committee.

(1) The Committee shall specify the terms, conditions and restrictions governing the vesting, forfeiture or lapse of restrictions for the Other Share-Based Awards.

(A) These terms, conditions and restrictions must include continued employment with the Corporation for a specified period of time (as determined under the Rules) following the grant date; but may also provide for vesting upon Termination prior to the completion of a specified period or the attainment of designated performance objectives.

(B) The Committee may provide for the lapse of any such term, condition or restriction in installments and may accelerate or waive such term, condition or restriction in whole or in part; based on service, performance, and/or such other factors or criteria as the Committee may determine in its sole discretion.

(C) The Committee may condition the grant of an Other Share-Based Award upon the attainment of specified performance goals (such as earnings per share, total shareholder return, return on capital employed, operating margin, operating expense or cash flow) or such other factors as the Committee may determine, in its sole discretion.

(2) In making an Other Share-Based Award, the Committee may determine that a Participant shall be entitled to receive (currently or on a deferred basis) interest, dividends, or Dividend Equivalents with respect to the Shares or other securities covered by the Award; and the Committee may provide that such amounts (if any) shall be deemed to have been reinvested in additional Shares or otherwise reinvested.

(3) Except as otherwise provided in the Rules or in an Other Share-Based Award Agreement, any Other Share-Based Award may not be sold, assigned, transferred, pledged or otherwise encumbered prior to the date on which the Shares are issued or the Award becomes payable, or, if later, the date on which any applicable restriction, performance or deferral period expires or lapses. Notwithstanding the foregoing, Other Share Based Awards may be transferred:

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Source: CHEVRON CORP, 10-K, February 26, 2009

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(A) After the Participant's death, to his or her beneficiary designated pursuant to procedures adopted by the Committee; and

(B) Pursuant to a domestic relations order enforceable under applicable law.

(4) The Rules or Other Share-Based Award Agreement shall contain provisions dealing with the disposition of such Award in the event of a termination of the Participant's employment prior to the exercise, realization or payment of such Award.

(c) Limitations. Notwithstanding Section X.(b)(1):

(1) With the exception for a sum of Restricted Stock and Restricted Stock Units counted pursuant to Section V.(b) against Shares authorized for issuance up to a maximum of five percent (5%) of the total Shares authorized under Section V.(a),

(A) The restrictions on Restricted Stock Units may not lapse more rapidly than pro rata on an annual basis over a three (3) year period; and

(B) Any Awards of Restricted Stock Units which vest upon the attainment of performance goals shall provide for a performance period of no less than twelve (12) months.

(2) The Other Share-Based Award may be forfeited as provided in Section XIII.

SECTION XI.NON-STOCK AWARDS.

(a) Grants.

(1) Non-Stock Awards may be granted to Grant Eligible Employees either alone or in addition to or in conjunction with other Awards under the Plan. Awards under this Section XI. may take any form that the Committee shall determine in its sole discretion.

(2) The Committee shall have sole and complete authority to determine the Grant Eligible Employees to whom and the time or times at which Non-Stock Awards shall be made, the amount of any Non-Stock Award and all other conditions of the Non-Stock Awards. The Committee may condition the grant of a Non-Stock Award upon the attainment of specified performance goals (such as earnings per share, total shareholder return, return on capital employed, operating margin, operating expense or cash flow) or such other factors as the Committee may determine, in its sole discretion.

(b) Terms and Conditions.

(1) The terms of any Non-Stock Award shall be set forth in a Non-Stock Award Agreement between the Corporation and the Eligible Employee, which shall contain provisions:

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Source: CHEVRON CORP, 10-K, February 26, 2009

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(A) Dealing with the disposition of such Award in the event of a Termination prior to the exercise, realization or payment of such Award; and

(B) Such other provisions as the Committee determines to be necessary or appropriate within its sole discretion.

(2) Non-Stock Awards may not be sold, assigned, transferred, pledged or otherwise encumbered prior to the date on which the Award becomes payable, or, if later, the date on which the requirements of any applicable restriction, condition, performance goal or deferral period is met or lapses. Notwithstanding the foregoing, Non-Stock Awards may be transferred:

(i) As otherwise provided in the Non-Stock Award Agreement;

(ii) After the Participant's death, to his or her beneficiary designated pursuant to procedures adopted by the Committee; and

(iii) Pursuant to a domestic relations order enforceable under applicable law.

(3) Notwithstanding any provision of this Section XI, Non-Stock Awards may be forfeited as provided in Section XIII.

SECTION XII.RECAPITALIZATION.

(a) Subject to any required action by the stockholders, the number of Shares covered by the Plan as provided in Section V., the maximum number of Shares that may be granted to any one individual in any calendar year as provided in Section VII., the number of Shares covered by or referred to in each outstanding Award (other than an Award of Restricted Stock that is outstanding at the time of the event described in this paragraph), and the Exercise Price of each outstanding Stock Option and any price required to be paid for Restricted Stock not yet outstanding at the time of the event described in this paragraph or Other Share-Based Award shall be proportionately adjusted for:

(1) Any increase or decrease in the number of issued Shares resulting from a subdivision or consolidation of Shares;

(2) The payment of a stock dividend (but only of Common Stock) or any other increase or decrease in the number of such Shares effected without receipt of consideration by the Corporation; or

(3) The declaration of a dividend payable in cash that has a material effect on the price of issued Shares.

(b) Subject to any required action by the stockholders, if the Corporation is the surviving corporation in any merger, consolidation or other reorganization, each outstanding Award (other than an Award of Restricted Stock that is outstanding at such time) shall pertain and apply to the securities to which a holder of the number of Shares subject to the Award would have been entitled.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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(c) In the event of a dissolution or liquidation of the corporation or a merger, consolidation or other reorganization in which the Corporation is not the surviving corporation, each outstanding Stock Option, each unvested Restricted Stock Award or Other Share-Based Award and each Non-Stock Award shall be assumed by the surviving corporation and each Stock Option, unvested Restricted Stock Award and Other Share-Based Award shall pertain to a comparable number of shares in the surviving corporation, unless the terms of the agreement of merger, consolidation or reorganization call for the full vesting and cash out of such Awards.

(d) In the event of a change in the Common Stock, which is limited to a change of all of the Corporation's authorized shares with par value into the same number of shares with a different par value or without par value, the shares resulting from any such change shall be deemed to be the Common Stock within the meaning of the Plan.

(e) The Committee shall make equitable adjustments in the number of Shares covered by the Plan and the price or other value of any outstanding Awards in the event of a spin-off or other distribution (other than normal cash dividends) of Corporation assets to stockholders.

(f) To the extent that the foregoing adjustments relate to stock or securities of the Corporation, such adjustments shall be made by the Committee, and the action in that respect shall be final, binding and conclusive.

(g) Except as expressly provided in this Section XII., a Participant shall have no rights by reason of any subdivision or consolidation of shares of stock of any class or the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class or by reason of any dissolution, liquidation, merger or consolidation or spin-off of assets or stock of another corporation, and any issuance by the Corporation of shares of stock of any class or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to the Stock Option.

(h) The grant of an Award pursuant to the Plan shall not affect in any way the right or power of the Corporation to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

(i) The Committee shall prescribe rules governing the adjustment of the number of shares covered by the Plan as provided in Section V. and of Awards outstanding under the Plan in the event that the preferred stock purchase rights issued pursuant to the Corporation's stockholder rights plan or any successor rights plan detach from the Common Stock and become exercisable.

SECTION XIII.FORFEITURE FOR MISCONDUCT.

(a) Notwithstanding any other provision of this Plan to the contrary, if a Participant engages in Misconduct the Committee (or its delegate) may:

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Source: CHEVRON CORP, 10-K, February 26, 2009

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(1) Rescind the exercise of any Stock Option granted on or after June 29, 2005 and exercised on or after the date the Participant's Misconduct occurred and cancel all Awards granted on or after June 29, 2005 and outstanding on the date of discovery of the Participant's Misconduct; and

(2) Demand that the Participant repay any cash distributed to the Participant in respect of any Award granted on or after June 29, 2005 or pay over to the Corporation the proceeds (less the Participant's purchase price, if any) received by the Participant upon the sale, transfer or other transaction involving the Shares acquired upon the exercise of any Stock Option granted on or after June 29, 2005 and exercised on or after the date the Participant's Misconduct occurred or upon the vesting of any Award granted on or after June 29, 2005 and vested after the date of the Participant's Misconduct, in such manner and on such terms and conditions as may be required, and, without limiting any other remedy the Corporation or its affiliates may have, the Corporation shall be entitled to set-off against the amount of any such proceeds any amount owed the Participant by the Corporation or its affiliates to the fullest extent permitted by law;

Provided that, following a Change in Control, this Section XIII. shall apply only in the event of Misconduct as defined in Section II.(v)(1) and (2) of the Plan.

(b) Notwithstanding any other provision of the Plan to the contrary, until any Award that does not constitute non-qualified deferred compensation within the meaning of Section 409A of the Code is delivered or distributed, such Award is subject to forfeiture if the Participant is indebted to the Corporation at the time when the Award becomes payable or distributable. In such case, such Award (to the extent that the amount thereof does not exceed such indebtedness determined as of the date payment is scheduled to be made) shall be forfeited and the Participant's indebtedness to the Corporation shall be extinguished to the extent of such forfeiture.

(c) Any provision of this Section XIII. which is determined by a court of competent jurisdiction to be invalid or unenforceable should be construed or limited in a manner that is valid and enforceable and that comes closest to the business objectives intended by such invalid or unenforceable provision, without invalidating or rendering unenforceable the remaining provisions of this Section XIII.

SECTION XIV.SECURITIES LAW REQUIREMENTS.

No Shares shall be issued and no Stock Options shall become exercisable pursuant to the Plan unless and until the Corporation has determined that:

(a) It and the Participant have taken all actions required to register the Shares under the Securities Act of 1933, as amended, or perfect an exemption from the registration requirements thereof;

(b) Any applicable listing requirement of any stock exchange on which the Common Stock is listed has been satisfied; and

(c) Any other applicable provision of state or federal law has been satisfied.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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SECTION XV. AMENDMENTS OF THE PLAN OR AWARDS.

(a) Amendment of the Plan. The Board may, at any time, alter, amend or terminate the Plan; provided:

(1) The Board may, insofar as permitted by law, from time to time, with respect to any Shares at the time not already subject to Awards, suspend or discontinue the Plan or revise or amend it in any respect whatsoever. However, unless the Board specifically otherwise provides, any revision or amendment that would cause the Plan to fail to comply with Rule 16b-3 or any other requirement of applicable law or regulation if such amendment were not approved by the holders of the Common Stock of the Corporation shall not be effective unless and until the approval of the holders of Common Stock of the Corporation is obtained.

(2) No amendment, revision, suspension or discontinuation of the Plan (including any amendment to this Section XV.) approved by the Board during the Benefit Protection Period under Change in Control shall be valid or effective if such amendment, revision, suspension or discontinuation would alter the provisions of this Section XV. or adversely affect an Award outstanding under the Plan; provided, however, any amendment, revision, suspension or discontinuation may be effected, even if so approved after the public announcement of the proposed transaction which effected, would have constituted a Change in Control, if:

(A) The amendment or revision is approved after any plans have been abandoned to effect the transaction which, if effected, would have constituted a Change in Control and the event which would have constituted the Change in Control has not occurred; and

(B) Within a period of six (6) months after such approval, no other event constituting a Change in Control shall have occurred, and no public announcement of a proposed event which would constitute a Change in Control shall have been made, unless thereafter any plans to effect the Change in Control have been abandoned and the event which would have constituted the Change in Control has not occurred.

(3) Any amendment, revision, suspension or discontinuation of the Plan which is approved by the Board prior to a Change in Control at the request of a third party who effectuates a Change in Control shall be deemed to be an amendment, revision, suspension or discontinuation of the Plan so approved during the Benefit Protection Period.

(b) Amendments of Awards. Subject to the terms of the Plan, the Committee may amend, cancel, modify, extend or renew outstanding Awards granted under the Plan; provided, however, that the post-Termination exercise of an outstanding Stock Option shall not be extended to a date later than the date the Stock Option is originally scheduled to expire. Notwithstanding the foregoing, no Stock Option or, as applicable, any other Award shall be repriced under this Plan.

(c) Rights of Participant. Notwithstanding any other provision of this Section XV., no amendment, suspension or termination of the Plan nor any amendment, cancellation or modification of any Award outstanding under it that would adversely affect the right of any Participant in an Award previously granted under the Plan shall be effective without the written consent of the affected Participant except to the extent necessary to comply with applicable law (including compliance with any provision of law concerning favorable taxation).

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Source: CHEVRON CORP, 10-K, February 26, 2009

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SECTION XVI.GENERAL PROVISIONS.

(a) Authority to Satisfy Obligations. The Committee shall have the authority to grant Awards as an alternative to or as the form of payment for grants or rights earned or due under other compensation plans or arrangements of the Corporation, including, without limitation, any plans or arrangements of any employer acquired by the Corporation.

(b) Participants' Stockholder Rights. A Participant shall have no dividend rights, voting rights or other rights as a stockholder with respect to any Shares covered by his or her Award prior to the date such interest is recorded as a book entry on the records of the Corporation. No adjustment shall be made for cash dividends or other rights for which the record date is prior to the date when such interest is recorded.

(c) Participant's Rights Unsecured. A holder of an Other Share-Based Award or a Non-Stock Award shall have no rights other than those of a general creditor of the Corporation. Other Share-Based Awards and Non-Stock Awards shall represent unfunded and unsecured obligations against the general assets of the Corporation, subject to the terms and conditions of the applicable Other Share-Based Award Agreement and of the Non-Stock Award Agreement.

(d) Authority to Establish a Grantor Trust. The Committee is authorized in its sole discretion to establish a grantor trust for the purpose of providing security for the payment of Awards under the Plan; provided, however, that no Participant shall be considered to have a beneficial ownership interest (or any other sort of interest) in any specific asset of the Corporation as a result of the creation of such trust or the transfer of funds or other property to such trust.

(e) No Obligation to Exercise Stock Option. The granting of a Stock Option shall impose no obligation upon the Optionee to exercise such Stock Option.

(f) Participant's Beneficiary. The Rules may provide that in the case of an Award that is not forfeitable by its terms upon the death of the Participant, the Participant may designate a beneficiary with respect to such Award in the event of death of a Participant.

(g) Deferral Elections. Grants under the Plan other than Stock Options and Stock Appreciation Rights may be deferred, if so provided in the Award agreement, to the extent permitted under the terms of the Chevron Corporation Deferred Compensation Plan for Management Employees II (or any successor plan) and in compliance with the requirements of Section 409A of the Code.

(h) Awards in Foreign Countries. The Committee shall have the authority to adopt such modifications, procedures and sub plans as may be necessary or desirable to comply with provisions of the laws of foreign countries in which the Corporation may operate to assure the viability of the benefits of Awards made to Participants employed in such countries and to meet the intent of the Plan.

CMI09-00567

Source: CHEVRON CORP, 10-K, February 26, 2009

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(i) Withholding Taxes.

(1)General. To the extent required by applicable federal, state, local or foreign law, the recipient of any payment or distribution under the Plan shall make arrangements satisfactory to the Corporation for the satisfaction of any withholding tax obligations that arise by reason of such payment or distribution. The Corporation shall not be required to make such payment or distribution until such obligations are satisfied.

(2)Stock Withholding. The Committee in its sole discretion may permit a Participant to satisfy all or part of his or her withholding tax obligations incident to the exercise of a Stock Option or the vesting of Restricted Stock by having the Corporation withhold a portion of the Shares that otherwise would be issued to him or her. The payment of withholding taxes by surrendering Shares to the Corporation, if permitted by the Committee, shall be subject to such restrictions as the Committee may impose, including any restrictions required by rules of the Commission.

(j) Other Corporation Benefit and Compensation Programs. Payments and other benefits received by a Participant under the Plan shall not be deemed a part of a Participant's regular, recurring compensation for purposes of the termination indemnity or severance pay law of any country, state or political subdivision thereof and shall not be included in, nor have any effect on, the determination of benefits under any other employee benefit plan or similar arrangement provided by the Corporation unless expressly so provided by such other plan or arrangement, or except where the Committee expressly determines that inclusion of an Award or portion of an Award is necessary to accurately reflect competitive compensation practices or to recognize that an Award has been made in lieu of a portion of competitive annual cash compensation. Awards under the Plan may be made in combination with or in tandem with, or as alternatives to, grants, awards or payments under any Corporation plans. The Plan notwithstanding, the Corporation may adopt such other compensation programs and additional compensation arrangements as it deems necessary to attract, retain and reward Eligible Employees for their service with the Corporation.

(k) Application of Funds. The proceeds received by the Corporation from the sale of Common Stock pursuant to the exercise of a Stock Option or the grant of Restricted Stock shall be used for general corporate purposes.

(l) Costs of the Plan. The costs and expenses of administering the Plan shall be borne by the Corporation.

(m) Binding Effect of Plan. The Plan shall be binding upon and shall inure to the benefit of the Corporation, its Successors or Assigns and the Corporation shall require any Successor or Assign to expressly assume and agree to perform the Plan in the same manner and to the same extent that the Corporation would be required to perform it if no such Succession or Assignment had taken place.

(n) No Waiver of Breach. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of the Plan to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions of conditions at the same or at any prior or subsequent time.

CMI09-00568

Source: CHEVRON CORP, 10-K, February 26, 2009

009399

(o) No Right to Employment. Neither the Plan, the Rules, or any Award granted under the Plan shall be deemed to give any employee any right to remain in the employ of the Corporation or to impair the Corporation's right to Terminate any employee at any time, with or without cause, which right is hereby reserved.

(p) Choice of Law. The Plan shall be administered, construed and governed in accordance with the Code, and the laws of the State of California, but without regard to its conflict of law rules. Notwithstanding the foregoing, domestic relations orders and the Section II.(v) definition of Misconduct shall be subject to the jurisdiction's law that would otherwise be applicable, but without regard to that particular jurisdiction's conflict of laws rules.

(q) Severability. The provisions of the Plan shall be deemed severable and the validity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

SECTION XVII.APPROVAL OF STOCKHOLDERS.

Material amendments to the Plan shall be subject to approval by affirmative vote of the stockholders of the Corporation in accordance with applicable law and the listing requirements of the New York Stock Exchange.

SECTION XVIII.EXECUTION.

Approved by the Board at a meeting held on December 10, 2008 and effective January 1, 2009 and executed pursuant to the Board's delegation.

By /s/ Robert J. Eaton Date December 10, 2008

CMI09-00569

Source: CHEVRON CORP, 10-K, February 26, 2009

009400

CHEVRON CORPORATION DEFERRED COMPENSATION PLAN

FOR MANAGEMENT EMPLOYEES II

(Amended and Restated Effective January 1, 2009)

CMI09-00570

Source: CHEVRON CORP, 10-K, February 26, 2009

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Source: CHEVRON CORP, 10-K, February 26, 2009

009403

CHEVRON CORPORATION DEFERRED COMPENSATION PLAN

FOR MANAGEMENT EMPLOYEES II

(Amended and Restated Effective January 1, 2009)

SECTION I. ESTABLISHMENT AND PURPOSE.

(a) The Chevron Corporation Deferred Compensation Plan for Management Employees II ("Plan") is effective January 1, 2005 and is the successor plan to the Corporation's Deferred Compensation Plan for Management Employees (formerly the Salary Deferral Plan for Management Employees) (the "Prior Plan"). Effective December 31, 2004, the Prior Plan was frozen and no new contributions shall be made to it; provided, however, that any deferrals of compensation under the Prior Plan that were earned and vested prior to January 1, 2005 shall continue to be governed by the terms and conditions of the Prior Plan as in effect on December 31, 2004 or on the date of any later amendment, provided that such amendment is not a material modification of the Prior Plan under Section 409A of the Code and the regulations promulgated thereunder. However, any deferrals of compensation that had been made under the Prior Plan that were not earned and vested prior to December 31, 2004 shall be deemed to have been made under this Plan instead and all such deferrals are governed by its terms and conditions as they may be amended from time to time.

(b) The Plan is designed to enhance the ability of the Corporation and its Subsidiaries to attract, motivate, and retain executive and other key employees. It is intended to qualify as an unfunded ERISA pension plan maintained by an employer for a select group of management or highly compensated employees, as described in 26 C.F.R. § 2520.104-23(d) and to comply with the requirements of Section 409A of the Code.

(c) This Restatement shall apply to all Plan deferrals and distributions made after December 31, 2008.

SECTION II. DEFINITIONS.

For purposes of the Plan, the following terms shall have the meanings set forth below:

(a) "Account" means the bookkeeping account maintained on behalf of a Participant to which shall be credited any amount deferred under the Plan along with bookkeeping earnings, gains, and losses on such deferrals.

(b) "Board" means the Board of Directors of the Corporation.

(c) "Business in Competition" means any person, organization or enterprise which is engaged in or is about to be engaged in any line of business engaged in by the Corporation at such time.

(d) "Change in Control" means a 'change in control' as that term is defined in Article VI. of the bylaws of the Corporation, as such bylaws may be amended from time to time.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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(e) "Chevron Incentive Plan" means the Chevron Incentive Plan, as amended from time to time. The Chevron Incentive Plan was formally known as the Management Incentive Plan for Chevron Corporation.

(f) "Code" means the Internal Revenue Code of 1986, as amended.

(g) "Commission" means the federal Securities and Exchange Commission.

(h) "Committee" means the committee of the Board that it appoints to administer the Plan. In the absence of specific action by the Board, the Board shall be deemed to have appointed the Board's Management Compensation Committee.

(i) "Common Stock" means the $0.75 par value common stock of the Corporation or any security of the Corporation identified by the Committee as having been issued in substitution, exchange or lieu thereof.

(j) "Corporation" means Chevron Corporation, a Delaware corporation, or any Successors or Assigns. Where the context shall permit, "Corporation" shall include the Subsidiaries of Chevron Corporation.

(k) "Corporation Confidential Information" includes:

(1) Information embodied in inventions, discoveries and improvements, whether patentable or unpatentable, including trade secrets;

(2) Geological and geophysical data and analyses thereof, well information, discoveries, development initiatives, reserves, offshore bidding strategies, potential value of unleased offshore acreage, exploration and other business strategies and investment plans, business methods, current and planned technology, processes and practices relating to the existence of, exploration for, or the development of oil, gas, or other potentially valuable raw material, product, mineral or natural resource of any kind;

(3) Confidential personnel or Human Resources data;

(4) Customer lists, pricing, supplier lists, and Corporation processes;

(5) Any other information having present or potential commercial value; and

(6) Confidential information of any kind in possession of the Corporation, whether developed for or by the Corporation (including information developed by the Participant), received from a third party in confidence, or belonging to others and licensed or disclosed to the Corporation in confidence for use in any aspect of its business and without regard to whether it is designated or marked as such through use of such words as "classified," "confidential" or "restricted";

Provided, however, that Corporation Confidential Information shall not include any information that is or becomes generally known through no wrongful act or omission of the Participant. However, information shall not fail to be Corporation Confidential Information solely because it is embraced by more general information available on a non-confidential basis.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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(l) "Covered Employee" means a covered employee of the Corporation as defined in Section 162(m) of the Code.

(m) "Director" means a member of the Board.

(n) "Document" means any devices, records, data, notes, reports, abstracts, proposals, lists, correspondence (including e-mails), specifications, drawings, blueprints, sketches, materials, equipment, reproductions of any kind made from or about such documents or information contained therein, recordings, or similar items.

(o) "Eligible Employee" means a salaried executive or other key Corporation employee on its Payroll who holds a position of significant responsibility or whose performance or potential contribution, which in the judgment of the Committee, would benefit the future success of the Corporation and who is designated by the Committee as eligible to participate in the Plan. Eligible Employee includes an officer of the Corporation, without regard to whether he or she is also member of the Board. Notwithstanding the foregoing, an employee on a non-U.S. Payroll or on the Global Mobile Payroll is not an "Eligible Employee".

(p) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

(q) "Exchange Act" means the Securities Exchange Act of 1934, 15 U.S.C. Section 78a, et seq., as amended from time to time.

(r) "Independent Director" means a member of the Board that is independent of the Corporation within the meaning of the rules of the New York Stock Exchange.

(s) "Long-Term Incentive Plan" means the Long-Term Incentive Plan of Chevron Corporation, as amended from time to time.

(t) "Misconduct" of a Participant means:

(1) The Corporation has been required to prepare an accounting restatement due to material noncompliance, as a result of misconduct, with any financial reporting requirement under the securities laws, and the Committee has determined in its sole discretion that the Participant:

(A) Had knowledge of the material noncompliance or circumstances giving rise to such noncompliance and willfully failed to take reasonable steps to bring it to the attention of appropriate individuals within the Corporation; or

(B) Knowingly engaged in practices which materially contributed to the circumstances that enabled such material noncompliance to occur;

(2) A Participant commits an act of embezzlement, fraud or theft with respect to the property of the Corporation, materially violates the Corporation's conflict of interest policy, or breaches his or her fiduciary duty to the Corporation;

(3) A Participant, while still employed by the Corporation:

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Source: CHEVRON CORP, 10-K, February 26, 2009

(A) Willfully misappropriates or discloses to any person, firm or corporation any Corporation Confidential Information, unless the Participant is expressly authorized by the Corporation's management to disclose such Corporation Confidential Information, pursuant to a written non-disclosure agreement that sufficiently protects it;

(B) Directly or indirectly engages in, commences employment with, or materially renders services, advice or assistance to any Business in Competition with the Corporation other than on behalf of the Corporation;

(C) Induces or attempts to induce, directly or indirectly, any of the Corporation's customers, employees, representatives or consultants to terminate, discontinue or cease working with or for the Corporation, or to breach any contract with the Corporation, in order to work with or for, or enter into a contract with, the Participant or any third party other than when such action is taken on behalf of the Corporation;

(4) A Participant willfully fails to promptly return all Documents and other tangible items belonging to the Corporation that are in his or her possession or control upon termination of employment, whether pursuant to retirement or otherwise;

(5) A Participant willfully commits an act which, under applicable law, constitutes the misappropriation of a Corporation trade secret or otherwise violates the law of unfair competition with respect to the Corporation; including, but not limited to, unlawfully:

(A) Using or disclosing Corporation Confidential Information; or

(B) Soliciting (or contributing to the soliciting of) the Corporation's customers, employees, representatives, or consultants to:

(i) Terminate, discontinue or cease working with or for the Corporation; or

(ii) To breach any contract with the Corporation, in order to work with or for, or enter into a contract with, the Participant or any third party;

(6) A Participant willfully fails to inform any new employer of the Participant's continuing obligation to maintain the confidentiality of the trade secrets and other Corporation Confidential Information obtained by the Participant during the term of his or her employment with the Corporation;

The Committee shall determine in its sole discretion whether the Participant has engaged in any of the acts set forth in subsections (1) through (6) above, and its determination shall be conclusive and binding on all interested persons.

(u) "Non-Employee Director" means a Director who is not an employee of the Corporation as provided in Rule 16b-3.

(v) "Outside Director" means an outside director of the Board within the meaning of Section 162(m) of the Code.

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Source: CHEVRON CORP, 10-K, February 26, 2009

009407

(w) "Participant" means an Eligible Employee who has an Account established pursuant to a deferral under the Plan.

(x) "Payroll" means the system used by the Corporation to pay those individuals it regards as Corporation employees for their services and to withhold employment taxes from the compensation it pays to such employees. "Payroll" does not include any system the Corporation uses to pay individuals whom it does not regard as its employees and for whom it does not actually withhold employment taxes (including, but not limited to, individuals it regards as independent contractors) for their services.

(y) "Plan" means the Chevron Corporation Deferred Compensation Plan for Management Employees II, as set forth herein and as amended from time to time.

(z) "Plan Year" means the calendar year.

(aa) "Prior Plan" means the Chevron Corporation Deferred Compensation Plan for Management Employees.

(bb) "Rule 16b-3" means Rule 16b-3 promulgated by Commission pursuant to the Exchange Act, or any successor or replacement rule adopted by the Commission.

(cc) "Rules" mean the rules promulgated by the Committee within its sole discretion to administer the Plan.

(dd) "Subsidiary" means any corporation or entity with respect to which the Corporation, one or more Subsidiaries, or the Corporation together with one or more Subsidiaries, owns not less than eighty percent (80%) of the total combined voting power of all classes of stock entitled to vote, or not less than eighty percent (80%) of the total value of all shares of all classes of stock.

(ee) "Successors or Assigns" means a corporation or other entity acquiring all or substantially all the assets and business of the Corporation (including the Plan) whether by operation of law or otherwise, including any corporation or other entity effectuating a Change in Control of the Corporation.

SECTION III. ADMINISTRATION.

The Plan shall be administered by the Committee.

(a) Composition of the Committee.

(1) The Committee shall consist of not less than a sufficient number of Non-Employee Directors so as to qualify the Committee to administer the Plan as contemplated by Rule 16b-3 and each of whom is an Independent Director.

(2) The Board shall appoint one (1) of the members of the Committee as chair.

CMI09-00577

Source: CHEVRON CORP, 10-K, February 26, 2009

(3) If any member of the Committee does not qualify as an Outside Director, the Plan with respect to such Covered Employees shall be administered by a subcommittee consisting of all Committee members who qualify as Outside Directors. Such subcommittee must consist of at least two (2) members of the Committee.

(4) The Board may, from time to time, remove members from, add members to, or fill vacancies on the Committee. If fewer than two (2) Committee members qualify as an Outside Director, the Board shall appoint one (1) or more new members who so qualify.

(5) In the event that the Committee will not satisfy the requirements of Rule 16b-3, the Board shall appoint another committee that shall satisfy such requirements.

(b) Actions by the Committee. The Committee shall hold meetings at such times and places as it may determine. Acts approved by a majority of the members of the Committee present at a meeting at which a quorum is present, or acts reduced to or approved in writing by a majority of the members of the Committee, shall be the valid acts of the Committee.

(c) Powers of the Committee.

(1) The Committee shall have the authority to administer the Plan in its sole discretion. The Committee's authority includes the rights to:

(A) Construe and interpret the Plan;

(B) Promulgate, amend, interpret, and rescind Rules relating to the implementation of the Plan;

(C) Determine the types of and under what conditions compensation may be deferred under the Plan;

(D) Select which Eligible Employees may make a deferral and under what conditions;

(E) Adopt procedures for the disposition of deferrals in the event of a Participant's divorce, dissolution of marriage, or dissolution of a domestic partnership; and

(F) Make all other determinations necessary or advisable for the administration of the Plan;

(2) Notwithstanding Section III.(c)(1) of the Plan:

(A) No provision in the Plan referencing the Committee's discretion shall be construed as granting the Committee the authority to exercise discretion in a manner that is inconsistent with the Plan; and

(B) Adoption of Rules by the Committee is an exercise of the Committee's discretion. Once adopted, the Committee may not exercise additional discretion that is inconsistent with the Rules without amending the Rules.

CMI09-00578

Source: CHEVRON CORP, 10-K, February 26, 2009

(3) Subject to the requirements of applicable law, the Committee may designate other persons to carry out its responsibilities and may prescribe such conditions and limitations as it may determine in its sole discretion, except that the Committee may not delegate its authority with regard to the selection for participation of persons subject to Section 16 of the Exchange Act.

(4) Any determination, decision or action of the Committee in connection with the construction, interpretation, administration, or application of the Plan shall be final, conclusive and binding upon all persons participating in the Plan and any person validly claiming under or through persons participating in the Plan.

(d) Liability of Committee Members. No member of the Board or the Committee shall be liable for any action or determination made in good faith by the Board or the Committee with respect to the Plan.

(e) Administration of the Plan Following a Change in Control. Within thirty (30) days after the occurrence of a Change in Control, the Committee shall appoint an independent organization which shall thereafter administer the Plan and have all of the powers and duties formerly held and exercised by the Committee with respect to the Plan as provided in Section III.(c). Upon such appointment, the Committee shall cease to have any responsibility with respect to the administration of the Plan.

SECTION IV.ASSIGNMENT OR TRANSFER OF ACCOUNT.

Except as otherwise determined by the Committee, or a domestic relations order enforceable under applicable law, a Participant's Account may not be assigned, either by voluntary or involuntary assignment or by operation of law, including, but without limitation, garnishment, attachment or other creditor's process and any act in violation hereof shall be void.

SECTION V.RECAPITALIZATION.

(a) Subject to any required action by the Corporation's stockholders, the value of the portion of a Participant's Account measured with respect to shares of Common Stock shall be proportionately adjusted to account for:

(1) Any increase or decrease in the number of issued shares resulting from a subdivision or consolidation of shares;

(2) The payment of a stock dividend (but only with respect to shares of Common Stock) or any other increase or decrease in the number of such shares affected without receipt of consideration by the Corporation;

(3) The declaration of a dividend payable in cash that has a material effect on the price of issued shares;

(4) Subject to any required action by the stockholders, if the Corporation is the surviving corporation in any merger, consolidation or other reorganization, such value shall be measured with respect to shares of Common Stock;

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Source: CHEVRON CORP, 10-K, February 26, 2009

(5) In the event of a dissolution or liquidation of the Corporation or a merger, consolidation or other reorganization in which the Corporation is not the surviving corporation, such value shall be measured with respect to a comparable number of shares in the surviving corporation. For purposes of this Section V.(a)(5), Corporation shall not include a Successor or Assign;

(6) In the event of a change in the Common Stock, which is limited to a change of all of the Corporation's authorized shares with par value into the same number of shares with a different par value or without par value, the shares resulting from any such change shall be deemed to be the Common Stock within the meaning of the Plan; or

(7) The Committee shall make equitable adjustments to such Stock Units in the event of a spin-off or other distribution (other than normal cash dividends) of Corporation assets to stockholders.

(b) To the extent that the foregoing adjustments relate to stock or securities of the Corporation, such adjustments shall be made by the Committee, and the action in that respect shall be final, binding and conclusive.

(c) Except as expressly provided in this Section V., a Participant shall have no rights by reason of any subdivision or consolidation of shares of stock of any class or the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class or by reason of any dissolution, liquidation, merger or consolidation or spin-off of assets or stock of another corporation, and any issuance by the Corporation of shares of stock of any class or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made to the value of the Participant's Account.

(d) No deferral under the Plan shall affect in any way the right or power of the Corporation to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

SECTION VI.SECURITIES LAW REQUIREMENTS.

No deferral shall be distributed in the form of shares of Common Stock unless and until the Corporation has determined that:

(a) It and the Participant have taken all actions required to register the shares of Common Stock under the Securities Act of 1933, as amended, or perfect an exemption from the registration requirements thereof;

(b) Any applicable listing requirement of any stock exchange on which the Common Stock is listed has been satisfied; and

(c) Any other applicable provision of state or federal law has been satisfied.

SECTION VII.FORFEITURE FOR MISCONDUCT.

(a) Notwithstanding any other provision of this Plan to the contrary, if a Participant engages in Misconduct, the Committee may:

CMI09-00580

Source: CHEVRON CORP, 10-K, February 26, 2009

009411

(1) Determine that any balance in the Participant's Account attributable to awards made under the Long-Term Incentive Plan or the Chevron Incentive Plan on or after June 29, 2005 and the date of the Participant's Misconduct shall be forfeited; and

(2) Demand repayment of any distributed deferral attributable to an award made under the Long-Term Incentive Plan or the Chevron Incentive Plan on or after June 29, 2005 and the date of the Participant's Misconduct;

Provided that, following a Change in Control, this Section VII shall apply only in the event of Misconduct as defined in Section II.(t)(1) and (2) of the Plan.

(b) Any provision of this Section VII. which is determined by a court of competent jurisdiction to be invalid or unenforceable should be construed or limited in a manner that is valid and enforceable and that comes closest to the business objectives intended by such invalid or unenforceable provision, without invalidating or rendering unenforceable the remaining provisions of this Section VII.

SECTION VIII.AMENDMENT OR TERMINATION OF THE PLAN

(a) Right to Alter, Amend, or Terminate the Plan. The Board may, at any time alter, amend, or terminate the Plan, provided:

(1) Unless the Board specifically otherwise provides, any revision or amendment that would cause the Plan to fail to comply with Rule 16b-3 or any other requirement of applicable law or regulation if such amendment were not approved by the holders of the Common Stock of the Corporation shall not be effective unless and until the approval of the holders of Common Stock of the Corporation is obtained.

(2) Other than as described in Section VIII.(d), such amendment does not provide for an acceleration of distribution upon a termination of the Plan after a Change in Control by Successors or Assigns. Notwithstanding the foregoing, in the event there is a failure to comply with Section 409A of the Code (or the regulations thereunder), the Committee shall have the discretion to accelerate the time or form of payment of a Participant's Account, but only to the extent of the amount required to be included in income as a result of such failure.

(3) No amendment, revision, suspension or discontinuation of the Plan (including any amendment to this Section VIII.) approved by the Board after six months prior to the public announcement of the proposed transaction which, when effected, is a Change in Control or before the date which is two years after the date of a Change in Control (the "Benefit Protection Period") shall be valid or effective if such amendment, revision, suspension or discontinuation would alter the provisions of this Section VIII. or adversely affect the amount of an outstanding deferral under the Plan; provided, however, any amendment, revision, suspension or discontinuation may be effective, even if so approved after such a public announcement, if:

(A) The amendment, revision, suspension or discontinuation is approved after any plans have been abandoned to effect the transaction which, if effected, would have constituted a Change in Control and the event which would have constituted the Change in Control has not occurred; and

CMI09-00581

Source: CHEVRON CORP, 10-K, February 26, 2009

(B) Within a period of six months after such approval, no other event constituting a Change in Control shall have occurred, and no public announcement of a proposed event which would constitute a Change in Control shall have been made, unless thereafter any plans to effect the Change in Control have been abandoned and the event which would have constituted the Change in Control has not occurred.

Any amendment, revision, suspension or discontinuation of the Plan which is approved by the Board prior to a Change in Control at the request of a third party who effectuates a Change in Control shall be deemed to be an amendment, revision, suspension or discontinuation of the Plan so approved during the Benefit Protection Period.

(b) Rights of Participant. Notwithstanding Section VIII.(a), no amendment, revision, suspension or discontinuation of the Plan that would adversely affect the right of any Participant regarding a then-existing deferral shall be effective without the written consent of the affected Participant except to the extent necessary to comply with applicable law (including compliance with any provision of law concerning favorable taxation).

(c) Effect on Other Plans. If the Plan is terminated and the Accounts distributed, the Board and/or Corporation shall terminate all other plans aggregated with it as one of the same type within the meaning of Section 409A of the Code and shall not adopt a new non-qualified deferred compensation plan of such type for at least three (3) years after the termination date of the last of such plans.

(d) Corporation Dissolution or Bankruptcy. The Plan shall automatically terminate upon a dissolution of the Corporation that is taxed under Section 331 of the Code or with the approval of a bankruptcy court pursuant to 11 U.S.C. Section 503(b)(1(A), provided all Accounts are distributed and included in the gross income of the Participants by the latter of:

(1) The Plan Year in which the Plan terminates; or

(2) The first Plan Year in which payment of the Accounts is administratively practicable.

SECTION IX.GENERAL PROVISIONS.

(a) Participant's Rights Unsecured. A Participant's Account shall be a bookkeeping entry only and no Participant shall have any interest in or claim against any specific asset of the Corporation. It is an unfunded and unsecured obligation of the Corporation and an unsecured claim against its general assets. A Participant shall have no rights other than those of a general creditor of the Corporation.

(b) Authority to Establish a Grantor Trust. The Committee is authorized in its sole discretion to establish a grantor trust for the purpose of providing security for the payment of benefits under the Plan, provided, however, that no Participant shall be considered to have a beneficial ownership interest (or any other sort of interest) in any specific asset of the Corporation or of its subsidiaries or affiliates as a result of the creation of such trust or the transfer of funds or other property to such trust.

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(c) Other Benefit Plans. To the extent permitted by applicable law, a Participant's deferral elections made pursuant to this Plan shall be disregarded for purposes of determining the Participant's benefits under any other benefit plan or program established or maintained by the Corporation or its Subsidiaries.

(d) Participant's Beneficiary. The Rules may provide that the Participant may designate a beneficiary with respect to such Award in the event of death of a Participant.

(e) Costs of the Plan. The costs and expenses of administering the Plan shall be borne by the Corporation.

(f) Binding Effect of Plan. The Plan shall be binding upon and shall inure to the benefit of the Corporation, its Successors or Assigns and the Corporation shall require any Successor or Assign to expressly assume and agree to perform the Plan in the same manner and to the same extent that the Corporation would be required to perform it if no such Succession or Assignment had taken place.

(g) No Waiver of Breach. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of the Plan to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions of conditions at the same or at any prior or subsequent time.

(h) No Right to Employment. Nothing contained in the Plan nor any action of the Committee pursuant to the Plan shall give any employee any right to remain in the employ of the Corporation or to impair the Corporation's right to terminate any employee at any time, with or without cause, which right is hereby reserved.

(i) Choice of Law. The Plan shall be administered, construed and governed in accordance with ERISA, the Code, and, to the extent not preempted by ERISA, by the laws of the State of California, but without regard to its conflict of law rules. Notwithstanding the foregoing, domestic relations orders and the Section II.(t) definition of Misconduct shall be subject to the jurisdiction's law that would otherwise be applicable, but without regard to that particular jurisdiction's conflict of laws rules.

(j) Severability. The provisions of the Plan shall be deemed severable and the validity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

SECTION X.EXECUTION.

Approved by the Board at a meeting held on December 10, 2008 and effective January 1, 2009 and executed pursuant to the Board's delegation.

By /s/ Robert J. Eaton Date December 10, 2008

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CHEVRON CORPORATION
RETIREMENT RESTORATION PLAN

(Amended and Restated as of January 1, 2009)
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CHEVRON CORPORATION
RETIREMENT RESTORATION PLAN
(Amended and Restated as of January 1, 2009)

SECTION I.INTRODUCTION.

(a) The Chevron Corporation Retirement Restoration Plan (the "RRP") was established effective July 1, 2002 to provide additional retirement benefits due to the limitations of sections 401(a)(17) and 415 of the Code, and to deferred compensation not counting as benefits bearing compensation under the qualified Chevron Retirement Plan. The RRP was formed from a spin-out on July 1, 2002 of the defined benefit portion of the liabilities of the Chevron Corporation Excess Benefit Plan (the "Excess Plan") which had been originally established effective January 1, 1976. On December 10, 2003, the defined benefit portions of the liabilities of the then active former Texaco and Caltex employees participating in the Supplemental Pension Plan of Texaco Inc. and the Excess-Benefit Plan for Employees of ChevronTexaco Global Energy Inc. were also transferred to the RRP.

(b) The Chevron Corporation Supplemental Retirement Plan (the "SRP") was established effective July 1, 2002 to provide additional retirement benefits due to certain awards under the Management Incentive Plan of the Corporation, and on December 10, 2003 was expanded to include additional retirement benefits due to similar executive bonus program awards for former Texaco and Caltex employees. The SRP was formed from a spin-out on July 1, 2002 of the bonus portion of the liabilities of the Excess Plan, and from the later December 10, 2003 spin-out of the liabilities of the then active former Texaco and Caltex employees participating in the Supplemental Bonus Retirement Plan of Texaco Inc. and the Pension Supplementation Plan of ChevronTexaco Global Energy Inc. Effective as of July 1, 2006, the SRP was merged into this RRP. The benefit calculation and benefit distribution rules that apply to eligible employees who incurred a Separation from Service prior to July 1, 2006 are described in Appendix D.

(c) On August 10, 2005 the Corporation acquired Unocal Corporation ("Unocal") and later became the sponsor of Unocal Nonqualified Retirement Plan A1, Unocal Nonqualified Retirement Plan B1 and Unocal Nonqualified Retirement Plan C1 (the "Unocal Nonqualified Retirement Plans"). The Unocal Nonqualified Retirement Plans covered eligible employees who were active employees of Unocal or its affiliates on or after January 1, 2005, and provided additional retirement benefits that were not provided under the qualified Unocal Retirement Plan due to the limitations of sections 401(a)(17) and 415 of the Code, to deferred compensation not counting as benefits bearing compensation, and to the calculation of retirement benefits using the high three annual Unocal incentive pay awards, whether or not consecutive. Effective as of July 1, 2006, the Unocal Nonqualified Retirement Plans were merged into this RRP. The benefit calculation and benefit distribution rules that apply to eligible employees who incurred a Separation from Service prior to July 1, 2006 are described in the Unocal Nonqualified Retirement Plans as in effect as of the time such employees incurred a Separation from Service (as amended to comply with section 409A of the Code).

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(d) Effective January 1, 2009, the RRP was amended and restated in order to comply with the Internal Revenue Services final regulations under section 409A of the Code and make certain other changes. The benefit calculation and benefit distribution rules that apply to eligible employees who incurred a Separation from Service between January 1, 2005 and June 30, 2006 are described in Appendix B. The benefit calculation and benefit distribution rules that apply to eligible employees who incurred a Separation from Service on or after July 1, 2006 and prior to January 1, 2009 are described in Appendix C.

SECTION II.DEFINITIONS.

Except as provided below, capitalized terms used in the RRP shall have the same meaning as in the Retirement Plan:

(a) "Beneficiary" means the person or persons entitled to receive a Participant's remaining Restoration Benefit in the event the Participant dies prior to receiving his or her entire Restoration Benefit, as provided in Section VI.

(b) "Benefit Calculation Date" means the earlier of:

(1) the first day of the month following the date the Participant's employment relationship with the Corporation terminates,

(2) the first day of the month that is at least 6 months after the date the Participant incurs a Separation from Service, or

(3) the first day of the month after the Participant returns to work following a Separation from Service.

(c) "Benefit Protection Period" means the period commencing on the Benefit Protection Period Commencement Date and terminating two years after the date of a Change in Control.

(d) "Benefit Protection Period Commencement Date" means the date six months prior to the public announcement of the proposed transaction which, when effected, is a Change in Control.

(e) "Business in Competition" means any person, organization or enterprise which is engaged in or is about to be engaged in any line of business engaged in by the Corporation at such time.

(f) "Change in Control" means a change in control of the Corporation as defined in Article VI of the Corporation's By-Laws, as it may be amended from time-to-time.

(g) "Code" means the Internal Revenue Code of 1986, as amended.

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(h) "Committee" means the Management Compensation Committee of the Board of Directors of Chevron Corporation.

(i) "Corporation" means Chevron Corporation, a Delaware corporation, or any Successors or Assigns. Where the context shall permit, "Corporation" shall include the Subsidiaries of Chevron Corporation.

(j) "Corporation Confidential Information" includes:

(1) Information embodied in inventions, discoveries and improvements, whether patentable or unpatentable, including trade secrets;

(2) Geological and geophysical data and analyses thereof, well information, discoveries, development initiatives, reserves, offshore bidding strategies, potential value of unleased offshore acreage, exploration and other business strategies and investment plans, business methods, current and planned technology, processes and practices relating to the existence of, exploration for, or the development of oil, gas, or other potentially valuable raw material, product, mineral or natural resource of any kind;

(3) Confidential personnel or Human Resources data;

(4) Customer lists, pricing, supplier lists, and Corporation processes;

(5) Any other information having present or potential commercial value; and

(6) Confidential information of any kind in possession of the Corporation, whether developed for or by the Corporation (including information developed by the Participant), received from a third party in confidence, or belonging to others and licensed or disclosed to the Corporation in confidence for use in any aspect of its business and without regard to whether it is designated or marked as such through use of such words as "classified," "confidential" or "restricted";

Provided, however, that Corporation Confidential Information shall not include any information that is or becomes generally known through no wrongful act or omission of the Participant. However, information shall not fail to be Corporation Confidential Information solely because it is embraced by more general information available on a non-confidential basis.

(k) "Document" means any devices, records, data, notes, reports, abstracts, proposals, lists, correspondence (including e-mails), specifications, drawings, blueprints, sketches, materials, equipment, reproductions of any kind made from or about such documents or information contained therein, recordings, or similar items.

(l) "Employee" means an individual who is paid on the U.S. dollar Payroll of the Corporation, but shall not include an individual for any period in which he or she is:

(1) Compensated for services by a person other than the Corporation and who, at any time and for any reason, is deemed to be an Employee;

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(2) Not on the Payroll of the Corporation and who, at any time and for any reason, is deemed to be an Employee;

(3) A leased employee within the meaning of section 414(n) of the Code, or would be a leased employee but for the period-of-service requirement of section 414(n)(2)(B) of the Code, and who is providing services to the Corporation;

(4) If, during any period, the Corporation has not treated an individual as an Employee and, for that reason, has not withheld employment taxes with respect to that individual, then that individual shall not be treated as an Employee for that period, even in the event that the individual is determined, retroactively, to have been an Employee during all or any portion of that period.

(m) "ERISA" means the federal Employee Retirement Income Security Act of 1974, as amended.

(n) "ESIP-RP" means the Chevron Corporation ESIP Restoration Plan that was originally established effective as of July 1, 2002 through a spin-out of a portion of the liabilities of the Excess Plan, and has been amended from time to time thereafter.

(o) "Excess Plan" means the Chevron Corporation Excess Benefit Plan as originally established effective January 1, 1976, amended thereafter from time to time, and effective July 1, 2002 reconstituted to form the RRP, the SRP and the ESIP-RP.

(p) "Initial Election Due Date" means January 31st of the calendar year immediately following the first year the Participant for the first time accrues a benefit under ESIP-RP, the RRP, or another "excess benefit plan" as defined in Treas. Reg. 1.409A-2(a)(7)(iii).

(q) "Misconduct" of a Participant means:

(1) The Corporation has been required to prepare an accounting restatement due to material noncompliance, as a result of misconduct, with any financial reporting requirement under the securities laws, and the Committee has determined in its sole discretion that the Participant:

(A) Had knowledge of the material noncompliance or circumstances giving rise to such noncompliance and willfully failed to take reasonable steps to bring it to the attention of appropriate individuals within the Corporation; or

(B) Knowingly engaged in practices which materially contributed to the circumstances that enabled such material noncompliance to occur;

(2) A Participant commits an act of embezzlement, fraud or theft with respect to the property of the Corporation, materially violates the Corporation's conflict of interest policy, or breaches his or her fiduciary duty to the Corporation;

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(3) A Participant, while still employed by the Corporation:

(A) Willfully misappropriates or discloses to any person, firm or corporation any Corporation Confidential Information, unless the Participant is expressly authorized by the Corporation's management to disclose such Corporation Confidential Information, pursuant to a written non-disclosure agreement that sufficiently protects it;

(B) Directly or indirectly engages in, commences employment with, or materially renders services, advice or assistance to any Business in Competition with the Corporation other than on behalf of the Corporation;

(C) Induces or attempts to induce, directly or indirectly, any of the Corporation's customers, employees, representatives or consultants to terminate, discontinue or cease working with or for the Corporation, or to breach any contract with the Corporation, in order to work with or for, or enter into a contract with, the Participant or any third party other than when such action is taken on behalf of the Corporation;

(4) A Participant willfully fails to promptly return all Documents and other tangible items belonging to the Corporation that are in his or her possession or control upon termination of employment, whether pursuant to retirement or otherwise;

(5) A Participant willfully commits an act which, under applicable law, constitutes the misappropriation of a Corporation trade secret or otherwise violates the law of unfair competition with respect to the Corporation; including, but not limited to, unlawfully:

(A) Using or disclosing Corporation Confidential Information; or

(B) Soliciting (or contributing to the soliciting of) the Corporation's customers, employees, representatives, or consultants to:

(i) Terminate, discontinue or cease working with or for the Corporation; or

(ii) To breach any contract with the Corporation, in order to work with or for, or enter into a contract with, the Participant or any third party;

(6) A Participant willfully fails to inform any new employer of the Participant's continuing obligation to maintain the confidentiality of the trade secrets and other Corporation Confidential Information obtained by the Participant during the term of his or her employment with the Corporation;

The Committee shall determine in its sole discretion whether the Participant has engaged in any of the acts set forth in subsections (1) through (6) above, and its determination shall be conclusive and binding on all interested persons.

(r) "Participant" means a person who is eligible to participate in the RRP as provided in Section III.

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(s) "Payroll" means the system used by the Corporation to pay those individuals it regards as Corporation employees for their services and to withhold employment taxes from the compensation it pays to such employees. "Payroll" does not include any system the Corporation uses to pay individuals whom it does not regard as Corporation employees and for whom it does not actually withhold employment taxes (including, but not limited to, individuals it regards as independent contractors) for their services.

(t) "Plan Year" means the calendar year.

(u) "Prior Period Plan" means the defined benefit and bonus portions of the Excess Plan, the Prior Plans, the Unocal Nonqualified Retirement Plans or this RRP with respect to prior periods of employment, as applicable.

(v) "Prior Plans" means the defined benefit portion of the Supplemental Pension Plan of Texaco Inc., the defined benefit portion of the Excess-Benefit Plan for Employees of ChevronTexaco Global Energy Inc., the Supplemental Bonus Retirement Plan of Texaco Inc., and the Pension Supplementation Plan of ChevronTexaco Global Energy Inc.

(w) "Quarter" means a calendar quarter.

(x) "Restoration Benefit" means the benefit described in Section IV.

(y) "Retirement Plan" means the qualified Chevron Retirement Plan.

(z) "Retirement Plan Benefit" means the benefit determined with respect to the Chevron Retirement Plan as described in Section IV.

(aa) "RRP" means the Chevron Corporation Retirement Restoration Plan.

(bb) "Separation from Service" means separation from service with the Corporation within the meaning of section 409A of the Code.

(1) Whether such a termination of employment has occurred is determined based on whether the facts and circumstances indicate that the Corporation and employee reasonably anticipated that no further services will be performed after a certain date or that the level of bona fide services the employee would perform after such date (whether as an employee or as an independent contractor) would permanently decrease to less than fifty percent (50%) of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding thirty-six (36)-month period (or the full period of services to the employer if the employee has been providing services to the employer less than thirty-six (36) months).

(2) Notwithstanding the foregoing, the employment relationship is treated as continuing intact:

(A) While the individual is on military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed six (6) months, or if longer, so long as the individual retains a right to reemployment with the service recipient under an applicable statute or by contract. Where a leave of absence is due to any medically determinable physical or mental impairment that

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can be expected to result in death or can be expected to last for a continuous period of not less than six (6) months, where such impairment causes the employee to be unable to perform the duties of his or her position of employment or any substantially similar position of employment, a twenty-nine (29)-month period of absence is substituted for such six (6)-month period.

(B) Until the individual separates from service with the third-party, where the employee terminates employment with the Corporation due to a bona fide sale of substantial assets to such third-party and becomes employed by it in connection with such sale; provided that the Corporation or the Committee so designates within its sole discretion no later than the closing date of the sale.

(cc) "SRP" means the Chevron Corporation Supplemental Retirement Plan that was originally established effective as of July 1, 2002 through a spin-out of a portion of the liabilities of the Excess Plan, was amended from time to time thereafter, and effective July 1, 2006 was merged into the RRP.

(dd) "Subsidiary" means any corporation or entity with respect to which the Corporation, one or more Subsidiaries, or the Corporation together with one or more Subsidiaries, owns not less than eighty percent (80%) of the total combined voting power of all classes of stock entitled to vote, or not less than eighty percent (80%) of the total value of all shares of all classes of stock.

(ee) "Successors and Assigns" means a corporation or other entity acquiring all or substantially all the assets and business of the Corporation (including the RRP) whether by operation of law or otherwise; including any corporation or other entity effectuating a Change in Control of the Corporation.

(ff) "Unforeseeable Emergency"

(1) Means a severe financial hardship to the Participant or his or her Beneficiary resulting from:

(A) An illness or accident of the Participant or Beneficiary, the Participant's or Beneficiary's spouse, or the Participant's or Beneficiary's dependent (as defined in section 152(a) of the Code);

(B) Loss of the Participant's or Beneficiary's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance); or

(C) Other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant or Beneficiary.

(2) Notwithstanding Section II.(ff)(1); a hardship shall not constitute an Unforeseeable Emergency:

(A) To the extent that it is, or may be, relieved by:

(i) Reimbursement or compensation, by insurance or otherwise;

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(ii) Liquidation of the Participant's or Beneficiary's assets to the extent that the liquidation of such assets would not itself cause severe financial hardship (such assets shall include but not be limited to stock options, Common Stock, and Chevron Corporation Employee Savings Investment Plan balances).

(B) If (among other events), it consists of payment of college tuition or purchasing a home.

(gg) "Unocal" means Unocal Corporation, a Delaware corporation.

(hh) "Unocal Nonqualified Retirement Plans" means Unocal Nonqualified Retirement Plan A1, Unocal Nonqualified Retirement Plan B1 and Unocal Nonqualified Retirement Plan C1.

SECTION III.ELIGIBILITY AND PARTICIPATION.

Participation in the RRP shall be limited to:

(a) Active Employee Participants. Members of the Retirement Plan who are Employees and whose Retirement Plan benefits are limited due to the requirements of sections 401(a)(17) or 415 of the Code. Such a Participant shall first accrue a benefit under the RRP when his or her Retirement Plan benefits are first limited due to the requirements of sections 401(a)(17) or 415 of the Code.

(b) Terminated Employee Participants. Any terminated former Employee who has an undistributed benefit under the SRP, the Unocal Nonqualified Retirement Plans, or under the RRP.

(c) Other Employee Participants. Notwithstanding sub-section (a) above, any Member of the RRP who is an Employee on or after January 1, 2008 and who, on December 31, 2007, had an accrued benefit under the RRP determined on the basis of "Regular Earnings" and "Highest Average Earnings" calculated as of December 31, 2007 using the definitions under the RRP and Retirement Plan in effect on December 31, 2007.

SECTION IV.PLAN BENEFITS.

This Section IV. applies only to Participants who are Employees on or after January 1, 2008. Refer to the appendices of this RRP for the benefit calculation rules that apply to Participants who were participants in the RRP and/or the SRP and who incurred a Separation from Service prior to January 1, 2008. Refer to the Unocal Nonqualified Retirement Plans (as amended to comply with section 409A of the Code) for the rules that apply to Participants who were eligible for such plans and incurred a Separation from Service prior to July 1, 2006.

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(a) Restoration Benefit.

(1) With respect to a Participant who was last hired and was a Member of the Retirement Plan before January 1, 2008, the Participant's Restoration Benefit shall be the lump sum value of the difference between:

(A) the amount of the Participant's Retirement Plan Benefit expressed as a single life annuity commencing as of the Participant's Benefit Calculation Date, but determined without regard to the limitations required to comply with sections 401(a)(17) or 415 of the Code; provided, however, that the amount determined under this Section IV.(a)(1) shall not be less than the amount determined on the basis of "Regular Earnings" and "Highest Average Earnings" calculated as of December 31, 2007 using the definitions under the RRP and the Retirement Plan in effect on December 31, 2007 (but also determined without regard to the limitations required to comply with sections 401(a)(17) or 415 of the Code); and

(B) the amount of the Participant's Retirement Plan Benefit expressed as a single life annuity as if it commenced as of the Participant's Benefit Calculation Date.

(2) With respect to a Participant who was hired or first became eligible to participate in the Retirement Plan on or after January 1, 2008, the Participant's Restoration Benefit shall be the lump sum value of the difference between:

(A) the amount of the Participant's Retirement Plan Benefit expressed as a lump sum commencing as of the Participant's Benefit Calculation Date, but determined without regard to the limitations required to comply with sections 401(a)(17) or 415 of the Code; and

(B) the amount of the Participant's Retirement Plan Benefit expressed as a lump sum as if it commenced as of the Participant's Benefit Calculation Date.

(3) With respect to a Participant who was rehired, the Participant's Restoration Benefit is described in Section VII.(h).

(4) With respect to a Participant who returned to work following a Separation from Service (the "first separation") without a termination of the employment relationship, the Participant's Restoration Benefit payable upon the subsequent Separation from Service shall be the Restoration Benefit determined under (1), (2), or (3) above, as applicable, reduced by the present value of all payments previously made or scheduled to be made in the future under the RRP on account of the first separation.

(b) Gulf Retirement Bonus. A Participant who was eligible to receive a Gulf Retirement Bonus under the Supplemental Pension Plan of Gulf Oil Corporation shall be entitled to receive such benefit under the RRP as an additional part of his or her Restoration Benefit.

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(c) Calculation of Lump Sum Value of Single Life Annuity. The single life annuity and lump sum values described above shall be determined using the applicable formulae and actuarial assumptions in effect under the Retirement Plan as of the Participant's Benefit Calculation Date.

(d) Interest. Interest shall accrue on the unpaid portion, if any, of a Participant's Restoration Benefit, commencing on the Participant's Benefit Calculation Date. Interest shall be credited and compounded daily such that the interest rate for the Quarter will be equal to the average market yield for the preceding Quarter on constant maturity U.S. Government 10-year bonds.

SECTION V.DISTRIBUTION OF PLAN BENEFITS.

Except as otherwise provided in an applicable appendix, Restoration Benefits shall be distributed in cash in accordance with this Section V. Distributions shall only be made after a Participant incurs a Separation from Service. Refer to the appendices of this RRP for the rules that apply to Participants who were participants in the RRP and/or the SRP and who incurred a Separation from Service prior to January 1, 2009. Refer to the Unocal Nonqualified Retirement Plans (as amended to comply with section 409A of the Code) for the rules that apply to Participants who were eligible for such plans and who incurred a Separation from Service prior to July 1, 2006.

(a) Default Distribution Form. Unless the Participant had made a valid election with the Committee as described in this Section V., or except as provided in Section VI.(b), the Participant's Restoration Benefit shall be distributed in a lump sum in the first Quarter that is at least 12 months after the date the Participant incurs a Separation from Service.

(b) Distribution Election.

A Participant is permitted to make an initial election regarding the timing and form of distribution of his or her Restoration Benefit as follows:

(1)Election Procedure. A Participant may elect his or her time and form of distribution no later than the later of December 31, 2006 or the Initial Election Due Date. Such an election shall be made by filing the prescribed form with the Committee.

(2)Time and Form of Distribution.

A Participant may make a timely election to receive his or her Restoration Benefit only in the following forms and times:

(A) In a lump sum payable in the first Quarter or first January that is one or more whole years (as elected by the Participant) following the date the Participant incurs a Separation from Service; or

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Source: CHEVRON CORP, 10-K, February 26, 2009

(B) In ten (10) or fewer annual installments, payable or commencing in the first Quarter or in the first January that is one or more whole years (as elected by the Participant) following the date the Participant incurs a Separation from Service. All installments after the first shall be paid in January.

(c) Determination of Installment Payment Amount. The amount of any installment payment shall be determined by dividing the unpaid balance of the Participant's Plan Benefit, including credited interest, as of the beginning of the Quarter that includes the distribution date, by the number of annual payments remaining to be made.

(d) Change of Distribution Time and Form. The time and form of distribution (as determined pursuant to Section V.(a) or (b)) may be changed in accordance with the requirements of this Section V.(d) and such additional procedures as may be prescribed by the Committee in its sole discretion subject to the following requirements:

(1) Such an election shall only be valid if it is made twelve (12) months prior to the original payment date and postpones the commencement of such payment(s) to at least five (5) years after the date the original payment(s) were scheduled to commence. The new election can be a lump sum or ten or fewer installments payable or commencing in the first Quarter or the first January that is five or more whole years after the date the original payment(s) were scheduled to commence. All installment payments shall be made in cash and, after the first such installment, shall be paid in January; and

(2) For purposes of this RRP, "payment date" means the date a lump sum is payable or the date the first of a series of installments is payable. Installment payments shall be considered to be one payment.

(e) Acceleration of Payments. Except with respect to an Unforeseeable Emergency; a Participant may not elect to accelerate an irrevocable distribution of any portion of his or her Restoration Benefit prior to the date it would otherwise be distributed; provided that an election change permitted under Section V.(d) shall not be considered to be an accelerated distribution solely because such change results in a change to the time and/or form of distribution.

(f) Unforeseeable Emergency.

(1) A Participant may request distribution of such portion of his or her Account to the extent reasonably necessary to satisfy an Unforeseeable Emergency (which may include amounts necessary to pay any Federal, state, local, or foreign income taxes or penalties reasonably anticipated to result from the distribution).

(2) Determinations of amounts reasonably necessary to satisfy the Unforeseeable Emergency will take into account any additional compensation that is available to the Participant to satisfy the Unforeseeable Emergency with the exception of benefits:

(A) Under a pension plan qualified under section 401(a) of the Code (including any amount available as a plan loan); or

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Source: CHEVRON CORP, 10-K, February 26, 2009

(B) Available due to the Unforeseeable Emergency under another nonqualified deferred compensation plan within the meaning of section 409A of the Code (or would be such a nonqualified deferred compensation plan if it was not grandfathered under the effective date provisions of section 409A of the Code).

(g) Mandatory Cashout Limit. Notwithstanding any other provision of this Section V., if a Participant's Restoration Benefit is less than $50,000 on the first business day of the first Quarter that is at least 12 months following the date the Participant incurs a Separation from Service, such Restoration Benefit shall be distributed in a lump sum in such Quarter.

SECTION VI.DEATH BENEFITS.

(a) Beneficiary Designation. A Participant may designate, in the manner and on the form prescribed by the Committee, one or more Beneficiaries to receive payment of any Restoration Benefit that is undistributed at the time of the Participant's death. A Participant may change such designation at any time by filing the prescribed form in the manner established by the Committee. No Beneficiary designation shall be effective until it is filed in accordance with the procedures established by the Committee. If a Beneficiary has not been designated or if no designated Beneficiary survives the Participant, distribution will be made to the Participant's surviving spouse as Beneficiary if such spouse is then living or, if not, in equal shares to the then living children of the Participant as Beneficiaries or, if none, to the Participant's estate as Beneficiary.

(b) Time and Form of Death Benefit. If a Participant who has made a valid election as to the form and time of the payment of his or her Restoration Benefit dies, then the Beneficiary shall receive the payment(s) on the date(s) elected by the Participant and at the same time and in the same form as the Participant would have received such payment(s), except that the Beneficiary may request a distribution on account of an Unforeseeable Emergency as described in Section V.(f). If such a Participant has not made a valid election as to the time and form of his distribution, then payment shall be made in a lump sum on the date that is six months following the date of the Participant's death.

SECTION VII.MISCELLANEOUS.

(a) Forfeitures. Restoration Benefits shall vest in accordance with the applicable provisions of the Retirement Plan. Notwithstanding such vesting, however, if the Participant engages in Misconduct, the Committee may determine that any unpaid Restoration Benefits shall be forfeited and/or that any previously paid Restoration Benefits shall be repaid to the Corporation.

(b) Funding. The RRP shall be unfunded, and all Restoration Benefits shall be paid only from the general assets of the Corporation.

(c) Tax Withholding. All distributions shall be net of any applicable payroll deductions including, but not limited to, any federal, state or local tax withholding. In addition, any withholding amount required under the Federal Insurance Contributions Act with respect to

Source: CHEVRON CORP, 10-K, February 26, 2009

a Participant's Restoration Benefit prior to the date a distribution is made from the RRP, if any, and the additional income taxes attributable to such withholding, shall be debited from the Participant's Restoration Benefit.

(d) No Employment Rights. Nothing in the RRP shall be deemed to give any individual a right to remain in the employ of any member of the Corporation nor affect the right of the Corporation to terminate any individual's employment at any time and for any reason, which right is hereby reserved.

(e) No Assignment of Property Rights. Except as may be required by applicable law, or as is described below relating to domestic relations orders, no Restoration Benefit or property interest in this RRP may be assigned (either at law or in equity), alienated, anticipated or subject to attachment, bankruptcy, garnishment, levy, execution or other legal or equitable process. Any act in violation of this Section VII.(e) shall be void. Notwithstanding the foregoing, the creation, assignment or recognition of a right to all or any portion of a Participant's Restoration Benefit hereunder pursuant to a domestic relations order (as defined in section 414(p)(1)(B) of the Code) that is valid under applicable state law and not preempted by ERISA shall not constitute a violation of this Section VII.(e).

(f) Administration. The RRP shall be administered by the Committee. No member of the Committee shall become a Participant in the RRP. The Committee shall make such rules, interpretations and computations as it may deem appropriate. The Committee shall have sole discretion to interpret the terms of the RRP, make any factual findings, and make any decision with respect to the RRP, including (without limitation) any determination of eligibility to participate in the RRP, eligibility for a Restoration Benefit, and the amount of such Restoration Benefit. The Committee's determinations shall be conclusive and binding on all persons. Subject to the requirements of applicable law, the Committee may designate other persons to carry out its responsibilities and may prescribe such conditions and limitations as it may deem appropriate in its sole discretion.

(g) Amendment and Termination. The Corporation expects to continue the RRP indefinitely. Future conditions, however, cannot be foreseen. Subject to Section VIII., the Corporation shall have the authority to amend or to terminate the RRP at any time and for any reason, by action of its board of directors or by action of a committee or individual(s) acting pursuant to a valid delegation of authority. In the event of an amendment or termination of the RRP, a Participant's Restoration Benefit shall not be less than the Restoration Benefit to which the Participant would have been entitled if he or she had incurred a Separation from Service immediately prior to such amendment or termination, except to the extent:

(1) The RRP was amended or terminated to comply with changes in the Code;

(2) Some or all of the amount calculated under the RRP's terms that existed immediately prior to such amendment or termination is subsequently provided from another plan.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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(h) Effect of Reemployment.

(1) If any Participant who has incurred a Separation from Service is reemployed, such Participant shall receive any amounts attributable to his or her previous employment according to his or her existing distribution schedule under the Prior Period Plan.

(2) When any reemployed Participant subsequently incurs a Separation from Service, the Participant's Restoration Benefit payable upon the subsequent Separation from Service will be the greater of the "A+B Calculation" and the "C Calculation".

The "A+B Calculation" is the sum of the "A Calculation" and the "B Calculation".

The "A Calculation" is the difference (but not less than zero) between (i) the Participant's Prior Period Plan benefit calculated according to the provisions of the Prior Period Plan based only on the Participant's service and earnings during the prior period(s) of employment, and (ii) the present value of all payments previously made or scheduled to be made in the future under the Prior Period Plan.

The "B Calculation" is the Participant's Restoration Benefit calculated according to Section IV.(a)(1)(A) or (a)(2)(A) (as applicable) based only on the Participant's service and earnings during the latest period of employment.

The "C Calculation" is the difference between (i) and (ii), where (i) is the Participant's Restoration Benefit (before offset for the Retirement Plan benefit) calculated according to Section IV.(a)(1)(A) or (a)(2)(A) (as applicable) based on the Participant's service and earnings during all periods of employment, and (ii) is the sum of the present value of all payments previously made (or scheduled to be made in the future) under the Retirement Plan and the Prior Period Plan (if any) with respect to prior period(s) of employment, and the present value of the benefit to be paid under the Retirement Plan with respect to both the prior period of employment (to the extent not previously made or scheduled to be made in the future) and the current period of employment. For the purposes of the "C Calculation", the benefit calculation according to Section IV.(a)(1)(A) or (a)(2)(A) (as applicable) will use the Retirement Plan formula in effect for the Participant at the time of his or her latest Separation from Service.

(3) Present values shall be determined using the interest rates and other actuarial factors in effect under the Retirement Plan as of the date this calculation is made.

(i) Excess Plan/Top-Hat Plan Status. To the extent that the RRP provides a benefit in excess of the limitations on contributions and benefits imposed by section 415 of the Code, the RRP is intended to be an "excess benefit plan" within the meaning of section 3(36) of ERISA, that is an unfunded deferred compensation program. Otherwise, the RRP is intended to be an unfunded deferred compensation program that is maintained "for a select group of management or highly compensated employees" as set forth in Title I of ERISA. The RRP shall be implemented, administered and interpreted in a manner consistent with this intention.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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(j) Successors and Assigns. The RRP shall be binding upon the Corporation, its Successors and Assigns. Notwithstanding that the RRP may be binding upon a Successor or Assign by operation of law, the Corporation shall also require any Successor or Assign to expressly assume and agree to be bound by the RRP in the same manner and to the same extent that the Corporation would be if no succession or assignment had taken place.

(k) 409A Compliance. This RRP is intended to comply with section 409A of the Code and shall be interpreted in a manner consistent with that intent. Notwithstanding the foregoing, in the event there is a failure to comply with section 409A of the Code (or the regulations thereunder), the Committee shall have the discretion to accelerate the time or form of payment of a Participant's Restoration Benefit, but only to the extent of the amount required to be included in income as a result of such failure.

(l) Choice of Law. The RRP shall be administered, construed and governed in accordance with ERISA, the Code, and, to the extent not preempted by ERISA, by the laws of the State of California, but without regard to its conflict of law rules. Notwithstanding the foregoing, domestic relations orders and the Section II.(q) definition of Misconduct shall be subject to the jurisdiction's law that would otherwise be applicable, but without regard to that particular jurisdiction's conflict of laws rules.

SECTION VIII.CHANGE IN CONTROL.

Notwithstanding any other provisions of the RRP to the contrary, the provisions of this Section VIII. shall apply during the Benefit Protection Period.

(a) Restrictions on Amendments During Benefit Protection Period. Notwithstanding Section VII.(g) of the RRP, except to the extent required to comply with applicable law, no amendment of the RRP (other than an amendment to reduce or discontinue future accruals under the RRP after the end of the Benefit Protection Period) that is executed or first becomes effective during the Benefit Protection Period shall:

(1) Deprive any individual who is a Participant on the Benefit Protection Period Commencement Date or immediately prior to a Change in Control of coverage under the RRP as constituted at the time of such amendment;

(2) Deprive any individual who is a Beneficiary with respect to an individual who is a Participant on the Benefit Protection Period Commencement Date or immediately prior to a Change in Control of any benefit to which he or she is entitled on the Benefit Protection Period Commencement Date or may become entitled during the Benefit Protection Period;

(3) Reduce the amount of benefits provided under the RRP below the benefits provided under the RRP on the day prior to the Benefit Protection Period Commencement Date;

(4) Amend Sections II.(c), II.(d), II.(f), VII.(g), or VIII.; or

(5) Terminate the RRP.

(b) Exception to Section VIII.(a). Section VIII.(a) shall not apply to the extent that (i) the amendment or termination of the RRP is approved after any plans have been abandoned to

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effect the transaction which, if effected, would have constituted a Change in Control and the event which would have constituted the Change in Control has not occurred, and (ii) within a period of six months after such approval, no other event constituting a Change in Control shall have occurred, and no public announcement of a proposed event which would constitute a Change in Control shall have been made, unless thereafter any plans to effect the Change in Control have been abandoned and the event which would have constituted the Change in Control has not occurred. For purposes of this Section VIII., approval shall mean written approval (by a person or entity within the Corporation having the authority to do so) of such amendment or termination.

(c) Restrictions on Certain Actions Prior to or Following, a Change in Control. Notwithstanding any contrary provisions of the RRP and except to the extent required to comply with applicable law, (i) any amendment or termination of the RRP which is executed or would otherwise become effective prior to a Change in Control at the request of a third party who effectuates a Change in Control shall not be an effective amendment or termination of the RRP during the Benefit Protection Period; and (ii) the RRP shall not be amended at any time if to do so would adversely affect the rights derived under the RRP from this Section VIII. of any individual who is a Participant during the Benefit Protection Period or a Beneficiary with respect to a Participant during the Benefit Protection Period. Furthermore, following a Change in Control, no person shall take any action that would directly or indirectly have the same effect as any of the prohibited amendments listed in Section VIII.(a).

(d) Effect on other Benefits. In calculating a Participant's Restoration Benefit under Section IV., it shall be assumed that the Retirement Plan formulae and actuarial assumptions in effect on the Benefit Protection Period Commencement Date had continued in effect through the date the Participant incurs a Separation from Service.

(e) Distribution of Restoration Benefits. In the event of a Change of Control, each Participant's Restoration Benefits shall be distributed in accordance with Section V.

(f) Establishment of a Trust. Notwithstanding anything contained in the RRP to the contrary, nothing herein shall prevent or prohibit the Corporation from establishing a trust or other arrangement for the purpose of providing for the payment of the benefits payable under the RRP.

(g) No Forfeitures. During the Benefit Protection Period, a Participant's Restoration Benefit shall not be subject to forfeiture under any circumstances.

(h) Miscellaneous.

(1) The provisions of the RRP shall be deemed severable and the validity or enforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

(2) The Corporation's obligation to make the payments and provide the benefits provided for in the RRP and otherwise to perform its obligation hereunder shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, defense or other right which the Corporation may have against the Participant or others.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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(3) No provision of the RRP may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Participant and the Corporation. No waiver by either party hereto at any time of breach by the other party hereto of, or compliance with, any condition or provision of this RRP to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or any prior or subsequent time.

SECTION IX.GRANDFATHERED PROVISIONS.

Notwithstanding any provision of the main text of this RRP, any provision in an Appendix shall supersede any contrary provision herein unless the Appendix specifically states to the contrary.

SECTION X.EXECUTION.

Approved by the Board at a meeting held on December 10, 2008 and effective January 1, 2009 and executed pursuant to the Board's delegation.

By /s/ Robert J. Eaton Date December 10, 2008

CMI09-00604

Source: CHEVRON CORP, 10-K, February 26, 2009

APPENDIX A

to the

CHEVRON CORPORATION RETIREMENT RESTORATION PLAN

(Amended and Restated as of January 1, 2009)

Section I.Applicability and Definitions. This Appendix A applies to a Grandfathered RRP Participant who has an undistributed accrued Grandfathered Benefit on January 1, 2009. For this purpose,

(a) "Grandfathered Participant" means a participant in the RRP who incurred a separation from service on or before December 31, 2004; and

(b) "Grandfathered Benefit" means the benefit accrued under the RRP as of December 31, 2004 (and earnings thereon).

Section II.Pre-2005 Grandfathered Provisions. Notwithstanding any other provision of the RRP, the provisions of the RRP which were in effect as of the time the Grandfathered Participant incurred a separation from service shall govern a Grandfathered Participant's Grandfathered Benefit.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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APPENDIX B

to the

CHEVRON CORPORATION RETIREMENT RESTORATION PLAN

(Amended and Restated as of January 1, 2009)

Section I.Applicability and Definitions. This Appendix B applies to a Pre-2006 Plan Participant who has an undistributed accrued Pre-2006 Plan Benefit on January 1, 2009. For this purpose,

(a) "Pre-2006 Plan Participant" means a participant in the RRP who incurred a Separation from Service between January 1, 2005 and June 30, 2006; and

(b) "Pre-2006 Plan Benefit" means the benefit accrued under the RRP to which a Pre-2006 Plan Participant is entitled solely on account of the Participant's service prior to incurring a Separation of Service between January 1, 2005 and June 30, 2006 (and earnings thereon).

Section II.Governing Provisions. The Pre-2006 Plan Benefit of a Pre-2006 Plan Participant shall be governed by (i) the provisions of Sections III, IV., and V. of this Appendix B, and (ii) except as otherwise provided in this Appendix B, the provisions of the main text of the RRP other than Sections IV. and V.

Section III.Amount of Pre-2006 Plan Benefit.

(a) The Pre-2006 Plan Benefit of a Pre-2006 Plan Participant whose Annuity Starting Date for Retirement Plan benefits occurred in 2005 or 2006 shall be determined as follows:

(1)Restoration Benefit. A Participant's Restoration Benefit shall be the lump sum value of the difference between (i) the amount of the Participant's single life annuity under the Retirement Plan commencing as of the Annuity Starting Date (A) without regard to the limitations required to comply with sections 401(a)(17) or 415 of the Code, and (B) including as Regular Earnings salary deferrals under the Deferred Compensation Plan (and, effective December 10, 2003, under the deferred compensation plans applicable to former Texaco and Caltex employees); and (ii) the actual amount of the Participant's single life annuity under the Retirement Plan commencing as of that Annuity Starting Date.

(2)Calculation of Lump Sum Value of Single Life Annuity. The single life annuity and lump sum values described in (1) above shall be determined using the applicable formulae and actuarial assumptions in effect under the Retirement Plan as of the Annuity Starting Date.

(3)Interest. Interest shall accrue on the unpaid portion, if any, of a Participant's Restoration Benefit, commencing on the Annuity Starting Date of the Participant's Retirement Plan benefit. Interest shall be credited and compounded daily such that the interest rate for the Quarter will be equal to the average market yield for the preceding Quarter on constant maturity U.S. Government 10 year bonds.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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(b) The Pre-2006 Plan Benefit of a Pre-2006 Plan Participant whose Annuity Starting Date for Retirement Plan benefits occurs after 2006 shall be determined as follows:

(1)Restoration Benefit. The Restoration Benefit of a Participant shall be the lump sum value of the difference between (i) the amount of the Participant's single life annuity under the Retirement Plan commencing as of the first day of the month following Separation from Service (A) without regard to the limitations required to comply with sections 401(a)(17) or 415 of the Code, (B) including as Regular Earnings salary deferrals under the Deferred Compensation Plan (and under the deferred compensation plans applicable to former Texaco and Caltex employees); and (ii) the actual amount of the Participant's single life annuity under the Retirement Plan commencing as of the first day of the month following Separation from Service.

(2)Calculation of Lump Sum Value of Single Life Annuity. The single life annuity and lump sum values described in (b)(1) above shall be determined using the applicable formulae and actuarial assumptions in effect under the Retirement Plan as of the first day of the month following the Participant's Separation from Service.

(3)Interest. Interest shall accrue on the unpaid portion, if any, of a Participant's Restoration Benefit, commencing on the first day of the month following the Participant's Separation from Service. Interest shall be credited and compounded daily such that the interest rate for the Quarter will be equal to the average market yield for the preceding Quarter on constant maturity U.S. Government 10 year bonds.

Section IV.Form of Distribution. Except as provided under Section V. of this Appendix B,the Pre-2006 Plan Benefit of a Pre-2006 Plan Participant shall be paid in accordance with (a) or (b), and (c).

(a) the Participant's effective election as of December 31, 2008, or

(b) in the case of a Pre-2006 Plan Participant whose Annuity Starting Date for Retirement Plan benefits occurred in 2005 or 2006, if the Participant did not make an effective election as of December 31, 2008, the default distribution form of ten (10) approximately equal annual installments that commenced in the first Quarter that was at least 12 months after the date the Annuity Starting Date.

(c) All installments after the first shall be paid in January. The amount of any installment payment shall be determined by dividing the unpaid balance of the Pre-2006 Plan Participant's Pre-2006 Plan Benefit, including credited interest, as of the beginning of the Quarter that includes the distribution date, by the number of annual payments remaining to be made.

Section V.Changes to Time and Form of Distribution. The time and form of distribution may be changed only as permitted under the provisions of the main text of this RRP amended and restated as of January 1, 2009; except that the reference to "ten (10) or fewer approximately equal annual installments" shall be replaced with "fifteen (15) or fewer approximately equal installments".

CMI09-00607

Source: CHEVRON CORP, 10-K, February 26, 2009

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APPENDIX C

to the

CHEVRON CORPORATION RETIREMENT RESTORATION PLAN

(Amended and Restated as of January 1, 2009)

Section I.Applicability and Definitions. This Appendix C applies to a 2006 Plan Participant who has an undistributed accrued 2006 Plan Benefit on January 1, 2009. For this purpose,

(a) "2006 Plan Participant" means a participant in the RRP who incurred a Separation from Service between July 1, 2006 and December 31, 2008; and

(b) "2006 Plan Benefit" means the benefit accrued under the RRP to which a 2006 Plan Participant is entitled solely on account of the Participant's service prior to incurring a Separation of Service between July 1, 2006 and December 31, 2008 (and earnings thereon).

Section II.Governing Provisions. The 2006 Plan Benefit of a 2006 Plan Participant shall be governed by (i) the provisions of Sections III., IV., and V. of this Appendix C, and (ii) except as otherwise provided in this Appendix C, the provisions of the main text of the RRP other than Sections IV. and V.

Section III.Amount of 2006 Plan Benefit.

(a) The 2006 Plan Benefit of an 2006 Plan Participant who incurred a Separation of Service on or before December 31, 2007 shall be determined under Section 3 of the Chevron Corporation Retirement Restoration Plan (Amended and Restated as of July 1, 2006) (the "2006 Plan").

(b) The 2006 Plan Benefit of an 2006 Plan Participant who incurred a Separation of Service after December 31, 2007 and on or before December 31, 2008 shall be determined under Section IV. of the main text of this RRP amended and restated as of January 1, 2009.

Section IV.Form of Distribution. Except as provided under Section V. of this Appendix C, the 2006 Plan Benefit of a 2006 Plan Participant shall be paid in accordance with the following:

(a) the Participant's effective election as of December 31, 2008, or if the Participant did not make an effective election, the default distribution form of a lump sum payable in the first Quarter that is at least 12 months after the date the Participant incurs a Separation from Service, and

(b) Section 4(f) of the 2006 Plan, if applicable.

(c) All installments after the first shall be paid in January. The amount of any installment payment shall be determined by dividing the unpaid balance of the 2006 Plan Participant's 2006 Plan Benefit, including credited interest, as of the beginning of the Quarter that includes the distribution date, by the number of annual payments remaining to be made.

Section V.Changes to Time and Form of Distribution. The time and form of distribution may be changed only as permitted under the provisions of the main text of this RRP amended and restated as of January 1, 2009.

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Source: CHEVRON CORP, 10-K, February 26, 2009

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APPENDIX D

to the

CHEVRON CORPORATION RETIREMENT RESTORATION PLAN

(Amended and Restated as of January 1, 2009)

Section I.Applicability and Definitions. This Appendix D applies to a SRP Participant who has an undistributed accrued SRP Benefit on January 1, 2009. For this purpose,

(a) "SRP Participant" means a participant in the SRP who terminated employment on or before December 31, 2004 or had a Separation from Service after December 31, 2004 and before July 1, 2006; and

(b) "SRP Benefit" means the benefit accrued under the SRP prior to July 1, 2006 (and earnings thereon).

Section II.Pre-2005 Grandfathered Provisions. Notwithstanding any other provision of the RRP and this Appendix D, the provisions of the SRP which were in effect on July 1, 2002 shall govern the SRP Benefit of an SRP Participant who terminated employment on or before December 31, 2004.

Section III.Post-2004 Provisions. The SRP Benefit of an SRP Participant who incurred a Separation from Service between January 1, 2005 and June 30, 2006 shall be governed by (i) the provisions of Sections IV., V., and VI. of this Appendix D, and (ii) except as otherwise provided in this Appendix D, the provisions of the main text of the RRP other than Sections IV. and V.

Section IV.Amount of SRP Benefit.

(a) The SRP Benefit of an SRP Participant who incurred a Separation from Service between January 1, 2005 and June 30, 2006 shall be determined as follows:

(i) An annual single life annuity shall be determined commencing at age 65 equal to 1.6% times the Participant's Years of Benefit Accrual Service under the Retirement Plan times the Participant's Highest Average Unrestricted Awards. The Committee may, in its sole discretion, also elect to treat other service with a member of the Affiliated Group as "years of benefit accrual service" for purposes of the SRP;

(ii) The annual single life annuity determined pursuant to (i) above shall then be reduced to a single life annuity commencing as of the first day of the month following the month the Participant has a Separation from Service, utilizing the applicable formulae and actuarial assumptions set forth in the Retirement Plan;

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Source: CHEVRON CORP, 10-K, February 26, 2009

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(iii) The annual single life annuity determined pursuant to (ii) above shall then be converted to a lump sum amount, utilizing the applicable formulae and actuarial assumptions set forth in the Retirement Plan that are in effect as of the first day of the month following the month the Participant has a Separation from Service;

(iv) With regard to Former Texaco Employees who had Years of Foreign Benefit Accrual Service, a Participant's Supplemental Benefit shall be increased by an additional 0.3% times the Participant's Years of Foreign Benefit Accrual Service times the Participant's Highest Average Unrestricted Awards; and

(v) A Participant who was eligible to receive a Gulf Retirement Bonus under the Supplemental Pension Plan of Gulf Oil Corporation shall be entitled to receive such benefit under the SRP as a part of his or her Supplemental Benefit.

(b) Interest. Interest shall accrue on the unpaid portion, if any, of a Participant's Supplemental Benefit, commencing on the first day of the month following the date the Participant incurs a Separation from Service. Interest shall be credited and compounded daily such that the interest rate for the Quarter will be equal to the average market yield for the preceding Quarter on constant maturity U.S. Government 10 year bonds.

Section V.Form of Distribution. Except as provided under Section VI. of this Appendix D, the SRP Benefit of an SRP Participant who incurred a Separation from Service between January 1, 2005 and June 30, 2006 shall be paid in accordance with (a) or (b), and (c).

(a) the Participant's effective election as of December 31, 2008, or

(b) if the Participant did not make an effective election as of December 31, 2008, the default distribution form of ten (10) approximately equal annual installments that commenced in the first Quarter that was at least 12 months after the date the Participant incurred a Separation from Service.

(c) All installments after the first shall be paid in January. The amount of any installment payment shall be determined by dividing the unpaid balance of the SRP Participant's SRP Benefit, including credited interest, as of the beginning of the Quarter that includes the distribution date, by the number of annual payments remaining to be made.

Section VI.Changes to Time and Form of Distribution. The time and form of distribution may be changed only as permitted under the provisions of the main text of this RRP amended and restated as of January 1, 2009; except that the reference to "ten (10) or fewer approximately equal annual installments" shall be replaced with "fifteen (15) or fewer approximately equal installments".

CMI09-00610

Source: CHEVRON CORP, 10-K, February 26, 2009

Exhibit 10.7

CHEVRON CORPORATION
ESIP RESTORATION PLAN

(Amended and Restated as of January 1, 2009)
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Source: CHEVRON CORP, 10-K, February 26, 2009

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CHEVRON CORPORATION
ESIP RESTORATION PLAN

(Amended and Restated as of January 1, 2009)

SECTION I.INTRODUCTION.

(a) The ChevronTexaco Corporation ESIP Restoration Plan (the "ESIP-RP") was established effective July 1, 2002 as a spin out of a portion of the liabilities of the Chevron Corporation Excess Benefit Plan (the "Excess Plan"). The ESIP-RP provides additional retirement benefits to those provided under the Chevron Employee Savings Investment Plan (the "ESIP") (prior to January 1, 2006, the ESIP was named the ChevronTexaco Employee Savings Investment Plan). In addition, the ESIP-RP also provided additional retirement benefits to those provided under the Unocal Savings Plan (the "USP"), effective January 1, 2006 through the effective date of the USP's merger with the ESIP.

(b) Effective July 1, 2006, the ESIP-RP was amended and restated to incorporate certain ESIP-RP changes which occurred subsequent to July 1, 2002, and to rename the ESIP-RP the Chevron Corporation ESIP Restoration Plan. From July 1, 2002 through December 31, 2005, this ESIP-RP provided additional retirement benefits to those provided under the ESIP because the ESIP's benefits are subject to limitations on contributions imposed by sections 401(a)(17) or 415 of the Code and because the ESIP's definition of Regular Earnings did not include salary deferrals under the Chevron Corporation Deferred Compensation Plan for Management Employees (together with the Chevron Corporation Deferred Compensation Plan for Management Employees II, the "Deferred Compensation Plan"). Prior to January 1, 2006, Participants received credits under this ESIP-RP without regard to whether the Participant deferred any amount to the Deferred Compensation Plan or the ESIP.

(c) On August 10, 2005, the Corporation acquired Unocal Corporation and later became the sponsor of the USP. Effective January 1, 2006, the ESIP-RP also provides benefits to certain members of the USP as described below.

(d) Effective January 1, 2006, amounts allocated to this ESIP-RP are limited to Participants (including Members of the ESIP and USP) whose compensation exceeds the limitation on compensation that may be taken into account with respect to a qualified retirement plan that is imposed by section 401(a)(17) of the Code (the "Section 401(a)(17) Limitation") and who elect to defer two percent (2%) or more of their Regular Earnings over this limitation to the Deferred Compensation Plan.

(e) In addition, the July 1, 2006 ESIP-RP restatement was intended to incorporate changes necessary to comply with section 409A of the Code, to grandfather the provisions of the ESIP-RP that were in effect as of December 31, 2004, and to adopt certain other transitional rules pursuant to guidance issued with respect to section 409A of the Code.

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(f) Effective January 1, 2009, the ESIP-RP was amended and restated in order to comply with the Internal Revenue Service's final regulations under Section 409A. Because of certain changes to the ESIP's definition of Regular Earnings effective on or after January 1, 2008, the ESIP-RP was also amended to continue to include salary deferrals under the Deferred Compensation Plan and exclude awards under the Chevron Incentive Plan (or successor plan) in the compensation used for purposes of this ESIP-RP.

(g) The main text of this ESIP-RP shall govern the Plan Benefit attributable to amounts credited to a Participant's Account (and earnings thereon) on or after January 1, 2005 except that Appendix B shall govern the distribution of such Plan Benefit of a Participant who incurs a Separation from Service between January 1, 2005 and December 31, 2008. Appendix A shall govern a Participant's Grandfathered Amount.

SECTION II.DEFINITIONS.

Except as provided below, capitalized terms used in the ESIP-RP shall have the same meaning as in the ESIP.

(a) "Account" or "Accounts" means as to any Participant the separate account maintained in order to reflect his or her interest in the ESIP-RP.

(b) "Beneficiary" means the person or persons entitled to receive a Participant's remaining Plan Benefit in the event the Participant dies prior to receiving his or her entire Plan Benefit, as provided in Section VI.

(c) "Benefit Protection Period" means the period commencing on the Benefit Protection Period Commencement Date and terminating two years after the date of a Change in Control.

(d) "Benefit Protection Period Commencement Date" means the date six months prior to the public announcement of the proposed transaction which, when effected, is a Change in Control.

(e) "Business in Competition" means any person, organization or enterprise which is engaged in or is about to be engaged in any line of business engaged in by the Corporation at such time.

(f) "Change in Control" means a change in control of the Corporation as defined in Article VI of the Corporation's By-Laws, as it may be amended from time-to-time.

(g) "Chevron Stock" means the common stock of the Corporation.

(h) "Code" means the Internal Revenue Code of 1986, as amended.

(i) "Committee" means the Management Compensation Committee of the Board of Directors of the Corporation.

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(j) "Composite Transaction Report" means the New York Stock Exchange, Inc. Composite Transaction Report, or such other stock report as the Committee from time to time may designate.

(k) "Corporation" means Chevron Corporation, a Delaware corporation, or any Successors or Assigns. Where the context shall permit, "Corporation" shall include the Subsidiaries of Chevron Corporation.

(l) "Corporation Confidential Information" includes:

(1) Information embodied in inventions, discoveries and improvements, whether patentable or unpatentable, including trade secrets;

(2) Geological and geophysical data and analyses thereof, well information, discoveries, development initiatives, reserves, offshore bidding strategies, potential value of unleased offshore acreage, exploration and other business strategies and investment plans, business methods, current and planned technology, processes and practices relating to the existence of, exploration for, or the development of oil, gas, or other potentially valuable raw material, product, mineral or natural resource of any kind;

(3) Confidential personnel or Human Resources data;

(4) Customer lists, pricing, supplier lists, and Corporation processes;

(5) Any other information having present or potential commercial value; and

(6) Confidential information of any kind in possession of the Corporation, whether developed for or by the Corporation (including information developed by the Participant), received from a third party in confidence, or belonging to others and licensed or disclosed to the Corporation in confidence for use in any aspect of its business and without regard to whether it is designated or marked as such through use of such words as "classified," "confidential" or "restricted";

Provided, however, that Corporation Confidential Information shall not include any information that is or becomes generally known through no wrongful act or omission of the Participant. However, information shall not fail to be Corporation Confidential Information solely because it is embraced by more general information available on a non-confidential basis.

(m) "Deferred Compensation Plan" means the Chevron Corporation Deferred Compensation Plan for Management Employees or the Chevron Corporation Deferred Compensation Plan for Management Employees II, whichever is applicable.

(n) "DCP" means the Chevron Corporation Deferred Compensation Plan for Management Employees II.

(o) "DCP Salary Deferral" means a contribution of two percent (2%) or more of DCP Regular Earnings (as defined in the Rules governing the amounts deferred under the DCP) above the Section 401(a)(17) Limitation to the DCP.

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(p) "Document" means any devices, records, data, notes, reports, abstracts, proposals, lists, correspondence (including e-mails), specifications, drawings, blueprints, sketches, materials, equipment, reproductions of any kind made from or about such documents or information contained therein, recordings, or similar items.

(q) "Employee" means an individual who is paid on the U.S. dollar Payroll of the Corporation, but shall not include an individual for any period in which he or she is:

(1) Compensated for services by a person other than the Corporation and who, at any time and for any reason, is deemed to be an Employee;

(2) Not on the Payroll of the Corporation and who, at any time and for any reason, is deemed to be an Employee;

(3) A leased employee within the meaning of section 414(n) of the Code, or would be a leased employee but for the period-of-service requirement of section 414(n)(2)(B) of the Code, and who is providing services to the Corporation;

(4) If, during any period, the Corporation has not treated an individual as an Employee and, for that reason, has not withheld employment taxes with respect to that individual, then that individual shall not be treated as an Employee for that period, even in the event that the individual is determined, retroactively, to have been an Employee during all or any portion of that period.

(r) "ERISA" means the federal Employee Retirement Income Security Act of 1974, as amended.

(s) "ESIP" means the Chevron Corporation Employee Savings Investment Plan.

(t) "ESIP-RP Regular Earnings" means "Regular Earnings" as defined in the ESIP:

(1) Without regard to the Section 401(a)(17) Limitation;

(2) Not including any awards under the Chevron Incentive Plan of Chevron Corporation (or any successor plans); and

(3) Including deferred amounts under a DCP Salary Deferral.

(u) "ESIP-RP" means the Chevron Corporation ESIP Restoration Plan.

(v) "ESIP Restoration Benefit" means the benefit described in Section IV.

(w) "Excess Plan" means the Chevron Corporation Excess Benefit Plan as originally established effective January 1, 1976, amended thereafter from time to time, and effective July 1, 2002 reconstituted to form the Chevron Corporation Retirement Restoration Plan, the Chevron Corporation Supplemental Retirement Plan, and the ESIP-RP.

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(x) "Grandfathered Amount" means that portion, if any, of a Participant's Plan Benefit which was credited to his or her Account as of December 31, 2004 (and earnings thereon).

(y) "Misconduct" of a Participant means:

(1) The Corporation has been required to prepare an accounting restatement due to material noncompliance, as a result of misconduct, with any financial reporting requirement under the securities laws, and the Committee has determined in its sole discretion that the Participant:

(A) Had knowledge of the material noncompliance or circumstances giving rise to such noncompliance and willfully failed to take reasonable steps to bring it to the attention of appropriate individuals within the Corporation; or

(B) Knowingly engaged in practices which materially contributed to the circumstances that enabled such material noncompliance to occur;

(2) A Participant commits an act of embezzlement, fraud or theft with respect to the property of the Corporation, materially violates the Corporation's conflict of interest policy, or breaches his or her fiduciary duty to the Corporation;

(3) A Participant, while still employed by the Corporation:

(A) Willfully misappropriates or discloses to any person, firm or corporation any Corporation Confidential Information, unless the Participant is expressly authorized by the Corporation's management to disclose such Corporation Confidential Information, pursuant to a written non-disclosure agreement that sufficiently protects it;

(B) Directly or indirectly engages in, commences employment with, or materially renders services, advice or assistance to any Business in Competition with the Corporation other than on behalf of the Corporation;

(C) Induces or attempts to induce, directly or indirectly, any of the Corporation's customers, employees, representatives or consultants to terminate, discontinue or cease working with or for the Corporation, or to breach any contract with the Corporation, in order to work with or for, or enter into a contract with, the Participant or any third party other than when such action is taken on behalf of the Corporation;

(4) A Participant willfully fails to promptly return all Documents and other tangible items belonging to the Corporation that are in his or her possession or control upon termination of employment, whether pursuant to retirement or otherwise;

(5) A Participant willfully commits an act which, under applicable law, constitutes the misappropriation of a Corporation trade secret or otherwise violates the law of unfair competition with respect to the Corporation; including, but not limited to, unlawfully:

(A) Using or disclosing Corporation Confidential Information; or

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(B) Soliciting (or contributing to the soliciting of) the Corporation's customers, employees, representatives, or consultants to:

(i) Terminate, discontinue or cease working with or for the Corporation; or

(ii) To breach any contract with the Corporation, in order to work with or for, or enter into a contract with, the Participant or any third party;

(6) A Participant willfully fails to inform any new employer of the Participant's continuing obligation to maintain the confidentiality of the trade secrets and other Corporation Confidential Information obtained by the Participant during the term of his or her employment with the Corporation;

The Committee shall determine in its sole discretion whether the Participant has engaged in any of the acts set forth in subsections (1) through (6) above, and its determination shall be conclusive and binding on all interested persons.

(z) "Participant" means a person who is eligible to participate in the ESIP-RP as provided in Section III. Notwithstanding the foregoing, an individual who is paid on a non-U.S. Payroll or on the Global Offshore Payroll is not an "Employee" for purposes of becoming a Participant under Section III.(1) or a "Participant" for purposes of receiving an allocation under Section IV.(a).

(aa) "Payroll" means the system used by the Corporation to pay those individuals it regards as Corporation employees for their services and to withhold employment taxes from the compensation it pays to such employees. "Payroll" does not include any system the Corporation uses to pay individuals whom it does not regard as Corporation employees and for whom it does not actually withhold employment taxes (including, but not limited to, individuals it regards as independent contractors) for their services.

(bb) "Plan Benefit" means the benefit described in Section IV.

(cc) "Plan Year" means the calendar year.

(dd) "Quarter" means a calendar quarter.

(ee) "Section 401(a)(17) Limitation" means the limitation on the amount of annual compensation that may be taken into account pursuant to section 401(a)(17) of the Code.

(ff) "Separation from Service" means "separation from service" with the Corporation within the meaning of section 409A of the Code

(1) Whether such a termination of employment has occurred is determined based on whether the facts and circumstances indicate that the Corporation and employee reasonably anticipated that no further services will be performed after a certain date or that the level of bona fide services the employee would perform after such date (whether as an employee or as an independent contractor) would permanently decrease to less than fifty percent (50%) of the

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average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding thirty-six (36)-month period (or the full period of services to the employer if the employee has been providing services to the employer less than thirty-six (36) months).

(2) Notwithstanding the foregoing, the employment relationship is treated as continuing intact:

(A) While the individual is on military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed six (6) months, or if longer, so long as the individual retains a right to reemployment with the service recipient under an applicable statute or by contract. Where a leave of absence is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six (6) months, where such impairment causes the employee to be unable to perform the duties of his or her position of employment or any substantially similar position of employment, a twenty-nine (29)-month period of absence is substituted for such six (6)-month period.

(B) Until the individual separates from service with the third-party, where the employee terminates employment with the Corporation due to a bona fide sale of substantial assets to such third-party and becomes employed by it in connection with such sale; provided that the Corporation or the Committee so designates within its sole discretion no later than the closing date of the sale.

(gg) "Stock Units" means the Chevron stock equivalents credited to a Participant's Account in accordance with Section IV.

(hh) "Subsidiary" means any corporation or entity with respect to which the Corporation, one or more Subsidiaries, or the Corporation together with one or more Subsidiaries, owns not less than eighty percent (80%) of the total combined voting power of all classes of stock entitled to vote, or not less than eighty percent (80%) of the total value of all shares of all classes of stock.

(ii) "Successors and Assigns" means a corporation or other entity acquiring all or substantially all the assets and business of the Corporation (including the ESIP-RP) whether by operation of law or otherwise; including any corporation or other entity effectuating a Change in Control of the Corporation.

(jj) "Unforeseeable Emergency"

(1) Means a severe financial hardship to the Participant or his or her Beneficiary resulting from:

(A) An illness or accident of the Participant or Beneficiary, the Participant's or Beneficiary's spouse, or the Participant's or Beneficiary's dependent (as defined in section 152(a) of the Code);

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(B) Loss of the Participant's or Beneficiary's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance); or

(C) Other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant or Beneficiary.

(2) Notwithstanding Section II.(jj) (1); a hardship shall not constitute an Unforeseeable Emergency:

(A) To the extent that it is, or may be, relieved by:

(i) Reimbursement or compensation, by insurance or otherwise;

(ii) Liquidation of the Participant's or Beneficiary's assets to the extent that the liquidation of such assets would not itself cause severe financial hardship (such assets shall include but not be limited to stock options, Common Stock, and Chevron Corporation Employee Savings Investment Plan balances); or

(iii) Cessation of deferrals under the plan.

(B) If (among other events), it consists of payment of college tuition or purchasing a home.

SECTION III.ELIGIBILITY AND PARTICIPATION.

Participation in the ESIP-RP shall be limited to individuals who: on January 1, 2009, or thereafter, meet the following requirements:

(1) they

(A) are Employees who are eligible to participate in the ESIP; and

(B) make a DCP Salary Deferral; or

(2) they have an undistributed accrued benefit under the ESIP-RP.

SECTION IV.PLAN BENEFITS.

The Plan Benefit under the ESIP-RP consists of the ESIP Restoration Benefit. The ESIP Restoration Benefit is the lump sum value of a Participant's Stock Units which are credited to a Participant's Account. In addition to the Stock Units credited to a Participant's Account as of December 31, 2008, Stock Units are credited to such Account as described below in Sections IV.(a) and are credited with earnings in accordance with Section IV.(b) below.

(a) Allocation of Stock Units. A Participant who makes a DCP Salary Deferral for the calendar year shall receive an allocation of Stock Units equal to eight percent (8%) of that portion of the Participant's ESIP-RP Regular Earnings that are not included in "Regular Earnings" under the ESIP.

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(b) Earnings. As of the payment date of a cash dividend paid with respect to shares of Chevron Stock, each Participant's Account shall be credited with the number of Stock Units determined by multiplying the number of Stock Units in such Account on the day prior to the ex-dividend date by the per share amount of such dividend, and by dividing the resulting amount by the average share price obtained in connection with the reinvestment of the dividend in the Chevron stock fund within the ESIP.

SECTION V.DISTRIBUTION OF PLAN BENEFITS.

Plan Benefits shall be distributed in cash in accordance with this Section V. Distributions shall only be made after a Participant incurs a Separation from Service.

(a) Default Distribution Form. Unless the Participant has made a valid election to the contrary or except as provided in Section VI.(b), the Participant's Plan Benefit shall be distributed in a lump sum in the first Quarter that is at least twelve (12) months after the date the Participant incurs a Separation from Service.

(b) Distribution Election. A Participant is permitted to make an initial election regarding the timing and form of distribution of his or her Plan Benefit as follows:

(1)Election Procedure. A Participant who is eligible to participate in the ESIP-RP on his or her first hire date and who completes a valid salary deferral election under the DCP within 30 days of such date may also elect his or her time and form of distribution under this ESIP-RP on or before the date that is 30 days after his or her first hire date. Any other Participant may elect his or her time and form of distribution no later than the later of December 31, 2006 and the last day of the calendar year in which the Participant first completes a valid salary deferral election under the DCP, or such earlier date as specified by the Committee. Such an election shall be made by filing the prescribed form with the Committee.

(2)Time and Form of Distribution.

A Participant may make a timely election to receive his or her Plan Benefit only in the following forms and times:

(A) In a lump sum payable in the first Quarter or in the first January that is one or more whole years (as elected by the Participant) following the date the Participant incurs a Separation from Service; or

(B) In ten (10) or fewer approximately equal annual installments, commencing in the first Quarter or in the first January that is one or more whole years (as elected by the Participant) following the date the Participant incurs a Separation from Service. Subsequent installments will be paid each January.

(c) Valuation of Stock Units/Determination of Installment Payments. The amount of the cash payment pursuant to Section V.(a) or (b) attributable to any Account to which Stock

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Units are credited shall be determined by dividing the number of such Stock Units credited to the Participant's Account as of the first business day of the Quarter in which the distribution is made by the number of annual payments remaining to be made, and by converting the resulting number of Stock Units to a cash amount by multiplying such number of Stock Units by the average daily trade price for the Chevron stock fund within the ESIP as of the first business day of the Quarter which includes the date payment is made under the ESIP-RP.

(d) Change of Distribution Form Election. The form and time of distribution (as determined pursuant to Section V.(a) or (b)) may be changed in accordance with the requirements of this Section V.(d) and such additional procedures as may be prescribed by the Committee in its sole discretion, subject to the following requirements:

(1) Such an election shall only be valid if it is made at least twelve (12) months prior to the original payment date and postpones the commencement of such payment(s) to at least five (5) years after the date the original payment(s) were scheduled to commence. The new election can be a lump sum payment or ten or fewer installments payable or commencing in the first Quarter or the first January that is five or more whole years after the date the original payment(s) were scheduled to commence. All installment payments shall be made in cash and, after the first such installment, shall be paid in January; and

(2) For purposes of this ESIP-RP, "payment date" means the date a lump sum is payable or the date the first of a series of installments is payable. Installment payments shall be considered to be one payment.

(e) Acceleration of Payments. Except with respect to an Unforeseeable Emergency; a Participant may not elect to accelerate an irrevocable distribution of any portion of his or her Plan Benefit prior to the date it would otherwise be distributed; provided that an election change permitted under Section V.(d) shall not be considered to be an accelerated distribution solely because such change results in a change to the time and/or form of distribution.

(f) Unforeseeable Emergency.

(1) A Participant may request distribution of such portion of his or her Account to the extent reasonably necessary to satisfy an Unforeseeable Emergency (which may include amounts necessary to pay any Federal, state, local, or foreign income taxes or penalties reasonably anticipated to result from the distribution).

(2) Determinations of amounts reasonably necessary to satisfy the Unforeseeable Emergency will take into account any additional compensation that is available to the Participant to satisfy the Unforeseeable Emergency with the exception of benefits:

(A) Under a pension plan qualified under section 401(a) of the Code (including any amount available as a plan loan); or

(B) Available due to the Unforeseeable Emergency under another nonqualified deferred compensation plan within the meaning of section 409A of the Code (or would be such a nonqualified deferred compensation plan if it was not grandfathered under the effective date provisions of section 409A of the Code).

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(3) Notwithstanding Section V.(c), the date the Committee approves the request for such an Unforeseeable Emergency distribution shall be used for purposes of determining the number of Stock Units credited to a Participant's Account, as well as the valuation of these Stock Units; provided, however, that any earnings credited under Section IV.(b) during the Quarter in which the Committee approves the request shall be deemed to be credited as of such date if necessary to satisfy the Unforeseeable Emergency.

(g) Cashout Limit. Notwithstanding any other provision of this Section V., if a Participant's Plan Benefit upon Separation from Service is less than $50,000 (not including the Participant's Grandfathered Amount) as of the first business day of the first Quarter that is at least 12 months following the date the Participant incurs a Separation from Service, then such Plan Benefit shall be distributed in a lump sum during such Quarter.

SECTION VI.DEATH BENEFITS.

(a) Beneficiary Designation. A Participant may designate, in the manner and on the form prescribed by the Committee, one or more Beneficiaries to receive payment of any Plan Benefit that is undistributed at the time of the Participant's death. A Participant may change such designation at any time by filing the prescribed form in the manner established by the Committee. No Beneficiary designation shall be effective until it is filed in accordance with the procedures established by the Committee. If a Beneficiary has not been designated or if no designated Beneficiary survives the Participant, distribution will be made to the Participant's surviving spouse as Beneficiary if such spouse is then living or, if not, in equal shares to the then living children of the Participant as Beneficiaries or, if none, to the Participant's estate as Beneficiary.

(b) Time and Form of Death Benefit. If a Participant who has made a valid election as to the form and time of the payment of his or her Account dies, then the Beneficiary shall receive the payment(s) on the date(s) elected by the Participant and at the same time and in the same form as the Participant would have received such payment(s), except that the Beneficiary may request a distribution on account of an Unforeseeable Emergency as described in Section V.(f). If such a Participant has not made a valid election as to the time and form of his distribution, then payment shall be made in a lump sum on the date that is six months following the date of the Participant's death.

SECTION VII.MISCELLANEOUS.

(a) Forfeitures. Plan Benefits shall be fully vested at all times; provided, however, that, if a Participant engages in Misconduct the Committee (or its delegate) may determine that any balance in the Participant's Account attributable to allocations to the ESIP-RP on or after June 29, 2005 and the date of the Participant's Misconduct shall be forfeited.

(b) Funding. The ESIP-RP shall be unfunded, and all Plan Benefits shall be paid only from the general assets of the Corporation.

(c) Tax Withholding. All distributions shall be net of any applicable payroll deductions including, but not limited to, any federal, state or local income tax withholding. In addition, any withholding amount required under the Federal Insurance Contributions Act with

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respect to a Participant's Plan Benefit prior to the date a distribution shall be paid through withholding from the Participant's salary or other income from the Corporation; provided, however, that if such amounts are not withheld in this manner, then these withholdings shall be debited from the Participant's Plan Benefit.

(d) No Employment Rights. Nothing in the ESIP-RP shall be deemed to give any individual a right to remain in the employ of the Corporation nor affect the right of the Corporation to terminate any individual's employment at any time and for any reason, which right is hereby reserved.

(e) No Assignment of Property Rights. Except as may be required by applicable law, or as is described below relating to domestic relations orders, no Plan Benefit or property interest in this ESIP-RP may be assigned (either at law or in equity), alienated, anticipated or subject to attachment, bankruptcy, garnishment, levy, execution or other legal or equitable process. Any act in violation of this Section VII.(e) shall be void. Notwithstanding the foregoing, the creation, assignment or recognition of a right to all or any portion of a Participant's Plan Benefit hereunder pursuant to a domestic relations order (as defined in section 414(p)(1)(B) of the Code) that is valid under applicable state law and not preempted by ERISA shall not constitute a violation of this Section VII.(e).

(f) Effect of Change in Capitalization on Participant's Accounts. In the event of a stock split, stock dividend or other change in capitalization affecting Chevron Stock, an appropriate number of Stock Units shall be substituted for, or added to, each Stock Unit then credited on behalf of each Participant's Account, and such substituted or added Stock Unit shall be subject to the same terms and conditions as the original Stock Unit.

(g) Administration. The ESIP-RP shall be administered by the Committee. No member of the Committee shall become a Participant in the ESIP-RP. The Committee shall make such rules, interpretations and computations as it may deem appropriate. The Committee shall have sole discretion to interpret the terms of the ESIP-RP, make any factual findings, and make any decision with respect to the ESIP-RP, including (without limitation) any determination of eligibility to participate in the ESIP-RP, eligibility for a Plan Benefit, and the amount of such Plan Benefit. The Committee's determinations shall be conclusive and binding on all persons. Subject to the requirements of applicable law, the Committee may designate other persons to carry out its responsibilities and may prescribe such conditions and limitations as it may deem appropriate in its sole discretion.

(h) Amendment and Termination. The Corporation expects to continue the ESIP-RP indefinitely. Future conditions, however, cannot be foreseen. Subject to Section VIII., the Corporation shall have the authority to amend or to terminate the ESIP-RP at any time and for any reason, by action of its board of directors or by action of a committee or individual(s) acting pursuant to a valid delegation of authority. In the event of an amendment or termination of the ESIP-RP, the number of Stock Units credited to a Participant's ESIP Restoration Account shall not be less than the number of Stock Units to which he or she would have been entitled to as of the date of such amendment or termination, as adjusted for subsequent cash dividends as described in Section IV.(b).

CMI09-00626

Source: CHEVRON CORP, 10-K, February 26, 2009

009457

(i) Effect of Reemployment. If any Participant who has incurred a Separation from Service is reemployed, such Participant shall continue to receive any amounts attributable to his or her previous employment according to his or her existing distribution schedule under the Excess Plan or this ESIP-RP, as applicable. The Plan Benefit of a reemployed Participant that is attributable to such additional service shall be allocated to a new Account. When the reemployed Participant subsequently incurs a Separation from Service, such new Account will be distributed in accordance with Section V. of this ESIP-RP without regard to any election made with respect to, or distribution schedule applicable to, amounts attributable to the Participant's previous employment. For this purpose, a distribution election only with respect to the Plan Benefit attributable to the additional service that is made by the Participant no later than the last day of the calendar year immediately preceding the first calendar year in which such Plan Benefit accrues or such earlier date as specified by the Committee shall be treated as the initial distribution election under Section V.(b) with respect to such Plan Benefit. A Participant who has incurred a Separation from Service without terminating his or her employment relationship with the Company shall be considered to be reemployed for purposes of this Section VII.(i) when the Participant begins to actually perform services for the Company, and any amounts allocated with respect to the Participant prior to such time shall be attributable to his or her previous employment.

(j) Excess Plan/Top-Hat Plan Status. To the extent that the ESIP-RP provides a benefit in excess of the limitations on contributions and benefits imposed by section 415 of the Code, the ESIP-RP is intended to be an "excess benefit plan" within the meaning of section 3(36) of ERISA, that is an unfunded deferred compensation program. Otherwise, the ESIP-RP is intended to be an unfunded deferred compensation program that is maintained "for a select group of management or highly compensated employees" as set forth in Title I of ERISA. The ESIP-RP shall be implemented, administered and interpreted in a manner consistent with this intention.

(k) Successors and Assigns. The ESIP-RP shall be binding upon the Corporation, its Successors and Assigns. Notwithstanding that the ESIP-RP may be binding upon a Successor or Assign by operation of law, the Corporation shall also require any Successor or Assign to expressly assume and agree to be bound by the ESIP-RP in the same manner and to the same extent that the Corporation would be if no succession or assignment had taken place.

(l) 409A Compliance. This ESIP-RP is intended to comply with section 409A of the Code and shall be interpreted in a manner consistent with that intent. Notwithstanding the foregoing, in the event there is a failure to comply with section 409A of the Code (or the regulations thereunder), the Committee shall have the discretion to accelerate the time or form of payment of a Participant's Plan Benefit, but only to the extent of the amount required to be included in income as a result of such failure.

(m) Choice of Law. The ESIP-RP shall be administered, construed and governed in accordance with ERISA, the Code, and, to the extent not preempted by ERISA, by the laws of the State of California, but without regard to its conflict of law rules. Notwithstanding the foregoing, domestic relations orders and the Section II.(y) definition of Misconduct shall be subject to the jurisdiction's law that would otherwise be applicable, but without regard to that particular jurisdiction's conflict of laws rules.

CMI09-00627

Source: CHEVRON CORP, 10-K, February 26, 2009

009458

SECTION VIII.CHANGE IN CONTROL.

Notwithstanding any other provisions of the ESIP-RP to the contrary, the provisions of this Section VIII. shall apply during the Benefit Protection Period.

(a) Restrictions on Amendments During Benefit Protection Period. Notwithstanding Section VII.(h), except to the extent required to comply with applicable law, no amendment of the ESIP-RP (other than an amendment to reduce or discontinue future allocations under the ESIP-RP after the end of the Benefit Protection Period) that is executed or first becomes effective during the Benefit Protection Period shall:

(1) Deprive any individual who is a Participant on the Benefit Protection Period Commencement Date or immediately prior to a Change in Control of coverage under the ESIP-RP as constituted at the time of such amendment;

(2) Deprive any individual who is a Beneficiary with respect to an individual who is a Participant on the Benefit Protection Period Commencement Date or immediately prior to a Change in Control of any benefit to which he or she is entitled on the Benefit Protection Period Commencement Date or may become entitled during the Benefit Protection Period;

(3) Reduce the amount of benefits provided under the ESIP-RP below the benefits provided under the ESIP-RP on the day prior to the Benefit Protection Period Commencement Date;

(4) Amend Sections II (c), II (d), II (f), II (ii), VII.(k), or VIII. of the ESIP-RP; or

(5) Terminate the ESIP-RP.

(b) Exception to Section VIII.(a). Section VIII.(a) shall not apply to the extent that (i) the amendment or termination of the ESIP-RP is approved after any plans have been abandoned to effect the transaction which, if effected, would have constituted a Change in Control and the event which would have constituted the Change in Control has not occurred, and (ii) within a period of six months after such approval, no other event constituting a Change in Control shall have occurred, and no public announcement of a proposed event which would constitute a Change in Control shall have been made, unless thereafter any plans to effect the Change in Control have been abandoned and the event which would have constituted the Change in Control has not occurred. For purposes of this Section VIII., approval shall mean written approval (by a person or entity within the Corporation having the authority to do so) of such amendment or termination.

(c) Restrictions on Certain Actions Prior to or Following, a Change in Control. Notwithstanding any contrary provisions of the ESIP-RP and except to the extent required to comply with applicable law, (i) any amendment or termination of the ESIP-RP which is executed or would otherwise become effective prior to a Change in Control at the request of a third party who effectuates a Change in Control shall not be an effective amendment or termination of the ESIP-RP during the Benefit Protection Period; and (ii) the ESIP-RP shall not be amended at any time if to do so would adversely affect the rights derived under the ESIP-RP from this

Source: CHEVRON CORP, 10-K, February 26, 2009

Section VIII. of any individual who is a Participant during the Benefit Protection Period or a Beneficiary with respect to a Participant during the Benefit Protection Period. Furthermore, following a Change in Control, no person shall take any action that would directly or indirectly have the same effect as any of the prohibited amendments listed in Section VIII.(a).

(d) ESIP Restoration Benefit. Each of a Participant's Stock Units shall be converted to a dollar amount immediately after a Change in Control in an amount equal to the greater of (i) the highest price per share of Chevron Stock (the "Shares") paid to holders of the Shares in any transaction (or series of transactions) constituting or resulting in a Change in Control or (ii) the highest closing price of a Share as reported on the New York Stock Exchange, Inc. Composite Transaction Report during the ninety-day period ending on the date of a Change in Control. Thereafter deemed earnings shall be added to the unpaid portion of the total dollar amount of the Participant's Plan Benefit as if such amounts were invested in the Vanguard Prime Money Market Fund. If for any reason such fund ceases to exist, earnings shall be determined based upon the earnings rate associated with the successor to such fund.

(e) Distribution of Plan Benefits. A Change in Control shall not affect the time and form of distributions under the Plan.

(f) Establishment of a Trust. Notwithstanding anything contained in the ESIP-RP to the contrary, nothing herein shall prevent or prohibit the Corporation from establishing a trust or other arrangement for the purpose of providing for the payment of the benefits payable under the ESIP-RP.

(g) No Forfeitures. During the Benefit Protection Period, a Participant's ESIP-RP Benefit shall not be subject to forfeiture under any circumstances.

(h) Miscellaneous.

(1) The provisions of the ESIP-RP shall be deemed severable and the validity or enforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

(2) The Corporation's obligation to make the payments and provide the benefits provided for in the ESIP-RP and otherwise to perform its obligation hereunder shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, defense or other right which the Corporation may have against the Participant or others.

(3) No provision of the ESIP-RP may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Participant and the Corporation. No waiver by either party hereto at any time of breach by the other party hereto of, or compliance with, any condition or provision of this ESIP-RP to be performed by such other party, shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or any prior or subsequent time.

CMI09-00629

Source: CHEVRON CORP, 10-K, February 26, 2009

009460

SECTION IX.GRANDFATHERED PROVISIONS.

Notwithstanding any provision of the main text of the ESIP-RP, any provision in an Appendix shall supersede any contrary provision herein unless the Appendix specifically states to the contrary.

SECTION X.EXECUTION.

Approved by the Board at a meeting held on December 10, 2008 and effective January 1, 2009 and executed pursuant to the Board's delegation.

By /s/ Robert J. Eaton Date December 10, 2008

CMI09-00630

Source: CHEVRON CORP, 10-K, February 26, 2009

009461

APPENDIX A

to the

CHEVRON CORPORATION ESIP RESTORATION PLAN

(As Amended and Restated as of January 1, 2009)

This Appendix A applies to a Participant's Grandfathered Amount.

Section I.Applicable Provisions. The provisions of the ESIP-RP which were in effect on July 1, 2002 [the "July 1, 2002 ESIP-RP", a copy of which is Appendix A to the Chevron Corporation ESIP Restoration Plan (as Amended and Restated as of July 1, 2006)], as modified by this Appendix A, shall govern a Participant's Grandfathered Amount.

Section II.Distribution Form Elections. The phrase "No later than 30 days after the date the Employee ceases to be an Employee" in Section 4(b)(i) of the July 1, 2002 ESIP-RP is hereby replaced with "On or prior to the last day of the Quarter in which the Participant incurs a Separation from Service".

Section III.Valuation of Stock Units/Determination of Installment Payments. The amount of the cash payment attributable to any Account to which Stock Units are credited shall be determined by dividing the number of such Stock Units credited to the Participant's Account as of the first business day of the Quarter in which the distribution is made by the number of annual payments remaining to be made, and by converting the resulting number of Stock Units to a cash amount by multiplying such number of Stock Units by the average daily trade price for the Chevron stock fund within the ESIP as of the first business day of the Quarter which includes the date payment is made under the ESIP-RP.

CMI09-00631

Source: CHEVRON CORP, 10-K, February 26, 2009

009462

APPENDIX B

to the

CHEVRON CORPORATION ESIP RESTORATION PLAN

(As Amended and Restated as of January 1, 2009)

This Appendix B applies to a Participant who incurred a Separation from Service between January 1, 2005 and December 31, 2008 and has an undistributed accrued benefit under the ESIP-RP on January 1, 2009.

Section I.Form of Distribution. The Plan Benefit of a Participant who incurred a Separation from Service between January 1, 2005 and December 31, 2008 shall be paid in accordance with

(i) the Participant's election in effect on December 31, 2008 or, if no election was in effect on December 31, 2008, the default distribution form specified in Section 4(a) of the Chevron Corporation ESIP Restoration Plan (Amended and Restated as of July 1, 2006) (the "2006 Plan"), and

(ii) Section 4(e) of the 2006 Plan, if applicable.

Section II.Changes to Time and Form of Distribution. The time and form of distribution may be changed only as permitted under the provisions of the main text of the ESIP-RP; except that the reference to "ten (10) or fewer approximately equal annual installments" shall be replaced with "fifteen (15) or fewer approximately equal installments" for a Participant who incurred a Separation from Service between January 1, 2005 and December 31, 2005.

CMI09-00632

Source: CHEVRON CORP, 10-K, February 26, 2009

009463

Exhibit 10.13

SUMMARY OF CHEVRON INCENTIVE PLAN AWARD CRITERIA

The Chevron Incentive Plan (CIP) (formerly the Management Incentive Plan of Chevron Corporation) is an annual cash incentive plan that links awards to performance results of the prior year. Chevron's named executive officers (NEOs) are eligible to receive awards under the CIP. CIP awards are designed to reward plan participants, including the NEOs, for business and individual performance.

Prior to each performance year (i.e. fiscal year), the Board's Management Compensation Committee establishes a CIP Award Target (explained under "CIP Award Target" below) for each NEO, which is based on a percentage of the NEO's base salary. After the end of the performance year, the Committee assesses Chevron's overall performance and sets a Corporate Performance Factor (explained under "Chevron's Corporate Performance" below), which is the same for each NEO. The Committee then determines the cash amount for each NEO's CIP award by multiplying the NEO's CIP Award Target by the Corporate Performance Factor, and then adjusting the number to take into account the NEO's individual performance, including the performance of any strategic business units reporting to the NEO. The Corporate Performance Factor and the NEO's individual performance are not determined by a formula or on the basis of predetermined financial targets or award ranges. Rather, the Committee exercises its discretion based upon a number of factors discussed below. With respect to each NEO other than the CEO, the CEO makes a recommendation to the Committee.

CIP Award Target. The CIP Award Target is a percentage of the NEO's base salary and is set prior to the beginning of the performance year as an appropriate starting point for determining the actual size of the NEO's CIP award. The Committee sets the percentage of base salary for each salary grade to be competitive with similar awards to persons in similar positions at companies in Chevron's Oil Industry Peer Group (viz. Anadarko Petroleum, Hess, BP, ConocoPhillips, Devon Energy, Exxon Mobil, Marathon Oil, Occidental Petroleum, Royal Dutch Shell, Sunoco, Tesoro and Valero Energy).

Chevron's Corporate Performance. After the end of the performance year, the Committee sets the Corporate Performance Factor based on its assessment of how Chevron performed. The Committee considers numerous metrics in setting the Corporate Performance Factor, including earnings, return on capital employed, and Chevron's total stockholder return ranking and Chevron's return on capital employed ranking. The Committee does not have a set formula for evaluation of these metrics, but rather exercises its discretion, taking into account how Chevron performed in light of its business plan objectives. Also, given the long-term nature of the business, in which investments today yield returns for decades to come, the Committee also considers decisions and progress on strategic investments. The Committee also focuses on nonfinancial items, such as safety, employee diversity, oil and gas production, reliability of facilities and operations, and progress on strategic projects and investments for the future of the business. The Committee considers Chevron's performance in these areas on both an absolute and relative basis, comparing our performance against the performance of our top competitors in the Oil Industry Peer Group (viz. BP, ConocoPhillips, Exxon Mobil and Royal Dutch Shell) and considering these in light of matters beyond management's control, such as commodity price effects, industry mergers and acquisitions, and foreign exchange. The Corporate Performance Factor is the same for each NEO.

CMI09-00633

Source: CHEVRON CORP, 10-K, February 26, 2009

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Individual Performance. After the Committee has applied the Corporate Performance Factor to the CIP Award Target for each NEO, the Committee exercises its discretion in further adjusting the final CIP award to take into account individual performance, which includes consideration of business performance in the areas of responsibility reporting to the NEO. The Committee also considers internal pay equity to ensure that NEOs in the same base salary grade are positioned properly. The Committee does not use a predetermined set of metrics, targets or formula in considering individual performance. Instead, the Committee uses its judgment in analyzing the individual performance of each NEO, including how any business units reporting to the NEO performed.

Chevron reports annual CIP awards to each of its NEOs in its Annual Report on Form 10-K or its annual Proxy Statement.

CMI09-00634

Source: CHEVRON CORP, 10-K, February 26, 2009

Exhibit 10.19

CHEVRON CORPORATION

NON-EMPLOYEE DIRECTORS' EQUITY COMPENSATION AND DEFERRAL PLAN

Stock Units Agreement

[insert name]

(Please sign below and return this Agreement)

Chevron Corporation has made the following grant to you, subject to the terms of the Chevron Corporation Non-Employee Directors' Equity Compensation and Deferral Plan (the "Plan") and Rules Governing Awards Under the Plan. Both documents are incorporated into this Agreement and copies are available to you on request. By signing this Agreement and accepting this grant, you are agreeing to all the terms and conditions of the Plan and Rules.

1. Date of Grant:
2. The number of Stock Units awarded is_____, subject to adjustment as provided in Section 10 of the Plan.
3. The Stock Units vest on the last day of the Annual Compensation Cycle to which the Grant relates.

IN WITNESS WHEREOF, Chevron Corporation has caused this Agreement to be executed on its behalf by its duly authorized representative and the Director has executed the same on the day and year indicated below.

Date: _____ By: _____

Date: _____ By: _____
Director

CMI09-00635

Source: CHEVRON CORP, 10-K, February 26, 2009

009466

Exhibit 12.1

Chevron Corporation — Total Enterprise Basis
Computation of Ratio of Earnings to Fixed Charges
(Millions of dollars)

	Year Ended December 31				
	2008	2007	2006	2005	2004
Income From Continuing Operations	$ 23,931	$ 18,688	$ 17,138	$ 14,099	$ 13,034
Income Tax Expense	19,026	13,479	14,838	11,098	7,517
Distributions (Less) Greater Than Equity in Earnings of Affiliates	(440)	(1,439)	(979)	(1,304)	(1,422)
Minority Interest	100	107	70	96	85
Previously Capitalized Interest Charged to Earnings During Period	91	62	111	93	83
Interest and Debt Expense	—	166	451	482	406
Interest Portion of Rentals*	983	798	766	688	687
Earnings Before Provision for Taxes and Fixed Charges	**$ 43,691**	**$ 31,861**	**$ 32,395**	**$ 22,252**	**$ 20,390**
Interest and Debt Expense	$ —	$ 166	$ 451	$ 482	$ 406
Interest Portion of Rentals*	983	798	766	688	687
Preferred Stock Dividends of Subsidiaries	—	1	1	1	1
Capitalized Interest	256	302	157	60	44
Total Fixed Charges	**$ 1,239**	**$ 1,267**	**$ 1,375**	**$ 1,231**	**$ 1,138**
Ratio of Earnings to Fixed Charges	**35.26**	**25.15**	**23.56**	**20.51**	**17.92**

* Calculated as one-third of rentals. Considered a reasonable approximation of interest factor.

CMI09-00636

Source: CHEVRON CORP, 10-K, February 26, 2009

009467

Exhibit 21.1

SUBSIDIARIES OF CHEVRON CORPORATION[1]
At December 31, 2008

Name of Subsidiary	State, Province or Country in Which Organized
Beta Offshore Nigeria Deepwater Limited[2]	Nigeria
Cabinda Gulf Oil Company Limited	Bermuda
Chevron and Gulf UK Pension Plan Trustee Company Limited	England
Chevron Argentina S.R.L	Argentina
Chevron Australia Pty Ltd.	Australia
Chevron Australia Transport Pty Ltd.	Australia
Chevron (Bermuda) Investments Limited	Bermuda
Chevron Brasil Ltda.	Brazil
Chevron Brasil Petróleo Limitada	Brazil
Chevron Canada Capital Company	Nova Scotia
Chevron Canada Finance Limited	Canada
Chevron Canada Funding Company	Nova Scotia
Chevron Canada Limited	Canada
Chevron Capital Corporation	Delaware
Chevron Caspian Pipeline Consortium Company	Delaware
Chevron Environmental Management Company [3]	California
Chevron Funding Corporation	Delaware
Chevron Geothermal Indonesia, Ltd.	Bermuda
Chevron Global Energy Inc.	Delaware
Chevron Global Power Company	Pennsylvania
Chevron Global Technology Services Company	Delaware
Chevron Global Upstream and Gas[4]	Pennsylvania
Chevron International (Congo) Limited	Bermuda
Chevron International Petroleum Company	Delaware
Chevron Investment Management Company	Delaware
Chevron LNG Shipping Company Limited	Bermuda
Chevron Marine Products LLC[5]	Delaware
Chevron Mining Inc.	Missouri
Chevron New Zealand	New Zealand
Chevron Nigeria Deepwater B Limited	Nigeria
Chevron Nigeria Deepwater D Limited	Nigeria
Chevron Nigeria Limited	Nigeria
Chevron Oil Congo (D.R.C.) Limited	Bermuda

CMI09-00637

Source: CHEVRON CORP, 10-K, February 26, 2009

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Name of Subsidiary	State, Province or Country in Which Organized
Chevron Oronite Company LLC	*Delaware*
Chevron Oronite Pte. Ltd.	Singapore
Chevron Oronite S.A.	France
Chevron Overseas Company	Delaware
Chevron Overseas (Congo) Limited	Bermuda
Chevron Overseas Petroleum Limited	Bahamas
Chevron Overseas Pipeline (Cameroon) Limited	Bahamas
Chevron Overseas Pipeline (Chad) Limited	Bahamas
Chevron Pakistan Limited	Bahamas
Chevron Petroleum Chad Company Limited	Bermuda
Chevron Petroleum Company	New Jersey
Chevron Petroleum Limited	Bermuda
Chevron Philippines Inc.	Philippines
Chevron Pipe Line Company	Delaware
Chevron South Natuna B Inc.	Liberia
Chevron Synfuels Limited	*Bermuda*
Chevron Thailand Exploration and Production, Ltd.	Bermuda
Chevron Thailand LLC[6]	Delaware
Chevron (Thailand) Limited	Bahamas
Chevron Transport Corporation Ltd.	Bermuda
Chevron United Kingdom Limited	England and Wales
Chevron U.S.A. Holdings Inc.	Delaware
Chevron U.S.A. Inc.	Pennsylvania
Equatorial Guinea Ltd.	Bermuda
Four Star Oil & Gas Company	Delaware
Heddington Insurance Limited	Bermuda
HUTTS, LLC	Delaware
Insco Limited	Bermuda
Iron Horse Insurance Co.	Vermont
Oilfield Concession Operators Limited[7]	Nigeria
PT Chevron Pacific Indonesia	Indonesia
Saudi Arabian Chevron Inc.	Delaware
Texaco Britain Limited	England
Texaco Capital Inc.	Delaware
Texaco Captain Inc.	Delaware
Texaco Inc.	Delaware
Texaco Investments (Netherlands), Inc.	Delaware
Texaco Overseas Holdings Inc.	Delaware
Texaco Venezuela Holdings (I) Company	Delaware
Traders Insurance Limited	Bermuda
TRMI-H LLC	Delaware
Union Oil Company of California	California

CMI09-00638

Source: CHEVRON CORP, 10-K, February 26, 2009

009469

Name of Subsidiary	State, Province or Country in Which Organized
Unocal Corporation	Delaware
Unocal Energy Trading Inc.	Delaware
Unocal International Corporation	Nevada
Unocal Pipeline Company	California
West Australian Petroleum Pty Limited	Australia

1 All of the subsidiaries in the above list are wholly owned, either directly or indirectly, by Chevron Corporation. Certain subsidiaries are not listed since, considered in the aggregate as a single subsidiary, they would not constitute a significant subsidiary at December 31, 2008.

2 Name changed from Chevron Nigeria Deepwater A Limited in April 2008.

3 Chevron Environmental Services Company merged into Chevron Environmental Management Company in April 2008.

4 Chevron International Exploration and Production Company became Chevron Global Upstream and Gas in January 2008.

5 Name changed from Fuel and Marine Marketing LLC in February 2008.

6 Chevron Thailand Inc became Chevron Thailand LLC in September 2008.

7 Chevron Nigeria Deepwater C Limited became Oilfield Concession Operators Limited in January 2008.

CMI09-00639

Source: CHEVRON CORP, 10-K, February 26, 2009

009470

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-102269, 333-72672, 333-21805, 333-21807, 333-21809, 333-26731, 333-46261, 333-105136, 333-122121, 333-02011) of Chevron Corporation, to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-141138) of Chevron Corporation, to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-141138-01) of Chevron Canada Funding Company and Chevron Corporation, and to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-141138-02) of Chevron Funding Corporation and Chevron Corporation of our report dated February 26, 2009, relating to financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PRICEWATERHOUSECOOPERS LLP

PRICEWATERHOUSECOOPERS LLP

San Francisco, California
February 26, 2009

CMI09-00640

Source: CHEVRON CORP, 10-K, February 26, 2009

009471

Exhibit 24.1

POWER OF ATTORNEY

WHEREAS, Chevron Corporation, a Delaware corporation (the "Corporation"), contemplates filing with the Securities and Exchange Commission at Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder, an Annual Report on Form 10-K for the year ended December 31, 2008;

WHEREAS, the undersigned is an officer or director, or both, of the Corporation;

N O W, T H E R E F O R E, the undersigned hereby constitutes and appointsLYDIA I. BEEBE,CHRISTOPHER A. BUTNER, KARI H. ENDRIES, andPATRICIA L. TAI, or any of them, his or her attorneys-in-fact and agents, with full power of substitution and resubstitution, for such person and in his or her name, place and stead, in any and all capacities, to sign the aforementioned Annual Report on Form 10-K (and any and all amendments thereto) and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do and cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand this 26th day of February, 2009.

/s/ Samuel H. Armacost

CMI09-00641

Source: CHEVRON CORP, 10-K, February 26, 2009

009472

Exhibit 24.2

POWER OF ATTORNEY

WHEREAS, Chevron Corporation, a Delaware corporation (the "Corporation"), contemplates filing with the Securities and Exchange Commission in Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder, an Annual Report on Form 10-K for the year ended December 31, 2008;

WHEREAS, the undersigned is an officer or director, or both, of the Corporation;

N O W, T H E R E F O R E, the undersigned hereby constitutes and appointsLYDIA I. BEEBE,CHRISTOPHER A. BUTNER, KARI H. ENDRIES, andPATRICIA L. TAI, or any of them, his or her attorneys-in-fact and agents, with full power of substitution and resubstitution, for such person and in his or her name, place and stead, in any and all capacities, to sign the aforementioned Annual Report on Form 10-K (and any and all amendments thereto) and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do and cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand this 9th day of January, 2009.

/s/ Linnet F. Deily

CMI09-00642

Source: CHEVRON CORP, 10-K, February 26, 2009

009473

Exhibit 24.3

POWER OF ATTORNEY

WHEREAS, Chevron Corporation, a Delaware corporation (the "Corporation"), contemplates filing with the Securities and Exchange Commission at Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder, an Annual Report on Form 10-K for the year ended December 31, 2008;

WHEREAS, the undersigned is an officer or director, or both, of the Corporation;

N O W, T H E R E F O R E, the undersigned hereby constitutes and appointsLYDIA I. BEEBE,CHRISTOPHER A. BUTNER, KARI H. ENDRIES, andPATRICIA L. TAI, or any of them, his or her attorneys-in-fact and agents, with full power of substitution and resubstitution, for such person and in his or her name, place and stead, in any and all capacities, to sign the aforementioned Annual Report on Form 10-K (and any and all amendments thereto) and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do and cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand this 14th day of January, 2009.

/s/ Robert E. Denham

CMI09-00643

Source: CHEVRON CORP, 10-K, February 26, 2009

009474

Exhibit 24.4

POWER OF ATTORNEY

WHEREAS, Chevron Corporation, a Delaware corporation (the "Corporation"), contemplates filing with the Securities and Exchange Commission at Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder, an Annual Report on Form 10-K for the year ended December 31, 2008;

WHEREAS, the undersigned is an officer or director, or both, of the Corporation;

N O W, T H E R E F O R E, the undersigned hereby constitutes and appointsLYDIA I. BEEBE,CHRISTOPHER A. BUTNER, KARI H. ENDRIES, andPATRICIA L. TAI, or any of them, his or her attorneys-in-fact and agents, with full power of substitution and resubstitution, for such person and in his or her name, place and stead, in any and all capacities, to sign the aforementioned Annual Report on Form 10-K (and any and all amendments thereto) and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do and cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand this 2nd day of January, 2009.

/s/ Robert J. Eaton

CMI09-00644

Source: CHEVRON CORP, 10-K, February 26, 2009

009475

Exhibit 24.5

POWER OF ATTORNEY

WHEREAS, Chevron Corporation, a Delaware corporation (the "Corporation"), contemplates filing with the Securities and Exchange Commission at Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder, an Annual Report on Form 10-K for the year ended December 31, 2008;

WHEREAS, the undersigned is an officer or director, or both, of the Corporation;

N O W, T H E R E F O R E, the undersigned hereby constitutes and appointsLYDIA I. BEEBE,CHRISTOPHER A. BUTNER, KARI H. ENDRIES, andPATRICIA L. TAI, or any of them, his or her attorneys-in-fact and agents, with full power of substitution and resubstitution, for such person and in his or her name, place and stead, in any and all capacities, to sign the aforementioned Annual Report on Form 10-K (and any and all amendments thereto) and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do and cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand this 14th day of January, 2009.

/s/ Sam Ginn

CMI09-00645

Source: CHEVRON CORP, 10-K, February 26, 2009

009476

Exhibit 24.6

POWER OF ATTORNEY

WHEREAS, Chevron Corporation, a Delaware corporation (the "Corporation"), contemplates filing with the Securities and Exchange Commission at Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder, an Annual Report on Form 10-K for the year ended December 31, 2008;

WHEREAS, the undersigned is an officer or director, or both, of the Corporation;

N O W, T H E R E F O R E, the undersigned hereby constitutes and appointsLYDIA I. BEEBE,CHRISTOPHER A. BUTNER, KARI H. ENDRIES, andPATRICIA L. TAI, or any of them, his or her attorneys-in-fact and agents, with full power of substitution and resubstitution, for such person and in his or her name, place and stead, in any and all capacities, to sign the aforementioned Annual Report on Form 10-K (and any and all amendments thereto) and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do and cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand this 19th day of January, 2009.

/s/ Enrique Hernandez, Jr.

CMI09-00646

Source: CHEVRON CORP, 10-K, February 26, 2009

009477

Exhibit 24.7

POWER OF ATTORNEY

WHEREAS, Chevron Corporation, a Delaware corporation (the "Corporation"), contemplates filing with the Securities and Exchange Commission at Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder, an Annual Report on Form 10-K for the year ended December 31, 2008;

WHEREAS, the undersigned is an officer or director, or both, of the Corporation;

N O W, T H E R E F O R E, the undersigned hereby constitutes and appointsLYDIA I. BEEBE,CHRISTOPHER A. BUTNER, KARI H. ENDRIES, andPATRICIA L. TAI, or any of them, his or her attorneys-in-fact and agents, with full power of substitution and resubstitution, for such person and in his or her name, place and stead, in any and all capacities, to sign the aforementioned Annual Report on Form 10-K (and any and all amendments thereto) and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do and cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand this 26th day of February, 2009.

/s/ Franklyn G. Jenifer

CMI09-00647

Source: CHEVRON CORP, 10-K, February 26, 2009

009478

Exhibit 24.8

POWER OF ATTORNEY

WHEREAS, Chevron Corporation, a Delaware corporation (the "Corporation"), contemplates filing with the Securities and Exchange Commission at Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder, an Annual Report on Form 10-K for the year ended December 31, 2008;

WHEREAS, the undersigned is an officer or director, or both, of the Corporation;

N O W, T H E R E F O R E, the undersigned hereby constitutes and appointsLYDIA I. BEEBE,CHRISTOPHER A. BUTNER, KARI H. ENDRIES, andPATRICIA L. TAI, or any of them, his or her attorneys-in-fact and agents, with full power of substitution and resubstitution, for such person and in his or her name, place and stead, in any and all capacities, to sign the aforementioned Annual Report on Form 10-K (and any and all amendments thereto) and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do and cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand this 19th day of January, 2009.

/s/ Sam Nunn

CMI09-00648

Source: CHEVRON CORP, 10-K, February 26, 2009

Exhibit 24.9

POWER OF ATTORNEY

WHEREAS, Chevron Corporation, a Delaware corporation (the "Corporation"), contemplates filing with the Securities and Exchange Commission in Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder, an Annual Report on Form 10-K for the year ended December 31, 2008;

WHEREAS, the undersigned is an officer or director, or both, of the Corporation;

N O W, T H E R E F O R E, the undersigned hereby constitutes and appointsLYDIA I. BEEBE,CHRISTOPHER A. BUTNER, KARI H. ENDRIES, andPATRICIA L. TAI, or any of them, his or her attorneys-in-fact and agents, with full power of substitution and resubstitution, for such person and in his or her name, place and stead, in any and all capacities, to sign the aforementioned Annual Report on Form 10-K (and any and all amendments thereto) and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do and cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand this 26th day of February, 2009.

/s/ Donald B. Rice

CMI09-00649

Source: CHEVRON CORP, 10-K, February 26, 2009

009480

Exhibit 24.10

POWER OF ATTORNEY

WHEREAS, Chevron Corporation, a Delaware corporation (the "Corporation"), contemplates filing with the Securities and Exchange Commission at Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder, an Annual Report on Form 10-K for the year ended December 31, 2008;

WHEREAS, the undersigned is an officer or director, or both, of the Corporation;

N O W, T H E R E F O R E, the undersigned hereby constitutes and appointsLYDIA I. BEEBE,CHRISTOPHER A. BUTNER, KARI H. ENDRIES, andPATRICIA L. TAI, or any of them, his or her attorneys-in-fact and agents, with full power of substitution and resubstitution, for such person and in his or her name, place and stead, in any and all capacities, to sign the aforementioned Annual Report on Form 10-K (and any and all amendments thereto) and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do and cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand this 5th day of January, 2009.

/s/ Kevin W. Sharer

CMI09-00650

Source: CHEVRON CORP, 10-K, February 26, 2009

Exhibit 24.11

POWER OF ATTORNEY

WHEREAS, Chevron Corporation, a Delaware corporation (the "Corporation"), contemplates filing with the Securities and Exchange Commission at Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder, an Annual Report on Form 10-K for the year ended December 31, 2008;

WHEREAS, the undersigned is an officer or director, or both, of the Corporation;

N O W, T H E R E F O R E, the undersigned hereby constitutes and appointsLYDIA I. BEEBE,CHRISTOPHER A. BUTNER, KARI H. ENDRIES, andPATRICIA L. TAI, or any of them, his or her attorneys-in-fact and agents, with full power of substitution and resubstitution, for such person and in his or her name, place and stead, in any and all capacities, to sign the aforementioned Annual Report on Form 10-K (and any and all amendments thereto) and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do and cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand this 18th day of January, 2009.

/s/ Charles R. Shoemate

CMI09-00651

Source: CHEVRON CORP, 10-K, February 26, 2009

POWER OF ATTORNEY

WHEREAS, Chevron Corporation, a Delaware corporation (the "Corporation"), contemplates filing with the Securities and Exchange Commission at Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder, an Annual Report on Form 10-K for the year ended December 31, 2008;

WHEREAS, the undersigned is an officer or director, or both, of the Corporation;

N O W, T H E R E F O R E, the undersigned hereby constitutes and appointsLYDIA I. BEEBE,CHRISTOPHER A. BUTNER, KARI H. ENDRIES, andPATRICIA L. TAI, or any of them, his or her attorneys-in-fact and agents, with full power of substitution and resubstitution, for such person and in his or her name, place and stead, in any and all capacities, to sign the aforementioned Annual Report on Form 10-K (and any and all amendments thereto) and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do and cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand this 5th day of January, 2009.

/s/ Ronald D. Sugar

CMI09-00652

Source: CHEVRON CORP, 10-K, February 26, 2009

Exhibit 24.13

POWER OF ATTORNEY

WHEREAS, Chevron Corporation, a Delaware corporation (the "Corporation"), contemplates filing with the Securities and Exchange Commission at Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder, an Annual Report on Form 10-K for the year ended December 31, 2008;

WHEREAS, the undersigned is an officer or director, or both, of the Corporation;

N O W, T H E R E F O R E, the undersigned hereby constitutes and appointsLYDIA I. BEEBE,CHRISTOPHER A. BUTNER, KARI H. ENDRIES, andPATRICIA L. TAI, or any of them, his or her attorneys-in-fact and agents, with full power of substitution and resubstitution, for such person and in his or her name, place and stead, in any and all capacities, to sign the aforementioned Annual Report on Form 10-K (and any and all amendments thereto) and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do and cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his or her hand this 26th day of February, 2009.

/s/ Carl Ware

CMI09-00653

Source: CHEVRON CORP, 10-K, February 26, 2009

Exhibit 31.1

RULE 13a-14(a)/15d-14(a) CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David J. O'Reilly, certify that:

1. I have reviewed this Annual Report on Form 10-K of Chevron Corporation;

2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Annual Report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Annual Report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID J. O'REILLY
David J. O'Reilly
Chairman of the Board and
Chief Executive Officer

Dated: February 26, 2009

CMI09-00654

Source: CHEVRON CORP, 10-K, February 26, 2009

009485

Exhibit 31.2

RULE 13a-14(a)/15d-14(a) CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Patricia E. Yarrington, certify that:

1. I have reviewed this Annual Report on Form 10-K of Chevron Corporation;

2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Annual Report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Annual Report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PATRICIA E. YARRINGTON

Patricia E. Yarrington
Vice President and
Chief Financial Officer

Dated: February 26, 2009

CMI09-00655

Source: CHEVRON CORP, 10-K, February 26, 2009

009486

Exhibit 32.1

CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. SECTION 1350)

In connection with the Annual Report of Chevron Corporation (the "Company") on Form 10-K for the year ended December 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David J. O'Reilly, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ DAVID J. O'REILLY
David J. O'Reilly
Chairman of the Board and
Chief Executive Officer

Dated: February 26, 2009

CMI09-00656

Source: CHEVRON CORP, 10-K, February 26, 2009

009487

Exhibit 32.2

CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. SECTION 1350)

In connection with the Annual Report of Chevron Corporation (the "Company") on Form 10-K for the year ended December 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Patricia E. Yarrington, Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ PATRICIA E. YARRINGTON

Patricia E. Yarrington
Vice President and
Chief Financial Officer

Dated: February 26, 2009

CMI09-00657

Source: CHEVRON CORP, 10-K, February 26, 2009

009488

DEFINITIONS OF SELECTED ENERGY TERMS

Barrels of oil-equivalent (BOE)

A unit of measure to quantify crude oil, natural gas liquids and natural gas amounts using the same basis. Natural gas volumes are converted to barrels on the basis of energy content. See *oil-equivalent gas* and *production.*

Cost-recovery barrels

A company's production entitlement to recover its costs (i.e., production costs, exploration costs and other costs) under a *production-sharing contract.* As prices increase or decrease, the number of cost-recovery barrels decreases or increases, respectively, to recover the same level of costs.

Development

Drilling, construction and related activities following discovery that are necessary to begin production and transportation of crude oil and natural gas.

Exploration

Searching for crude oil and/or natural gas by utilizing geologic and topographical studies, geophysical and seismic surveys, and drilling of wells.

Gas-to-liquids (GTL)

A process that converts natural gas into high-quality transportation fuels and other products.

Liquefied natural gas (LNG)

Natural gas that is liquefied under extremely cold temperatures to facilitate storage or transportation in specially designed vessels.

Liquefied petroleum gas (LPG)

Light gases, such as butane and propane, that can be maintained as liquids while under pressure.

Oil-equivalent gas (OEG)

The volume of natural gas needed to generate the equivalent amount of heat as a barrel of crude oil. Approximately 6,000 cubic feet of natural gas is equivalent to one barrel of crude oil.

Oil sands

Naturally occurring mixture of bitumen — a heavy, viscous form of crude oil — water, sand and clay. Using hydroprocessing technology, bitumen can be refined to yield *synthetic crude oil.*

Production

Total production refers to all the crude oil, natural gas liquids and natural gas produced from a property. *Gross production* is the company's share of total production before deducting both royalties paid to landowners and a government's agreed-upon share of production under a *production-sharing contract. Net production* is gross production minus both royalties paid to landowners and a government's agreed-upon share of production under a *production-sharing*

CMI09-00658

Source: CHEVRON CORP, 10-K, February 26, 2009

contract. Oil-equivalent production is the sum of the barrels of liquids and the oil-equivalent barrels of natural gas produced. See *barrels of oil-equivalent* and *oil-equivalent gas.*

Production-sharing contract (PSC)

An agreement between a government and a contractor (generally an oil and gas company) where production is shared between the parties in a pre-arranged manner. The contractor typically incurs all exploration, development and production costs which are subsequently recoverable out of an agreed-upon share of any future PSC production, referred to as cost recovery oil and/or gas. Any remaining production, referred to as profit oil and/or gas, is shared between the parties on an agreed-upon basis as stipulated in the PSC. The government may also retain a share of PSC production as a royalty payment and the contractor may owe income taxes on its portion of the profit oil or gas. The contractor's share of PSC oil and/or gas production and reserves varies over time as it is dependent on prices, costs, and on specific PSC terms.

Reserves

Crude oil or natural gas contained in underground rock formations called reservoirs. *Proved reserves* are the estimated quantities that geologic and engineering data demonstrate can be produced with reasonable certainty from known reservoirs under existing economic and operating conditions. Estimates change as additional information becomes available. *Oil-equivalent reserves* are the sum of the liquids reserves and the oil-equivalent gas reserves. See *barrels of oil-equivalent* and *oil-equivalent gas.*

Synthetic crude oil

A marketable and transportable hydrocarbon liquid, resembling crude oil, that is produced by upgrading highly viscous to solid hydrocarbons (such as extra-heavy crude oil or *oil sands*).

DEFINITIONS OF SELECTED FINANCIAL TERMS

Current ratio

Current ratio is current assets divided by current liabilities.

Debt ratio

Debt ratio is total debt, including capital lease obligations, divided by total debt and stockholders' equity.

Goodwill

Goodwill is the excess of the purchase price of an acquired entity over the total fair value assigned to assets acquired and liabilities assumed.

Interest coverage ratio

Interest coverage ratio is income before income tax expense plus interest and debt expense and amortization of capitalized interest, divided by before-tax interest costs.

Return on average stockholders' equity

Return on average stockholders' equity is net income divided by average stockholders' equity. Average stockholders' equity is computed by averaging the sum of the beginning-of-year and end-of-year balances.

CMI09-00659

Source: CHEVRON CORP, 10-K, February 26, 2009

009490

Return on capital employed (ROCE)

ROCE is calculated by dividing net income (adjusted for after-tax interest expense and minority interest) by the average of total debt, minority interest and stockholders' equity for the year.

CMI09-00660

Source: CHEVRON CORP, 10-K, February 26, 2009

009491

Statement of Cash Flows

Statement of Cash Flows (in 1000000's except Per Share Data)	12 Months Ended 12/31/2008	12 Months Ended 12/31/2007	12 Months Ended 12/31/2006
Net Income	23,931.00	18,688.00	17,138.00
Depreciation, depletion and amortization	9,528.00	8,708.00	7,506.00
Dry hole expense	375.00	507.00	520.00
Distributions less than income from equity affiliates	-440.00	-1,439.00	-979.00
Net before-tax gains on asset retirements and sales	-1,358.00	-2,315.00	-229.00
Net foreign currency effects	-355.00	378.00	259.00
Deferred income tax provision	598.00	261.00	614.00
Net (increase) decrease in operating working capital	-1,673.00	685.00	1,044.00
Minority interest in net income	100.00	107.00	70.00
Increase in long-term receivables	-161.00	-82.00	-900.00
(Increase) decrease in other deferred charges	-84.00	-530.00	232.00
Cash contributions to employee pension plans	-839.00	-317.00	-449.00
Other	10.00	326.00	-503.00
Net Cash Provided by Operating Activities	29,632.00	24,977.00	24,323.00
Capital expenditures	-19,666.00	-16,678.00	-13,813.00
Repayment of loans by equity affiliates	179.00	21.00	463.00
Proceeds from asset sales	1,491.00	3,338.00	989.00
Net sales of marketable securities	483.00	185.00	142.00
Net sales (purchases) of other short-term investments	432.00	-799.00	
Net Cash Used for Investing Activities	-17,081.00	-13,933.00	-12,219.00
Net borrowings (payments) of short-term obligations	2,647.00	-345.00	-677.00
Repayments of long-term debt and other financing obligations	-965.00	-3,343.00	-2,224.00
Proceeds from issuances of long-term debt		650.00	
Cash dividends - common stock	-5,162.00	-4,791.00	-4,396.00
Dividends paid to minority interests	-99.00	-77.00	-60.00
Net purchases of treasury shares	-6,821.00	-6,389.00	-4,491.00
Net Cash Used for Financing Activities	-10,400.00	-14,295.00	-11,848.00
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-166.00	120.00	194.00
Net Change in Cash and Cash Equivalents	1,985.00	-3,131.00	450.00
Cash and Cash Equivalents at January 1	7,362.00	10,493.00	10,043.00
Cash and Cash Equivalents at December 31	9,347.00	7,362.00	10,493.00
RetainedEarningsMember			
Net Income	23,931.00	18,688.00	17,138.00

Source: CHEVRON CORP, 10-K, February 26, 2009

Document and Entity Information

Document and Entity Information (in 1000000's except Per Share Data)	12 Months Ended 12/31/2008
Entity Registrant Name	Chevron Corporation
Entity Central Index Key	0000093410
Document Type	10-K
Document Period End Date	2008-12-31
Amendment Flag	false
Amendment Description	N/A
Current Fiscal Year End Date	--12-31
Entity Well-known Seasoned Issuer	Yes
Entity Voluntary Filers	No
Entity Current Reporting Status	Yes
Entity Filer Category	Large Accelerated Filer
Entity Public Float	127,000.00
Entity Common Stock, Shares Outstanding	2,004.56

Statement of Other Comprehensive Income

Statement of Other Comprehensive Income (in 1000000's except Per Share Data)	12 Months Ended 12/31/2008	12 Months Ended 12/31/2007	12 Months Ended 12/31/2006
Net Income	23,931.00	18,688.00	17,138.00
Unrealized net change arising during period	-112.00	31.00	55.00
Net (loss) gain arising during period	-6.00	17.00	-88.00
Reclassification to net income of net realized loss		2.00	
Total unrealized holding gain (loss) on securities	-6.00	19.00	-88.00
Net derivatives gain (loss) on hedge transactions	139.00	-10.00	2.00
Reclassification to net income of net realized loss	32.00	7.00	95.00
Income taxes on derivatives transactions	-61.00	-3.00	-30.00
Total Derivatives	110.00	-6.00	67.00
Minimum pension liability adjustment			-88.00
Amortization to net income of net actuarial loss	483.00	356.00	
Actuarial (loss) gain arising during period	-3,228.00	530.00	
Amortization to net income of net prior service credits	-64.00	-15.00	
Prior service (credit) cost arising during period	-32.00	204.00	
Defined benefit plans sponsored by equity affiliates	-97.00	19.00	
Income taxes on defined benefit plans	1,037.00	-409.00	50.00
Total defined benefit plans	-1,901.00	685.00	-38.00
Total unrealized holding gain (loss) on securities	-6.00	19.00	-88.00
Other Comprehensive (Loss) Gain, Net of Tax	-1,909.00	729.00	-4.00
Comprehensive Income	22,022.00	19,417.00	17,134.00
NetDerivativesGainlossOnHedgeTransactionsmember			
Net derivatives gain (loss) on hedge transactions	110.00	-6.00	67.00
AccumulatedOtherComprehensiveIncomeMember			
Unrealized net change arising during period	-112.00	31.00	55.00
Total unrealized holding gain (loss) on securities	-6.00	19.00	-88.00
Total Derivatives	110.00	-6.00	67.00
Total unrealized holding gain (loss) on securities	-6.00	19.00	-88.00
RetainedEarningsMember			
Net Income	23,931.00	18,688.00	17,138.00

Source: CHEVRON CORP, 10-K, February 26, 2009

Statement of Financial Position, Classified

Statement of Financial Position, Classified (in 1000000's except Per Share Data)	12/31/2008	12/31/2007
Cash and cash equivalents	9,347.00	7,362.00
Marketable securities	213.00	732.00
Accounts and notes receivable, net of allowance for doubtful accounts	15,856.00	22,446.00
Allowance for doubtful accounts	246.00	165.00
Crude oil and petroleum products	5,175.00	4,003.00
Chemicals	459.00	290.00
Materials, supplies and other	1,220.00	1,017.00
Total inventories	6,854.00	5,310.00
Prepaid expenses and other current assets	4,200.00	3,527.00
Total Current Assets	36,470.00	39,377.00
Long-term receivables, net	2,413.00	2,194.00
Investments and advances	20,920.00	20,477.00
Properties, plant and equipment, at cost	173,299.00	154,084.00
Less: Accumulated depreciation, depletion and amortization	81,519.00	75,474.00
Properties, plant and equipment, net	91,780.00	78,610.00
Deferred charges and other assets	4,711.00	3,491.00
Goodwill	4,619.00	4,637.00
Assets held for sale	252.00	
Total Assets	161,165.00	148,786.00
Short-term debt	2,818.00	1,162.00
Accounts payable	16,580.00	21,756.00
Accrued liabilities	8,077.00	5,275.00
Federal and other taxes on income	3,079.00	3,972.00
Other taxes payable	1,469.00	1,633.00
Total Current Liabilities	32,023.00	33,798.00
Long-term debt	5,742.00	5,664.00
Capital lease obligations	341.00	406.00
Deferred credits and other noncurrent obligations	17,678.00	15,007.00
Noncurrent deferred income taxes	11,539.00	12,170.00
Reserves for employee benefit plans	6,725.00	4,449.00
Minority interests	469.00	204.00
Total Liabilities	74,517.00	71,698.00
Preferred stock value		
Common stock value	1,832.00	1,832.00
Capital in excess of par value	14,448.00	14,289.00
Retained earnings	101,102.00	82,329.00
Notes receivable - key employees		-1.00
Accumulated other comprehensive loss	-3,924.00	-2,015.00
Deferred compensation and benefit plan trust	-434.00	-454.00
Treasury stock, at cost	-26,376.00	-18,892.00
Total Stockholders' Equity	86,648.00	77,088.00
Total Liabilities and Stockholders' Equity	161,165.00	148,786.00
Preferred stock, par value	1	1
Preferred stock, shares authorized	100.00	100.00
Preferred stock, shares issued		
Common stock, par value	0.75	0.75
Common stock, shares authorized	6,000.00	4,000.00
Common stock, shares, issued	2,442.68	2,442.68

Source: CHEVRON CORP, 10-K, February 26, 2009

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Treasury stock, shares	438.44	352.24
DeferredCompensationBenefitPlanTrustmember		
Total Stockholders' Equity	-434.00	-454.00
AccumulatedOtherComprehensiveIncomeMember		
Total Stockholders' Equity	-3,924.00	-2,015.00
AdditionalPaidInCapitalMember		
Total Stockholders' Equity	14,448.00	14,289.00
CommonStockMember		
Total Stockholders' Equity	1,832.00	1,832.00
RetainedEarningsMember		
Total Stockholders' Equity	101,102.00	82,329.00
TreasuryStockMember		
Total Stockholders' Equity	-26,376.00	-18,892.00

Source: CHEVRON CORP, 10-K, February 26, 2009

Notes to the Consolidated Financial Statements (in 1's except Per Share Data)	12 Months Ended 12/31/2008
Summary of Significant Accounting Policies	

Note 1

Summary of Significant Accounting Policies

General Exploration and production (upstream) operations consist of exploring for, developing and producing crude oil and natural gas and marketing natural gas. Refining, marketing and transportation (downstream) operations relate to refining crude oil into finished petroleum products; marketing crude oil and the many products derived from petroleum; and transporting crude oil, natural gas and petroleum products by pipeline, marine vessel, motor equipment and rail car. Chemical operations include the manufacture and marketing of commodity petrochemicals, plastics for industrial uses, and fuel and lubricant oil additives.
The company's Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America. These require the use of estimates and assumptions that affect the assets, liabilities, revenues and expenses reported in the financial statements, as well as amounts included in the notes thereto, including discussion and disclosure of contingent liabilities. Although the company uses its best estimates and judgments, actual results could differ from these estimates as future confirming events occur.
The nature of the company's operations and the many countries in which it operates subject the company to changing economic, regulatory and political conditions. The company does not believe it is vulnerable to the risk of near-term severe impact as a result of any concentration of its activities.

Subsidiary and Affiliated Companies The Consolidated Financial Statements include the accounts of controlled subsidiary companies more than 50 percent-owned and variable-interest entities in which the company is the primary beneficiary. Undivided interests in oil and gas joint ventures and certain other assets are consolidated on a proportionate basis. Investments in and advances to affiliates in which the company has a substantial ownership interest of approximately 20 percent to 50 percent or for which the company exercises significant influence but not control over policy decisions are accounted for by the equity method. As part of that accounting, the company recognizes gains and losses that arise from the issuance of stock by an affiliate that results in changes in the company's proportionate share of the dollar amount of the affiliate's equity currently in income.

Investments are assessed for possible impairment when events indicate that the fair value of the investment may be below the company's carrying value. When such a condition is deemed to be other than temporary, the carrying value of the investment is written down to its fair value, and the amount of the write-down is included in net income. In making the determination as to whether a decline is other than temporary, the company considers such factors as the duration and extent of the decline, the investee's financial performance, and the company's ability and intention to retain its investment for a period that will be sufficient to allow for any anticipated recovery in the investment's market value. The new cost basis of investments in these equity investees is not changed for subsequent recoveries in fair value.
Differences between the company's carrying value of an equity investment and its underlying equity in the net assets of the affiliate are assigned to the extent practicable to specific assets and liabilities based on the company's analysis of the various factors giving rise to the difference. When appropriate, the company's share of the affiliate's reported earnings is adjusted quarterly to reflect the difference between these allocated values and the affiliate's historical book values.

Derivatives The majority of the company's activity in derivative commodity instruments is intended to manage the financial risk posed by physical transactions. For some of this derivative activity, generally limited to large, discrete or infrequently occurring transactions, the company may elect to apply fair value or cash flow hedge accounting. For other similar derivative instruments, generally because of the short-term nature of the contracts or their limited use, the company does not apply hedge accounting, and changes in the

fair value of those contracts are reflected in current income. For the company's commodity trading activity and foreign currency exposures, gains and losses from derivative instruments are reported in current income. Interest rate swaps – hedging a portion of the company's fixed-rate debt – are accounted for as fair value hedges, whereas interest rate swaps relating to a portion of the company's floating-rate debt are recorded at fair value on the Consolidated Balance Sheet, with resulting gains and losses reflected in income. Where Chevron is a party to master netting arrangements, fair value receivable and payable amounts recognized for derivative instruments executed with the same counterparty are offset on the balance sheet.

Short-Term Investments All short-term investments are classified as available for sale and are in highly liquid debt securities. Those investments that are part of the company's cash management portfolio and have original maturities of three months or less are reported as "Cash equivalents." The balance of the short-term investments is reported as "Marketable securities" and is marked-to-market, with any unrealized gains or losses included in "Other comprehensive income."

Inventories Crude oil, petroleum products and chemicals are generally stated at cost, using a Last-In, First-Out (LIFO) method. In the aggregate, these costs are below market. "Materials, supplies and other" inventories generally are stated at average cost.

Properties, Plant and Equipment The successful efforts method is used for crude oil and natural gas exploration and production activities. All costs for development wells, related plant and equipment, proved mineral interests in crude oil and natural gas properties, and related asset retirement obligation (ARO) assets are capitalized. Costs of exploratory wells are capitalized pending determination of whether the wells found proved reserves. Costs of wells that are assigned proved reserves remain capitalized. Costs also are capitalized for exploratory wells that have found crude oil and natural gas reserves even if the reserves cannot be classified as proved when the drilling is completed, provided the exploratory well has found a sufficient quantity of reserves to justify its completion as a producing well and the company is making sufficient progress assessing the reserves and the economic and operating viability of the project. All other exploratory wells and costs are expensed. Refer to Note 20, beginning on page FS-48, for additional discussion of accounting for suspended exploratory well costs.

Long-lived assets to be held and used, including proved crude oil and natural gas properties, are assessed for possible impairment by comparing their carrying values with their associated undiscounted future net before-tax cash flows. Events that can trigger assessments for possible impairments include write-downs of proved reserves based on field performance, significant decreases in the market value of an asset, significant change in the extent or manner of use of or a physical change in an asset, and a more-likely-than-not expectation that a long-lived asset or asset group will be sold or otherwise disposed of significantly sooner than the end of its previously estimated useful life. Impaired assets are written down to their estimated fair values, generally their discounted future net before-tax cash flows. For proved crude oil and natural gas properties in the United States, the company generally performs the impairment review on an individual field basis. Outside the United States, reviews are performed on a country, concession, development area or field basis, as appropriate. In the refining, marketing, transportation and chemical areas, impairment reviews are generally done on the basis of a refinery, a plant, a marketing area or marketing assets by country. Impairment amounts are recorded as incremental "Depreciation, depletion and amortization" expense. Long-lived assets that are held for sale are evaluated for possible impairment by comparing the carrying value of the asset with its fair value less the cost to sell. If the net book value exceeds the fair value less cost to sell, the asset is considered impaired and adjusted to the lower value.

As required under Financial Accounting Standards Board (FASB) Statement No. 143, *Accounting for Asset Retirement Obligations* (FAS 143), the fair value of a liability for an ARO is recorded as an asset and a liability when there is a legal obligation associated with the retirement of a long-lived asset and the

amount can be reasonably estimated. Refer also to Note 24, beginning on page FS-58, relating to AROs.
Depreciation and depletion of all capitalized costs of proved crude oil and natural gas producing properties, except mineral interests, are expensed using the unit-of-production method generally by individual field, as the proved developed reserves are produced. Depletion expenses for capitalized costs of proved mineral interests are recognized using the unit-of-production method by individual field as the related proved reserves are produced. Periodic valuation provisions for impairment of capitalized costs of unproved mineral interests are expensed.
Depreciation and depletion expenses for mining assets are determined using the unit-of-production method as the proved reserves are produced. The capitalized costs of all other plant and equipment are depreciated or amortized over their estimated useful lives. In general, the declining-balance method is used to depreciate plant and equipment in the United States; the straight-line method generally is used to depreciate international plant and equipment and to amortize all capitalized leased assets.
Gains or losses are not recognized for normal retirements of properties, plant and equipment subject to composite group amortization or depreciation. Gains or losses from abnormal retirements are recorded as expenses and from sales as "Other income."
Expenditures for maintenance (including those for planned major maintenance projects), repairs and minor renewals to maintain facilities in operating condition are generally expensed as incurred. Major replacements and renewals are capitalized.

Goodwill Goodwill resulting from a business combination is not subject to amortization. As required by FASB Statement No. 142, *Goodwill and Other Intangible Assets*, the company tests such goodwill at the reporting unit level for impairment on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

Environmental Expenditures Environmental expenditures that relate to ongoing operations or to conditions caused by past operations are expensed. Expenditures that create future benefits or contribute to future revenue generation are capitalized.

Liabilities related to future remediation costs are recorded when environmental assessments or cleanups or both are probable and the costs can be reasonably estimated. For the company's U.S. and Canadian marketing facilities, the accrual is based in part on the probability that a future remediation commitment will be required. For crude oil, natural gas and mineral producing properties, a liability for an ARO is made, following FAS 143. Refer to Note 24, beginning on page FS-58, for a discussion of FAS 143.
For federal Superfund sites and analogous sites under state laws, the company records a liability for its designated share of the probable and estimable costs and probable amounts for other potentially responsible parties when mandated by the regulatory agencies because the other parties are not able to pay their respective shares.
The gross amount of environmental liabilities is based on the company's best estimate of future costs using currently available technology and applying current regulations and the company's own internal environmental policies. Future amounts are not discounted. Recoveries or reimbursements are recorded as assets when receipt is reasonably assured.

Currency Translation The U.S. dollar is the functional currency for substantially all of the company's consolidated operations and those of its equity affiliates. For those operations, all gains and losses from currency translations are currently included in income. The cumulative translation effects for those few entities, both consolidated and affiliated, using functional currencies other than the U.S. dollar are included in the currency translation adjustment in "Stockholders' Equity."

Revenue Recognition Revenues associated with sales of crude oil, natural gas, coal, petroleum and chemicals products, and all other sources are recorded

when title passes to the customer, net of royalties, discounts and allowances, as applicable. Revenues from natural gas production from properties in which Chevron has an interest with other producers are generally recognized on the basis of the company's net working interest (entitlement method). Excise, value-added and similar taxes assessed by a governmental authority on a revenue-producing transaction between a seller and a customer are presented on a gross basis. The associated amounts are shown as a footnote to the Consolidated Statement of Income on page FS-27. Refer to Note 14, on page FS-43, for a discussion of the accounting for buy/sell arrangements.

Stock Options and Other Share-Based Compensation The company issues stock options and other share-based compensation to its employees and accounts for these transactions under the provisions of FASB Statement No. 123R, *Share-Based Payment* (FAS 123R). For equity awards, such as stock options, total compensation cost is based on the grant date fair value and for liability awards, such as stock appreciation rights, total compensation cost is based on the settlement value. The company recognizes stock-based compensation expense for all awards over the service period required to earn the award, which is the shorter of the vesting period or the time period an employee becomes eligible to retain the award at retirement. Stock options and stock appreciation rights granted under the company's Long-Term Incentive Plan have graded vesting provisions by which one-third of each award vests on the first, second and third anniversaries of the date of grant. The company amortizes these newly issued graded awards on a straight-line basis.

Tax benefits of deductions from the exercise of stock options are presented as financing cash inflows in the Consolidated Statement of Cash Flows. Refer to Note 21, beginning on page FS-49 for a description of the company's share-based compensation plans and information related to awards granted under those plans and Note 2, which follows, for information on excess tax benefits reported on the company's Statement of Cash Flows.

Information Relating to the Consolidated Statement of Cash Flows

Note 2

Information Relating to the Consolidated Statement of Cash Flows

	Year ended December 31		
	2008	2007	2006
Net (increase) decrease in operating working capital was composed of the following:			
Decrease (increase) in accounts and notes receivable	**$ 6,030**	$ (3,867)	$ 17
Increase in inventories	**(1,545)**	(749)	(536)
Increase in prepaid expenses and other current assets	**(621)**	(370)	(31)
(Decrease) increase in accounts payable and accrued liabilities	**(4,628)**	4,930	1,246
(Decrease) increase in income and other taxes payable	**(909)**	741	348
Net (increase) decrease in operating working capital	**$ (1,673)**	$ 685	$ 1,044
Net cash provided by operating activities includes the following cash payments for interest and income taxes:			
Interest paid on debt (net of capitalized interest)	**$ –**	$ 203	$ 470
Income taxes	**$ 19,130**	$ 12,340	$ 13,806
Net sales of marketable securities consisted of the following gross amounts:			
Marketable securities sold	**$ 3,719**	$ 2,160	$ 1,413
Marketable securities purchased	**(3,236)**	(1,975)	(1,271)
Net sales of marketable securities	**$ 483**	$ 185	$ 142

In accordance with the cash-flow classification requirements of FAS 123R, *Share-Based Payment*, the "Net decrease in operating working capital" includes reductions of $106, $96 and $94 for excess income tax benefits associated with stock options exercised during 2008, 2007 and 2006, respectively. These amounts are offset by "Net purchases of treasury shares." In 2008, "Net purchases of other short-term investments" consist of $367 in restricted cash associated with capital-investment projects at the company's Pascagoula, Mississippi refinery and the Angola liquefied natural gas project that was invested in short-term marketable securities and reclassified from "Cash and cash equivalents" to "Deferred charges and other assets" in the Consolidated Balance Sheet. In 2007, the company issued a $650 tax exempt Mississippi Gulf Opportunity Zone Bond as a source of funds for the Pascagoula Refinery project.

The "Net purchases of treasury shares" represents the cost of common shares

less the cost of shares issued for share-based compensation plans. Purchases totaled $8,011, $7,036 and $5,033 in 2008, 2007 and 2006, respectively.
The Consolidated Statement of Cash Flows for 2008 excludes changes to the Consolidated Balance Sheet that did not affect cash. "Net purchases of treasury shares" excludes $680 of treasury shares acquired in exchange for a U.S. upstream property and $280 in cash. The carrying value of this property in "Properties, plant and equipment" on the Consolidated Balance Sheet was not significant. The "Increase in accounts payable and accrued liabilities" excludes a $2,450 increase in "Accrued liabilities" that was offset to "Properties, plant and equipment" on the Consolidated Balance Sheet. This amount related to accruals associated with upstream operating agreements outside the United States. "Capital expenditures" excludes a $1,400 increase in "Properties, plant and equipment" (PPE) related to the acquisition of an additional interest in an equity affiliate that required a change to the consolidated method of accounting for the investment during 2008. This addition to PPE was offset primarily by reductions in "Investments and advances" and working capital and an increase in "Noncurrent deferred income tax" liabilities. Refer also to Note 24 beginning on page FS-58 for a discussion of revisions to the company's AROs that also did not involve cash receipts or payments for the three years ending December 31, 2008.
The major components of "Capital expenditures" and the reconciliation of this amount to the reported capital and exploratory expenditures, including equity affiliates, are presented in the following table:

	Year ended December 31		
	2008	2007	2006
Additions to properties, plant and equipment*	**$ 18,495**	$ 16,127	$ 12,800
Additions to investments	**1,051**	881	880
Current-year dry hole expenditures	**320**	418	400
Payments for other liabilities and assets, net	**(200)**	(748)	(267)
Capital expenditures	**19,666**	16,678	13,813
Expensed exploration expenditures	**794**	816	844
Assets acquired through capital lease obligations and other financing obligations	**9**	196	35
Capital and exploratory expenditures, excluding equity affiliates	**20,469**	17,690	14,692
Equity in affiliates' expenditures	**2,306**	2,336	1,919
Capital and exploratory expenditures, including equity affiliates	**$ 22,775**	$ 20,026	$ 16,611

* Net of noncash additions of $5,153 in 2008, $3,560 in 2007 and $440 in 2006.

Stockholders' Equity

Note 3

Stockholders' Equity

Retained earnings at December 31, 2008 and 2007, included approximately $7,951 and $7,284, respectively, for the company's share of undistributed earnings of equity affiliates.
At December 31, 2008, about 109 million shares of Chevron's common stock remained available for issuance from the 160 million shares that were reserved for issuance under the Chevron Corporation Long-Term Incentive Plan (LTIP). In addition, approximately 409,000 shares remain available for issuance from the 800,000 shares of the company's common stock that were reserved for awards under the Chevron Corporation Non-Employee Directors' Equity Compensation and Deferral Plan (Non-Employee Directors' Plan).

Summarized Financial Data - Chevron U.S.A. Inc

Note 4

Summarized Financial Data – Chevron U.S.A. Inc.

Chevron U.S.A. Inc. (CUSA) is a major subsidiary of Chevron Corporation. CUSA and its subsidiaries manage and operate most of Chevron's U.S. businesses. Assets include those related to the exploration and production of crude oil, natural gas and natural gas liquids and those associated with the refining, marketing, supply and distribution of products derived from petroleum, excluding most of the regulated pipeline operations of Chevron. CUSA also holds the company's investment in the Chevron Phillips Chemical Company LLC joint venture, which is accounted for using the equity method. During 2008, Chevron implemented legal reorganizations in which certain Chevron subsidiaries transferred assets to or under CUSA. The summarized financial information for CUSA and its consolidated subsidiaries presented in the table below gives retroactive effect to the reorganizations as if they had occurred on January 1, 2006. However, the financial information in the following table may not reflect the financial position and operating results in the periods presented if the reorganization actually had occurred on that date.

	Year ended December 31		
	2008	2007	2006
Sales and other operating revenues	**$ 195,593**	$ 153,574	$ 145,774
Total costs and other deductions	**185,788**	147,510	137,765
Net income	**7,237**	5,203	5,668

	At December 31	
	2008	2007
Current assets	**$ 32,760**	$ 32,801
Other assets	**31,806**	27,400
Current liabilities	**14,322**	20,050
Other liabilities	**14,805**	11,447
Net equity	**35,439**	28,704
Memo: Total debt	**$ 6,813**	$ 4,433

Summarized Financial Data - Chevron Transport Corporation Ltd.

Note 5

Summarized Financial Data – Chevron Transport Corporation Ltd.

Chevron Transport Corporation Ltd. (CTC), incorporated in Bermuda, is an indirect, wholly owned subsidiary of Chevron Corporation. CTC is the principal operator of Chevron's international tanker fleet and is engaged in the marine transportation of crude oil and refined petroleum products. Most of CTC's shipping revenue is derived from providing transportation services to other Chevron companies. Chevron Corporation has fully and unconditionally guaranteed this subsidiary's obligations in connection with certain debt securities issued by a third party. Summarized financial information for CTC and its consolidated subsidiaries is presented in the following table:

	Year ended December 31		
	2008	2007	2006
Sales and other operating revenues	**$ 1,022**	$ 667	$ 692
Total costs and other deductions	**947**	713	602
Net income	**120**	(39)	119

	At December 31	
	2008	2007
Current assets	**$ 482**	$ 335
Other assets	**172**	337
Current liabilities	**98**	107
Other liabilities	**88**	188
Net equity	**468**	377

There were no restrictions on CTC's ability to pay dividends or make loans or advances at December 31, 2008.

Summarized Financial Data - Tengizchevroil LLP

Note 6

Summarized Financial Data – Tengizchevroil LLP.

Chevron has a 50 percent equity ownership interest in Tengizchevroil LLP (TCO). Refer to Note 12 on page FS-41 for a discussion of TCO operations.

Summarized financial information for 100 percent of TCO is presented in the table below:

	Year ended December 31		
	2008	2007	2006
Sales and other operating revenues	**$ 14,329**	$ 8,919	$ 7,654
Costs and other deductions	**5,621**	3,387	2,967
Net income	**6,134**	3,952	3,315

	At December 31	
	2008	2007
Current assets	**$ 2,740**	$ 2,784
Other assets	**12,240**	11,446
Current liabilities	**1,867**	1,534
Other liabilities	**4,759**	4,927
Net equity	**8,354**	7,769

Financial and Derivative Instruments

Note 7

Financial and Derivative Instruments

Derivative Commodity Instruments Chevron is exposed to market risks related to price volatility of crude oil, refined products, natural gas, natural gas liquids, liquefied natural gas and refinery feedstocks. The company uses derivative commodity instruments to manage these exposures on a portion of its activity, including firm commitments and anticipated transactions for the purchase, sale and storage of crude oil, refined products, natural gas, natural gas liquids and feedstock for company refineries. From time to time, the company also uses derivative commodity instruments for limited trading purposes.

The company uses International Swaps and Derivatives Association agreements to govern derivative contracts with certain counterparties to mitigate credit risk. Depending on the nature of the derivative transactions, bilateral collateral arrangements may also be required. When the company is engaged in more than one outstanding derivative transaction with the same counterparty and also has a legally enforceable netting agreement with that counterparty, the net mark-to-market exposure represents the netting of the positive and negative exposures with that counterparty and is a reasonable measure of the company's credit risk exposure. The company also uses other netting agreements with certain counterparties with which it conducts significant transactions to mitigate credit risk.
The fair values of the outstanding contracts are reported on the Consolidated Balance Sheet as "Accounts and notes receivable," "Accounts payable," "Long-term receivables – net" and "Deferred credits and other noncurrent obligations." Gains and losses on the company's risk management activities are reported as either "Sales and other operating revenues" or "Purchased crude oil and products," whereas trading gains and losses are reported as "Other income."

Foreign Currency The company enters into forward exchange contracts, generally with terms of 180 days or less, to manage some of its foreign currency exposures. These exposures include revenue and anticipated purchase transactions, including foreign currency capital expenditures and lease commitments, forecasted to occur within 180 days. The forward exchange contracts are recorded at fair value on the balance sheet with resulting gains and losses reflected in income.

The fair values of the outstanding contracts are reported on the Consolidated Balance Sheet as "Accounts and notes receivable" or "Accounts payable," with gains and losses reported as "Other income."

Interest Rates The company enters into interest rate swaps from time to time as part of its overall strategy to manage the interest rate risk on its debt. Under the terms of the swaps, net cash settlements are based on the difference between fixed-rate and floating-rate interest amounts calculated by reference to agreed notional principal amounts. Interest rate swaps related to a portion of the company's fixed-rate debt are accounted for as fair value hedges.

Fair values of the interest rate swaps are reported on the Consolidated Balance Sheet as "Accounts and notes receivable" or "Accounts payable." Interest rate swaps related to floating-rate debt are recorded at fair value on the balance sheet with resulting gains and losses reflected in income. At year-end 2008, the company had no interest-rate swaps on floating-rate debt.

Fair Value Fair values are derived from quoted market prices, other independent third-party quotes or, if not available, the present value of the expected cash flows. The fair values reflect the cash that would have been received or paid if the instruments were settled at year-end.

Long-term debt of $1,221 and $2,132 had estimated fair values of $1,414 and $2,354 at December 31, 2008 and 2007, respectively.
The company holds cash equivalents and marketable securities in U.S. and non-U.S. portfolios. The instruments held are primarily time deposits, money market funds and fixed rate bonds. Cash equivalents and marketable securities had carrying/fair values of $7,271 and $5,427 at December 31, 2008 and 2007, respectively. Of these balances, $7,058 and $4,695 at the respective year-ends were classified as cash equivalents that had average maturities under 90 days. The remainder, classified as marketable securities, had average maturities of approximately one year. At December 31, 2008, restricted cash with a carrying/fair value of $367 that is related to capital-investment projects at the company's Pascagoula, Mississippi refinery and Angola liquefied natural gas project was reclassified from "Cash and cash equivalents" to "Deferred charges and other assets" on the Consolidated Balance Sheet. This restricted cash was invested in short-term marketable securities.

Source: CHEVRON CORP, 10-K, February 26, 2009

Fair values of other financial and derivative instruments at the end of 2008 and 2007 were not material.

Concentrations of Credit Risk The company's financial instruments that are exposed to concentrations of credit risk consist primarily of its cash equivalents, marketable securities, derivative financial instruments and trade receivables. The company's short-term investments are placed with a wide array of financial institutions with high credit ratings. This diversified investment policy limits the company's exposure both to credit risk and to concentrations of credit risk. Similar standards of diversity and creditworthiness are applied to the company's counterparties in derivative instruments.

The trade receivable balances, reflecting the company's diversified sources of revenue, are dispersed among the company's broad customer base worldwide. As a consequence, the company believes concentrations of credit risk are limited. The company routinely assesses the financial strength of its customers. When the financial strength of a customer is not considered sufficient, requiring Letters of Credit is a principal method used to support sales to customers.

Fair Value Measurements

Note 8
Fair Value Measurements
The company implemented FASB Statement No. 157, *Fair Value Measurements* (FAS 157), as of January 1, 2008. FAS 157 was amended in February 2008 by FASB Staff Position (FSP) FAS No. 157-1, *Application of FASB Statement No. 157 to FASB Statement No. 13 and Its Related Interpretive Accounting Pronouncements That Address Leasing Transactions,* and by FSP FAS 157-2, *Effective Date of FASB Statement No. 157,* which delayed the company's application of FAS 157 for nonrecurring nonfinancial assets and liabilities until January 1, 2009. FAS 157 was further amended in October 2008 by FSP FAS 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active,* which clarifies the application of FAS 157 to assets participating in inactive markets.
Implementation of FAS 157 did not have a material effect on the company's results of operations or consolidated financial position and had no effect on the company's existing fair-value measurement practices. However, FAS 157 requires disclosure of a fair-value hierarchy of inputs the company uses to value an asset or a liability. The three levels of the fair-value hierarchy are described as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities. For the company, Level 1 inputs include exchange-traded futures contracts for which the parties are willing to transact at the exchange-quoted price and marketable securities that are actively traded.

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly. For the company, Level 2 inputs include quoted prices for similar assets or liabilities, prices obtained through third-party broker quotes, and prices that can be corroborated with other observable inputs for substantially the complete term of a contract.

Level 3: Unobservable inputs. The company does not use Level 3 inputs for any of its recurring fair-value measurements. Beginning January 1, 2009, Level 3 inputs may be required for the determination of fair value associated with certain nonrecurring measurements of nonfinancial assets and liabilities.

The fair-value hierarchy for assets and liabilities measured at fair value at December 31, 2008, is as follows:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	At December 31 2008	Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Marketable Securities	$ **213**	$ 213	$ –	$ –

Derivatives	805	529	276	–
Total Assets at Fair Value	**$ 1,018**	$ 742	$ 276	$ –
Derivatives	**$ 516**	$ 98	$ 418	$ –
Total Liabilities at Fair Value	**$ 516**	$ 98	$ 418	$ –

Marketable securities The company calculates fair value for its marketable securities based on quoted market prices for identical assets and liabilities.

Derivatives The company records its derivative instruments – other than any commodity derivative contracts that are designated as normal purchase and normal sale – on the Consolidated Balance Sheet at fair value, with virtually all the offsetting amount to income. For deriv tives with identical or similar provisions as contracts that are publicly traded on a regular basis, the company uses the market values of the publicly traded instruments as an input for fair-value calculations.

The company's derivative instruments principally include crude oil, natural gas and refined-product futures, swaps, options and forward contracts, as well as interest-rate swaps and foreign currency forward contracts. Derivatives classified as Level 1 include futures, swaps and options contracts traded in active markets such as the NYMEX (New York Mercantile Exchange). Derivatives classified as Level 2 include swaps (including interest rate), options, and forward (including foreign currency) contracts principally with financial institutions and other oil and gas companies, the fair values for which are obtained from third-party broker quotes, industry pricing services and exchanges. The company obtains multiple sources of pricing information for the Level 2 instruments. Since this pricing information is generated from observable market data, it has historically been very consistent. The company does not materially adjust this information. The company incorporates internal review, evaluation and assessment procedures, including a comparison of Level 2 fair values derived from the company's internally developed forward curves (on a sample basis) with the pricing information to document reasonable, logical and supportable fair-value determinations and proper level of classification.

Operating Segments and Geographic Data

Note 9

Operating Segments and Geographic Data

Although each subsidiary of Chevron is responsible for its own affairs, Chevron Corporation manages its investments in these subsidiaries and their affiliates. For this purpose, the investments are grouped as follows: upstream – exploration and production; downstream – refining, marketing and transportation; chemicals; and all other. The first three of these groupings represent the company's "reportable segments" and "operating segments" as defined in Financial Accounting Standards Board (FASB) Statement No. 131, *Disclosures About Segments of an Enterprise and Related Information* (FAS 131).

The segments are separately managed for investment purposes under a structure that includes "segment managers" who report to the company's "chief operating decision maker" (CODM) (terms as defined in FAS 131). The CODM is the company's Executive Committee, a committee of senior officers that includes the Chief Executive Officer and that, in turn, reports to the Board of Directors of Chevron Corporation.

The operating segments represent components of the company as described in FAS 131 terms that engage in activities (a) from which revenues are earned and expenses are incurred; (b) whose operating results are regularly reviewed by the CODM, which makes decisions about resources to be allocated to the segments and to assess their performance; and (c) for which discrete financial information is available.

Segment managers for the reportable segments are accountable directly to and maintain regular contact with the company's CODM to discuss the segment's operating activities and financial performance. The CODM approves annual capital and exploratory budgets at the reportable segment level, as well as reviews capital and exploratory funding for major projects and approves major changes to the annual capital and exploratory budgets. However, business-unit managers within the operating segments are directly responsible for decisions relating to project implementation and all other matters connected with daily

operations. Company officers who are members of the Executive Committee also have individual management responsibilities and participate in other committees for purposes other than acting as the CODM.
"All Other" activities include the company's interest in Dynegy (through May 2007, when Chevron sold its interest), mining operations, power generation businesses, worldwide cash management and debt financing activities, corporate administrative functions, insurance operations, real estate activities, alternative fuels, and technology companies.
The company's primary country of operation is the United States of America, its country of domicile. Other components of the company's operations are reported as "International" (outside the United States).
Segment Earnings The company evaluates the performance of its operating segments on an after-tax basis, without considering the effects of debt financing interest expense or investment interest income, both of which are managed by the company on a worldwide basis. Corporate administrative costs and assets are not allocated to the operating segments. However, operating segments are billed for the direct use of corporate services. Nonbillable costs remain at the corporate level in "All Other." After-tax segment income by major operating area is presented in the following table:

	Year ended December 31		
	2008	2007	2006
Income by Major Operating Area			
Upstream			
United States	**$ 7,126**	$ 4,532	$ 4,270
International	**14,584**	10,284	8,872
Total Upstream	**21,710**	14,816	13,142
Downstream			
United States	**1,369**	966	1,938
International	**2,060**	2,536	2,035
Total Downstream	**3,429**	3,502	3,973
Chemicals			
United States	**22**	253	430
International	**160**	143	109
Total Chemicals	**182**	396	539
Total Segment Income	**25,321**	18,714	17,654
All Other			
Interest expense	**–**	(107)	(312)
Interest income	**192**	385	380
Other	**(1,582)**	(304)	(584)
Net Income	**$ 23,931**	$ 18,688	$ 17,138

Segment Assets Segment assets do not include intercompany investments or intercompany receivables. Segment assets at year-end 2008 and 2007 are as follows:

	At December 31	
	2008	2007
Upstream		
United States	**$ 26,071**	$ 23,535
International	**72,530**	61,049
Goodwill	**4,619**	4,637
Total Upstream	**103,220**	89,221
Downstream		
United States	**15,869**	16,790
International	**23,572**	26,075
Total Downstream	**39,441**	42,865
Chemicals		
United States	**2,535**	2,484
International	**1,086**	870
Total Chemicals	**3,621**	3,354
Total Segment Assets	**146,282**	135,440
All Other*		
United States	**8,984**	6,847
International	**5,899**	6,499
Total All Other	**14,883**	13,346
Total Assets – United States	**53,459**	49,656
Total Assets – International	**103,087**	94,493
Goodwill	**4,619**	4,637
Total Assets	**$ 161,165**	$ 148,786

* "All Other" assets consist primarily of worldwide cash, cash equivalents and marketable securities, real estate, information systems, mining operations, power generation businesses, technology companies, and assets of the corporate administrative functions.

Segment Sales and Other Operating Revenues Operating segment sales and other operating revenues, including internal transfers, for the years 2008, 2007

and 2006 are presented in the table on the following page. Products are transferred between operating segments at internal product values that approximate market prices.

Revenues for the upstream segment are derived primarily from the production and sale of crude oil and natural gas, as well as the sale of third-party production of natural gas. Revenues for the downstream segment are derived from the refining and marketing of petroleum products, such as gasoline, jet fuel, gas oils, kerosene, lubricants, residual fuel oils and other products derived from crude oil. This segment also generates revenues from the transportation and trading of crude oil and refined products. Revenues for the chemicals segment are derived primarily from the manufacture and sale of additives for lubricants and fuel. "All Other" activities include revenues from mining operations of coal and other minerals, power generation businesses, insurance operations, real estate activities, and technology companies.

Other than the United States, no single country accounted for 10 percent or more of the company's total sales and other operating revenues in 2008.

	Year ended December 31		
	2008	2007	2006
Upstream			
United States	**$ 23,503**	$ 18,736	$ 18,061
Intersegment	**15,142**	11,625	10,069
Total United States	**38,645**	30,361	28,130
International	**19,469**	15,213	14,560
Intersegment	**24,204**	19,647	17,139
Total International	**43,673**	34,860	31,699
Total Upstream	**82,318**	65,221	59,829
Downstream			
United States	**87,515**	70,535	69,367
Excise and similar taxes	**4,746**	4,990	4,829
Intersegment	**447**	491	533
Total United States	**92,708**	76,016	74,729
International	**122,064**	97,178	91,325
Excise and similar taxes	**5,044**	5,042	4,657
Intersegment	**122**	38	37
Total International	**127,230**	102,258	96,019
Total Downstream	**219,938**	178,274	170,748
Chemicals			
United States	**305**	351	372
Excise and similar taxes	**2**	2	2
Intersegment	**266**	235	243
Total United States	**573**	588	617
International	**1,388**	1,143	959
Excise and similar taxes	**55**	86	63
Intersegment	**154**	142	160
Total International	**1,597**	1,371	1,182
Total Chemicals	**2,170**	1,959	1,799
All Other			
United States	**815**	757	653
Intersegment	**917**	760	584
Total United States	**1,732**	1,517	1,237
International	**52**	58	44
Intersegment	**33**	31	23
Total International	**85**	89	67
Total All Other	**1,817**	1,606	1,304
Segment Sales and Other Operating Revenues			
United States	**133,658**	108,482	104,713
International	**172,585**	138,578	128,967
Total Segment Sales and Other Operating Revenues	**306,243**	247,060	233,680
Elimination of intersegment sales	**(41,285)**	(32,969)	(28,788)
Total Sales and Other Operating Revenues*	**$ 264,958**	$ 214,091	$ 204,892

* Includes buy/sell contracts of $6,725 in 2006. Substantially all of the amounts relate to the downstream segment. Refer to Note 14, on page FS-43, for a discussion of the company's accounting for buy/sell contracts.

Segment Income Taxes Segment income tax expense for the years 2008, 2007 and 2006 are as follows:

	Year ended December 31		
	2008	2007	2006
Upstream			
United States	**$ 3,693**	$ 2,541	$ 2,668
International	**15,132**	11,307	10,987

Total Upstream	**18,825**	13,848	13,655
Downstream			
United States	**815**	520	1,162
International	**813**	400	586
Total Downstream	**1,628**	920	1,748
Chemicals			
United States	**(22)**	6	213
International	**47**	36	30
Total Chemicals	**25**	42	243
All Other	**(1,452)**	(1,331)	(808)
Total Income Tax Expense	**$ 19,026**	$ 13,479	$ 14,838

Other Segment Information Additional information for the segmentation of major equity affiliates is contained in Note 12, beginning on page FS-41. Information related to properties, plant and equipment by segment is contained in Note 13, on page FS-43.

Lease Commitments

Note 10
Lease Commitments
Certain noncancelable leases are classified as capital leases, and the leased assets are included as part of "Properties, plant and equipment, at cost." Such leasing arrangements involve tanker charters, crude oil production and processing equipment, service stations, office buildings, and other facilities. Other leases are classified as operating leases and are not capitalized. The payments on such leases are recorded as expense. Details of the capitalized leased assets are as follows:

	At December 31	
	2008	2007
Upstream	**$ 491**	$ 482
Downstream	**$ 399**	$ 551
Chemical and all other	**171**	171
Total	**1,061**	1,204
Less: Accumulated amortization	**522**	628
Net capitalized leased assets	**$ 539**	$ 576

Rental expenses incurred for operating leases during 2008, 2007 and 2006 were as follows:

	Year ended December 31		
	2008	2007	2006
Minimum rentals	**$ 2,984**	$ 2,419	$ 2,326
Contingent rentals	**6**	6	6
Total	**2,990**	2,425	2,332
Less: Sublease rental income	**41**	30	33
Net rental expense	**$ 2,949**	$ 2,395	$ 2,299

Contingent rentals are based on factors other than the passage of time, principally sales volumes at leased service stations. Certain leases include escalation clauses for adjusting rentals to reflect changes in price indices, renewal options ranging up to 25 years, and options to purchase the leased property during or at the end of the initial or renewal lease period for the fair market value or other specified amount at that time.
At December 31, 2008, the estimated future minimum lease payments (net of noncancelable sublease rentals) under operating and capital leases, which at inception had a non-cancelable term of more than one year, were as follows:

	At December 31	
	Operating Leases	Capital Leases
Year: 2009	$ 503	$ 97
2010	463	77
2011	372	77
2012	315	84
2013	288	59
Thereafter	947	154
Total	$ 2,888	$ 548
Less: Amounts representing interest and executory costs		(110)
Net present values		438
Less: Capital lease obligations included in short-term debt		(97)
Long-term capital lease obligations		$ 341

Restructuring and Reorganization Costs

Note 11
Restructuring and Reorganization Costs
In 2007, the company implemented a restructuring and reorganization program in its downstream operations. Approximately 900 employees were eligible for severance payments. As of December 31, 2008, approximately 700 employees

have been terminated under the program. Most of the associated positions are located outside the United States. The program is expected to be completed by the end of 2009.

Shown in the table below is the activity for the company's liability related to the downstream reorganization. The associated charges against income were categorized as "Operating expenses" or "Selling, general and administrative expenses" on the Consolidated Statement of Income.

Amounts before tax	2008	2007
Balance at January 1	$ 85	$ –
Accruals/adjustments	(11)	85
Payments	(52)	–
Balance at December 31	$ 22	$ 85

Investments and Advances

Note 12

Investments and Advances

Equity in earnings, together with investments in and advances to companies accounted for using the equity method and other investments accounted for at or below cost, is shown in the table below. For certain equity affiliates, Chevron pays its share of some income taxes directly. For such affiliates, the equity in earnings does not include these taxes, which are reported on the Consolidated Statement of Income as "Income tax expense."

	Investments and Advances At December 31		Equity in Earnings Year ended December 31		
	2008	2007	2008	2007	2006
Upstream					
Tengizchevroil	$ 6,290	$ 6,321	$ 3,220	$ 2,135	$ 1,817
Petropiar/Hamaca	1,130	1,168	317	327	319
Petroboscan	816	762	244	185	31
Angola LNG Limited	1,191	574	(8)	21	–
Other	725	765	206	204	123
Total Upstream	10,152	9,590	3,979	2,872	2,290
Downstream					
GS Caltex Corporation	2,601	2,276	444	217	316
Caspian Pipeline Consortium	749	951	103	102	117
Star Petroleum Refining Company Ltd.	877	944	22	157	116
Escravos Gas-to-Liquids	–	628	86	103	146
Caltex Australia Ltd.	723	580	250	129	186
Colonial Pipeline Company	536	546	32	39	34
Other	1,664	1,501	268	215	212
Total Downstream	7,150	7,426	1,205	962	1,127
Chemicals					
Chevron Phillips Chemical Company LLC	2,037	2,024	158	380	697
Other	25	24	4	6	5
Total Chemicals	2,062	2,048	162	386	702
All Other					
Other	567	449	20	(76)	136
Total equity method	$ 19,931	$ 19,513	$ 5,366	$ 4,144	$ 4,255
Other at or below cost	989	964			
Total investments and advances	$ 20,920	$ 20,477			
Total United States	$ 4,002	$ 3,889	$ 307	$ 478	$ 955
Total International	$ 16,918	$ 16,588	$ 5,059	$ 3,666	$ 3,300

Descriptions of major affiliates, including significant differences between the company's carrying value of its investments and its underlying equity in the net assets of the affiliates, are as follows:

Tengizchevroil Chevron has a 50 percent equity ownership interest in Tengizchevroil (TCO), a joint venture formed in 1993 to develop the Tengiz and Korolev crude oil fields in Kazakhstan over a 40-year period. At December 31, 2008, the company's carrying value of its investment in TCO was about $210 higher than the amount of underlying equity in TCO net assets. This difference results from Chevron acquiring a portion of its interest in TCO at a value greater than the underlying equity for that portion of TCO's assets.

Petropiar Chevron has a 30 percent interest in Petropiar, a joint stock company formed in 2008 to operate the Hamaca heavy oil production and upgrading project. The project, located in Venezuela's Orinoco Belt, has a 25-year contract term. Prior to the formation of Petropiar, Chevron had a 30 percent

interest in the Hamaca project. At December 31, 2008, the company's carrying value of its investment in Petropiar was approximately $250 less than the amount of underlying equity in Petropiar net assets. The difference represents the excess of Chevron's underlying equity in Petropiar's net assets over the net book value of the assets contributed to the venture.

Petroboscan Chevron has a 39 percent interest in Petroboscan, a joint stock company formed in 2006 to operate the Boscan Field in Venezuela until 2026. Chevron previously operated the field under an operating service agreement. At December 31, 2008, the company's carrying value of its investment in Petroboscan was approximately $290 higher than the amount of underlying equity in Petroboscan net assets. The difference reflects the excess of the net book value of the assets contributed by Chevron over its underlying equity in Petroboscan's net assets.

Angola LNG Ltd. Chevron has a 36 percent interest in Angola LNG Ltd., which will process and liquefy natural gas produced in Angola for delivery to international markets.

GS Caltex Corporation Chevron owns 50 percent of GS Caltex Corporation, a joint venture with GS Holdings. The joint venture imports, refines and markets petroleum products and petrochemicals, predominantly in South Korea.

Caspian Pipeline Consortium Chevron has a 15 percent interest in the Caspian Pipeline Consortium, which provides the critical export route for crude oil from both TCO and Karachaganak.

Star Petroleum Refining Company Ltd. Chevron has a 64 percent equity ownership interest in Star Petroleum Refining Company Ltd. (SPRC), which owns the Star Refinery in Thailand. The Petroleum Authority of Thailand owns the remaining 36 percent of SPRC.

Escravos Gas-to-Liquids Chevron Nigeria Limited (CNL) has a 75 percent interest in Escravos Gas-to-Liquids (EGTL) with the other 25 percent of the joint venture owned by Nigeria National Petroleum Company. Until December 1, 2008, Sasol Ltd. provided 50 percent of CNL's funding requirements for the venture as risk-based financing (returns are based on project performance). Effective December 1, 2008, Chevron acquired an additional 37 percent of the obligation from Sasol, with Sasol retaining 13 percent of the funding obligation. On that date, Chevron changed its method of accounting for its EGTL investment from equity to consolidated. This venture was formed to convert natural gas produced from Chevron's Nigerian operations into liquid products for sale in international markets.

Caltex Australia Ltd. Chevron has a 50 percent equity ownership interest in Caltex Australia Ltd. (CAL). The remaining 50 percent of CAL is publicly owned. At December 31, 2008, the fair value of Chevron's share of CAL common stock was approximately $670. The decline in value below the company's carrying value of $723 million at the end of 2008 was deemed temporary.

Colonial Pipeline Company Chevron owns an approximate 23 percent equity interest in the Colonial Pipeline Company. The Colonial Pipeline system runs from Texas to New Jersey and transports petroleum products in a 13-state market. At December 31, 2008, the company's carrying value of its investment in Colonial Pipeline was approximately $560 higher than the amount of underlying equity in Colonial Pipeline net assets. This difference primarily relates to purchase price adjustments from the acquisition of Unocal Corporation.

Chevron Phillips Chemical Company LLC Chevron owns 50 percent of Chevron Phillips Chemical Company LLC (CPChem), with the other half owned by ConocoPhillips Corporation.

Dynegy Inc. In 2007, Chevron sold its 19 percent common stock investment in Dynegy Inc., for approximately $940, resulting in a gain of $680.

Source: CHEVRON CORP, 10-K, February 26, 2009

Other Information "Sales and other operating revenues" on the Consolidated Statement of Income includes $15,390, $11,555 and $9,582 with affiliated companies for 2008, 2007 and 2006, respectively. "Purchased crude oil and products" includes $6,850, $5,464 and $4,222 with affiliated companies for 2008, 2007 and 2006, respectively.

"Accounts and notes receivable" on the Consolidated Balance Sheet includes $701 and $1,722 due from affiliated companies at December 31, 2008 and 2007, respectively. "Accounts payable" includes $289 and $374 due to affiliated companies at December 31, 2008 and 2007, respectively.
The following table provides summarized financial information on a 100 percent basis for all equity affiliates as well as Chevron's total share, which includes Chevron loans to affiliates of $2,820 at December 31, 2008.

		Affiliates			Chevron Share	
Year ended December 31	**2008**	2007	2006	**2008**	2007	2006
Total revenues	**$ 112,707**	$ 94,864	$ 73,746	**$ 54,055**	$ 46,579	$ 35,695
Income before income tax expense	**17,500**	12,510	10,973	**7,532**	5,836	5,295
Net income	**12,705**	9,743	7,905	**5,524**	4,550	4,072
At December 31						
Current assets	**$ 25,194**	$ 26,360	$ 19,769	**$ 10,804**	$ 11,914	$ 8,944
Noncurrent assets	**51,878**	48,440	49,896	**20,129**	19,045	18,575
Current liabilities	**17,727**	19,033	15,254	**7,474**	9,009	6,818
Noncurrent liabilities	**21,049**	22,757	24,059	**4,533**	3,745	3,902
Net equity	**$ 38,296**	$ 33,010	$ 30,352	**$ 18,926**	$ 18,205	$ 16,799

Properties, Plant and Equipment

Note 13

Properties, Plant and Equipment

	At December 31						Year ended December 31		
	Gross Investment at Cost			Net Investment			Additions at Cost[1]			Depreciation Expense[2]		
	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006
Upstream												
United States	$ 54,156	$ 50,991	$ 46,191	$ 22,294	$ 19,850	$ 16,706	$ 5,374	$ 5,725	$ 3,739	$ 2,683	$ 2,700	$ 2,374
International	84,282	71,408	61,281	51,140	43,431	37,730	13,177	10,512	7,290	5,441	4,605	3,888
Total Upstream	138,438	122,399	107,472	73,434	63,281	54,436	18,551	16,237	11,029	8,124	7,305	6,262
Downstream												
United States	17,394	15,807	14,553	8,977	7,685	6,741	2,032	1,514	1,109	629	509	474
International	11,587	10,471	11,036	6,001	4,690	5,233	2,285	519	532	469	633	551
Total Downstream	28,981	26,278	25,589	14,978	12,375	11,974	4,317	2,033	1,641	1,098	1,142	1,025
Chemicals												
United States	725	678	645	338	308	289	50	40	25	19	19	19
International	828	815	771	496	453	431	72	53	54	33	26	24
Total Chemicals	1,553	1,493	1,416	834	761	720	122	93	79	52	45	43
All Other[3]												
United States	4,310	3,873	3,243	2,523	2,179	1,709	598	680	270	250	215	171
International	17	41	27	11	14	19	5	5	8	4	1	5
Total All Other	4,327	3,914	3,270	2,534	2,193	1,728	603	685	278	254	216	176
Total United States	76,585	71,349	64,632	34,132	30,022	25,445	8,054	7,959	5,143	3,581	3,443	3,038
Total International	96,714	82,735	73,115	57,648	48,588	43,413	15,539	11,089	7,884	5,947	5,265	4,468
Total	$ 173,299	$ 154,084	$ 137,747	$ 91,780	$ 78,610	$ 68,858	$ 23,593	$ 19,048	$ 13,027	$ 9,528	$ 8,708	$ 7,506

[1] Net of dry hole expense related to prior years' expenditures of $55, $89 and $120 in 2008, 2007 and 2006, respectively.
[2] Depreciation expense includes accretion expense of $430, $399 and $275 in 2008, 2007 and 2006, respectively.
[3] Primarily mining operations, power generation businesses, real estate assets and management information systems.

Accounting for Buy/Sell Contracts

Note 14

Accounting for Buy/Sell Contracts

The company adopted the accounting prescribed by Emerging Issues Task Force (EITF) Issue No. 04-13, *Accounting for Purchases and Sales of Inventory with the Same Counterparty* (Issue 04-13), on a prospective basis from April 1, 2006. Issue 04-13 requires that two or more legally separate exchange transactions with the same counterparty, including buy/sell transactions, be combined and considered as a single arrangement for purposes of applying the provisions of Accounting Principles Board Opinion No. 29, *Accounting for Nonmonetary Transactions,* when the transactions are entered into "in contemplation" of one another. In prior periods, the company accounted for buy/sell transactions in the Consolidated Statement of Income as a monetary transaction – purchases were reported as "Purchased crude oil and products"; sales were reported as "Sales and other operating revenues."
With the company's adoption of Issue 04-13, buy/sell transactions beginning in the second quarter 2006 are netted against each other on the Consolidated Statement of Income, with no effect on net income. The amount associated with buy/sell transactions in the first quarter 2006 is shown as a footnote to the Consolidated Statement of Income on page FS-27.

Litigation

Note 15

Litigation

MTBE Chevron and many other companies in the petroleum industry have used methyl tertiary butyl ether (MTBE) as a gasoline additive. In October 2008, 59 cases were settled in which the company was a party and which related to the use of MTBE in certain oxygenated gasolines and the alleged seepage of

MTBE into groundwater. The terms of this agreement are confidential and not material to the company's results of operations, liquidity or financial position. Chevron is a party to 37 other pending lawsuits and claims, the majority of which involve numerous other petroleum marketers and refiners. Resolution of these lawsuits and claims may ultimately require the company to correct or ameliorate the alleged effects on the environment of prior release of MTBE by the company or other parties. Additional lawsuits and claims related to the use of MTBE, including personal-injury claims, may be filed in the future. The settlement of the 59 lawsuits did not set any precedents related to standards of liability to be used to judge the merits of the claims, corrective measures required or monetary damages to be assessed for the remaining lawsuits and claims or future lawsuits and claims. As a result, the company's ultimate exposure related to pending lawsuits and claims is not currently determinable, but could be material to net income in any one period. The company no longer uses MTBE in the manufacture of gasoline in the United States.

RFG Patent Fourteen purported class actions were brought by consumers who purchased reformulated gasoline (RFG) from January 1995 through August 2005, alleging that Unocal misled the California Air Resources Board into adopting standards for composition of RFG that overlapped with Unocal's undisclosed and pending patents. The parties agreed to a settlement that calls for, among other things, Unocal to pay $48 and for the establishment of a *cy pres* fund to administer payout of the award. The court approved the final settlement in November 2008.

Ecuador Chevron is a defendant in a civil lawsuit before the Superior Court of Nueva Loja in Lago Agrio, Ecuador, brought in May 2003 by plaintiffs who claim to be representatives of certain residents of an area where an oil production consortium formerly had operations. The lawsuit alleges damage to the environment from the oil exploration and production operations, and seeks unspecified damages to fund environmental remediation and restoration of the alleged environmental harm, plus a health monitoring program. Until 1992, Texaco Petroleum Company (Texpet), a subsidiary of Texaco Inc., was a minority member of this consortium with Petroecuador, the Ecuadorian state-owned oil company, as the majority partner; since 1990, the operations have been conducted solely by Petroecuador. At the conclusion of the consortium and following an independent third-party environmental audit of the concession area, Texpet entered into a formal agreement with the Republic of Ecuador and Petroecuador for Texpet to remediate specific sites assigned by the government in proportion to Texpet's ownership share of the consortium. Pursuant to that agreement, Texpet conducted a three-year remediation program at a cost of $40. After certifying that the sites were properly remediated, the government granted Texpet and all related corporate entities a full release from any and all environmental liability arising from the consortium operations.

Based on the history described above, Chevron believes that this lawsuit lacks legal or factual merit. As to matters of law, the company believes first, that the court lacks jurisdiction over Chevron; second, that the law under which plaintiffs bring the action, enacted in 1999, cannot be applied retroactively to Chevron; third, that the claims are barred by the statute of limitations in Ecuador; and, fourth, that the lawsuit is also barred by the releases from liability previously given to Texpet by the Republic of Ecuador and Petroecuador. With regard to the facts, the company believes that the evidence confirms that Texpet's remediation was properly conducted and that the remaining environmental damage reflects Petroecuador's failure to timely fulfill its legal obligations and Petroecuador's further conduct since assuming full control over the operations.
In April 2008, a mining engineer appointed by the court to identify and determine the cause of environmental damage, and to specify steps needed to remediate it, issued a report recommending that the court assess $8,000, which would, according to the engineer, provide financial compensation for purported damages, including wrongful death claims, and pay for, among other items, environmental remediation, health care systems, and additional infrastructure for Petroecuador. The engineer's report also asserted that an additional $8,300 could be assessed against Chevron for unjust enrichment. The engineer's report

is not binding on the court. Chevron also believes that the engineer's work was performed and his report prepared in a manner contrary to law and in violation of the court's orders. Chevron submitted a rebuttal to the report in which it asked the court to strike the report in its entirety. In November 2008, the engineer revised the report and, without additional evidence, recommended an increase in the financial compensation for purported damages to a total of $18,900 and an increase in the assessment for purported unjust enrichment to a total of $8,400. Chevron submitted a rebuttal to the revised report, and Chevron will continue a vigorous defense of any attempted imposition of liability. Management does not believe an estimate of a reasonably possible loss (or a range of loss) can be made in this case. Due to the defects associated with the engineer's report, management does not believe the report itself has any utility in calculating a reasonably possible loss (or a range of loss). Moreover, the highly uncertain legal environment surrounding the case provides no basis for management to estimate a reasonably possible loss (or a range of loss).

Taxes

Note 16
Taxes

Income Taxes

	Year ended December 31		
	2008	2007	2006
Taxes on income			
U.S. Federal			
Current	**$ 2,879**	$ 1,446	$ 2,828
Deferred	**274**	225	200
State and local	**669**	338	581
Total United States	**3,822**	2,009	3,609
International			
Current	**15,021**	11,416	11,030
Deferred	**183**	54	199
Total International	**15,204**	11,470	11,229
Total taxes on income	**$ 19,026**	$ 13,479	$ 14,838

In 2008, before-tax income for U.S. operations, including related corporate and other charges, was $10,682, compared with before-tax income of $7,794 and $9,131 in 2007 and 2006, respectively. For international operations, before-tax income was $32,275; $24,373 and $22,845 in 2008, 2007 and 2006, respectively. U.S. federal income tax expense was reduced by $198, $132 and $116 in 2008, 2007 and 2006, respectively, for business tax credits.

The reconciliation between the U.S. statutory federal income tax rate and the company's effective income tax rate is explained in the table below:

	Year ended December 31		
	2008	2007	2006
U.S. statutory federal income tax rate	**35.0%**	35.0%	35.0%
Effect of income taxes from international operations at rates different from the U.S. statutory rate	**10.2**	8.3	10.3
State and local taxes on income, net of U.S. federal income tax benefit	**1.0**	0.8	1.0
Prior-year tax adjustments	**(0.1)**	0.3	0.9
Tax credits	**(0.5)**	(0.4)	(0.4)
Effects of enacted changes in tax laws	**(0.6)**	(0.3)	0.3
Other	**(0.7)**	(1.8)	(0.7)
Effective tax rate	**44.3%**	41.9%	46.4%

The company's effective tax rate increased from 41.9 percent in 2007 to 44.3 percent in 2008. The increase in the "Effect of income taxes from international operations at rates different from the U.S. statutory rate" from 8.3 percent in 2007 to 10.2 percent in 2008 was mainly due to a greater proportion of income being earned in 2008 in tax jurisdictions with higher tax rates. In addition, the 2007 period included a relatively low tax rate on the sale of downstream assets in Europe. The change in "Other" from a negative 1.8 percent to a negative 0.7 percent primarily related to a lower effective tax rate on the sale of the company's investment in Dynegy common stock in 2007.

The company records its deferred taxes on a tax-jurisdiction basis and classifies those net amounts as current or noncurrent based on the balance sheet classification of the related assets or liabilities. The reported deferred tax balances are composed of the following:

	At December 31	
	2008	2007
Deferred tax liabilities		
Properties, plant and equipment	**$ 18,271**	$ 17,310
Investments and other	**2,225**	1,837
Total deferred tax liabilities	**20,496**	19,147

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Source: CHEVRON CORP, 10-K, February 26, 2009

Deferred tax assets		
Abandonment/environmental reserves	**(4,338)**	(3,587)
Employee benefits	**(3,488)**	(2,148)
Tax loss carryforwards	**(1,139)**	(1,603)
Deferred credits	**(3,933)**	(1,689)
Foreign tax credits	**(4,784)**	(3,138)
Inventory	**(260)**	(608)
Other accrued liabilities	**(445)**	(477)
Miscellaneous	**(1,732)**	(1,528)
Total deferred tax assets	**(20,119)**	(14,778)
Deferred tax assets valuation allowance	**7,535**	5,949
Total deferred taxes, net	**$ 7,912**	$ 10,318

Deferred tax liabilities at the end of 2008 increased by approximately $1,300 from year-end 2007. The increase was primarily related to increased temporary differences for properties, plant and equipment.
Deferred tax assets increased by approximately $5,300 in 2008. The increase related primarily to deferred credits recorded for future tax benefits earned from a new field in Africa ($2,200); increased deferred tax benefits for pension-related obligations ($1,300); and additional foreign tax credits arising from earnings in high-tax-rate international jurisdictions ($1,600), which were substantially offset by valuation allowances.
The overall valuation allowance relates to foreign tax credit carryforwards, tax loss carryforwards and temporary differences for which no benefit is expected to be realized. Tax loss carryforwards exist in many international jurisdictions. Whereas some of these tax loss carryforwards do not have an expiration date, others expire at various times from 2009 through 2032. Foreign tax credit carryforwards of $4,784 will expire between 2009 and 2018.
At December 31, 2008 and 2007, deferred taxes were classified in the Consolidated Balance Sheet as follows:

	At December 31	
	2008	2007
Prepaid expenses and other current assets	**$ (1,130)**	$ (1,234)
Deferred charges and other assets	**(2,686)**	(812)
Federal and other taxes on income	**189**	194
Noncurrent deferred income taxes	**11,539**	12,170
Total deferred income taxes, net	**$ 7,912**	$ 10,318

Income taxes are not accrued for unremitted earnings of international operations that have been or are intended to be reinvested indefinitely. Undistributed earnings of international consolidated subsidiaries and affiliates for which no deferred income tax provision has been made for possible future remittances totaled $22,428 at December 31, 2008. This amount represents earnings reinvested as part of the company's ongoing international business. It is not practicable to estimate the amount of taxes that might be payable on the eventual remittance of earnings that are intended to be reinvested indefinitely. At the end of 2008, deferred income taxes were recorded for the undistributed earnings of certain international operations for which the company no longer intends to indefinitely reinvest the earnings. The company does not anticipate incurring significant additional taxes on remittances of earnings that are not indefinitely reinvested.

Uncertain Income Tax Positions Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – An Interpretation of FASB Statement No. 109* (FIN 48), provides the accounting guidance for income tax benefits that are uncertain in nature. Under FIN 48, a company recognizes a tax benefit in the financial statements for an uncertain tax position only if management's assessment is that the position is "more likely than not" (i.e., a likelihood greater than 50 percent) to be allowed by the tax jurisdiction based solely on the technical merits of the position. The term "tax position" in FIN 48 refers to a position in a previously filed tax return or a position expected to be taken in a future tax return that is reflected in measuring current or deferred income tax assets and liabilities for interim or annual periods.
The following table indicates the changes to the company's unrecognized tax benefits for the year ended December 31, 2008. The term "unrecognized tax benefits" in FIN 48 refers to the differences between a tax position taken or expected to be taken in a tax return and the benefit measured and recognized in the financial statements in accordance with the guidelines of FIN 48. Interest

and penalties are not included.

	2008	2007
Balance at January 1	**$ 2,199**	$ 2,296
Foreign currency effects	**(1)**	19
Additions based on tax positions taken in current year	**522**	418
Reductions based on tax positions taken in current year	**(17)**	–
Additions/reductions resulting from current year asset acquisitions/sales	**175**	–
Additions for tax positions taken in prior years	**337**	120
Reductions for tax positions taken in prior years	**(246)**	(225)
Settlements with taxing authorities in current year	**(215)**	(255)
Reductions as a result of a lapse of the applicable statute of limitations	**(58)**	–
Reductions due to tax positions previously expected to be taken but subsequently not taken on prior year tax returns	**–**	(174)
Balance at December 31	**$ 2,696**	$ 2,199

Although unrecognized tax benefits for individual tax positions may increase or decrease during 2009, the company believes that no change will be individually significant during 2009. Approximately 85 percent of the $2,696 of unrecognized tax benefits at December 31, 2008, would have an impact on the effective tax rate if subsequently recognized.

Tax positions for Chevron and its subsidiaries and affiliates are subject to income tax audits by many tax jurisdictions throughout the world. For the company's major tax jurisdictions, examinations of tax returns for certain prior tax years had not been completed as of December 31, 2008. For these jurisdictions, the latest years for which income tax examinations had been finalized were as follows: United States – 2003, Nigeria – 1994, Angola – 2001 and Saudi Arabia – 2003.

On the Consolidated Statement of Income, the company reports interest and penalties related to liabilities for uncertain tax positions as "Income tax expense." As of December 31, 2008, accruals of $276 for anticipated interest and penalty obligations were included on the Consolidated Balance Sheet, compared with accruals of $198 as of year-end 2007. Income tax expense associated with interest and penalties was $79 and $70 in 2008 and 2007, respectively.

Taxes Other Than on Income

	Year ended December 31		
	2008	2007	2006
United States			
Excise and similar taxes on products and merchandise	**$ 4,748**	$ 4,992	$ 4,831
Import duties and other levies	**1**	12	32
Property and other miscellaneous taxes	**588**	491	475
Payroll taxes	**204**	185	155
Taxes on production	**431**	288	360
Total United States	**5,972**	5,968	5,853
International			
Excise and similar taxes on products and merchandise	**5,098**	5,129	4,720
Import duties and other levies	**8,368**	10,404	9,618
Property and other miscellaneous taxes	**1,557**	528	491
Payroll taxes	**106**	89	75
Taxes on production	**202**	148	126
Total International	**15,331**	16,298	15,030
Total taxes other than on income	**$ 21,303**	$ 22,266	$ 20,883

Short-Term Debt

Note 17

Short-Term Debt

	At December 31	
	2008	2007
Commercial paper*	**$ 5,742**	$ 3,030
Notes payable to banks and others with originating terms of one year or less	**149**	219
Current maturities of long-term debt	**429**	850
Current maturities of long-term capital leases	**78**	73
Redeemable long-term obligations		
Long-term debt	**1,351**	1,351
Capital leases	**19**	21
Subtotal	**7,768**	5,544
Reclassified to long-term debt	**(4,950)**	(4,382)
Total short-term debt	**$ 2,818**	$ 1,162

* Weighted-average interest rates at December 31, 2008 and 2007, were 0.67 percent and 4.35 percent, respectively.

Redeemable long-term obligations consist primarily of tax-exempt variable-rate put bonds that are included as current liabilities because they become redeemable at the option of the bondholders within one year following the balance sheet date.

The company periodically enters into interest rate swaps on a portion of its short-term debt. See Note 7, beginning on page FS-36, for information concerning the company's debt-related derivative activities.

At December 31, 2008, the company had $4,950 of committed credit facilities with banks worldwide, which permit the company to refinance short-term obligations on a long-term basis. The facilities support the company's commercial paper borrowings. Interest on borrowings under the terms of specific agreements may be based on the London Interbank Offered Rate or bank prime rate. No amounts were outstanding under these credit agreements during 2008 or at year-end.

At December 31, 2008 and 2007, the company classified $4,950 and $4,382, respectively, of short-term debt as long-term. Settlement of these obligations is not expected to require the use of working capital in 2009, as the company has both the intent and the ability to refinance this debt on a long-term basis.

Long-Term Debt

Note 18

Long-Term Debt

Total long-term debt, excluding capital leases, at December 31, 2008, was $5,742. The company's long-term debt outstanding at year-end 2008 and 2007 was as follows:

	At December 31	
	2008	2007
3.375% notes due 2008	**$ –**	$ 749
5.5% notes due 2009	**400**	405
7.327% amortizing notes due 2014[1]	**194**	213
8.625% debentures due 2032	**147**	161
8.625% debentures due 2031	**108**	108
7.5% debentures due 2043	**85**	85
8% debentures due 2032	**74**	81
9.75% debentures due 2020	**56**	57
8.875% debentures due 2021	**40**	46
8.625% debentures due 2010	**30**	30
3.85% notes due 2008	**–**	30
Medium-term notes, maturing from 2021 to 2038 (6.2%)[2]	**38**	64
Fixed interest rate notes, maturing 2011 (9.378%)[2]	**21**	27
Other foreign currency obligations (0.5%)[2]	**13**	17
Other long-term debt (9.1%)[2]	**15**	59
Total including debt due within one year	**1,221**	2,132
Debt due within one year	**(429)**	(850)
Reclassified from short-term debt	**4,950**	4,382
Total long-term debt	**$ 5,742**	$ 5,664

[1] Guarantee of ESOP debt.
[2] Weighted-average interest rate at December 31, 2008.

Long-term debt of $1,221 matures as follows: 2009 – $429; 2010 – $64; 2011 – $47; 2012 – $33; 2013 – $41; and after 2013 – $607.

In 2008, debt totaling $822 matured, including $749 of Chevron Canada Funding Company notes. In 2007, $2,000 of Chevron Canada Funding Company bonds matured. The company also redeemed early $874 of Texaco Capital Inc. bonds, at an after-tax loss of approximately $175.

New Accounting Standards

Note 19

New Accounting Standards

FASB Statement No. 141 (revised 2007), Business Combinations (FAS 141-R)

In December 2007, the FASB issued FAS 141-R, which became effective for business combination transactions having an acquisition date on or after January 1, 2009. This standard requires the acquiring entity in a business combination to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date to be measured at their respective fair values. It also requires acquisition-related costs, as well as restructuring costs the acquirer expects to incur for which it is not obligated at acquisition date, to be recorded against income rather than included in purchase-price determination. Finally, the standard requires recognition of contingent arrangements at their acquisition-date fair values, with subsequent changes in fair value generally reflected in income.

FASB Staff Position FAS 141(R)-a Accounting for Assets Acquired and Liabilities Assumed in a Business Combination (FSP FAS 141(R)-a) In February 2009, the FASB approved for issuance FSP FAS 141(R)-a, which became effective for business combinations having an acquisition date on or after January 1, 2009. This standard requires an asset or liability arising from a contingency in a business combination to be recognized at fair value if fair value can be reasonably determined. If it cannot be reasonably determined then the asset or liability will need to be recognized in accordance with FASB Statement No. 5, *Accounting for Contingencies,* and FASB Interpretation No. 14, *Reasonable Estimation of the Amount of the Loss.*

FASB Statement No. 160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51 (FAS 160) The FASB issued FAS 160 in December 2007, which became effective for the company January 1, 2009, with retroactive adoption of the Standard's presentation and disclosure requirements for existing minority interests. This standard requires ownership interests in subsidiaries held by parties other than the parent to be presented within the equity section of the Consolidated Balance Sheet but separate from the parent's equity. It also requires the amount of consolidated net income attributable to the parent and the noncontrolling interest to be clearly identified and presented on the face of the Consolidated Statement of Income. Certain changes in a parent's ownership interest are to be accounted for as equity transactions and when a subsidiary is deconsolidated, any noncontrolling equity investment in the former subsidiary is to be initially measured at fair value. Implementation of FAS 160 will not significantly change the presentation of the company's Consolidated Statement of Income or Consolidated Balance Sheet.

FASB Statement No. 161, Disclosures about Derivative Instruments and Hedging Activities (FAS 161) In March 2008, the FASB issued FAS 161, which became effective for the company on January 1, 2009. This standard amends and expands the disclosure requirements of FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities.* FAS 161 requires disclosures related to objectives and strategies for using derivatives; the fair-value amounts of, and gains and losses on, derivative instruments; and credit-risk-related contingent features in derivative agreements. The company's disclosures for derivative instruments will be expanded to include a tabular representation of the location and fair value amounts of derivative instruments on the balance sheet, fair value gains and losses on the income statement and gains and losses associated with cash flow hedges recognized in earnings and other comprehensive income.

FASB Staff Position FAS 132(R)-1, Employer's Disclosures about Postretirement Benefit Plan Assets (FSP FAS 132(R)-1) In December 2008, the FASB issued FSP FAS 132(R)-1, which becomes effective with the company's reporting at December 31, 2009. This standard amends and expands the disclosure requirements on the plan assets of defined benefit pension and other postretirement plans to provide users of financial statements with an understanding of: how investment allocation decisions are made; the major categories of plan assets; the inputs and valuation techniques used to measure the fair value of plan assets; the effect of fair-value measurements using significant unobservable inputs on changes in plan assets for the period; and significant concentrations of risk within plan assets. The company does not prefund its other postretirement plan obligations, and the effect on the company's disclosures for its pension plan assets as a result of the adoption of FSP FAS 132(R)-1 will depend on the company's plan assets at that time.

Accounting for Suspended Exploratory Wells

Note 20

Accounting for Suspended Exploratory Wells

The company accounts for the cost of exploratory wells in accordance with FASB Statement No. 19, *Financial and Reporting by Oil and Gas Producing Companies* (FAS 19), as amended by FASB Staff Position (FSP) FAS 19-1, *Accounting for Suspended Well Costs*, which provides that exploratory well costs continue to be capitalized after the completion of drilling when (a) the well has found a sufficient quantity of reserves to justify completion as a producing well and (b) the enterprise is making sufficient progress assessing the reserves and the economic and operating viability of the project. If either

condition is not met or if an enterprise obtains information that raises substantial doubt about the economic or operational viability of the project, the exploratory well would be assumed to be impaired, and its costs, net of any salvage value, would be charged to expense. FAS 19 provides a number of indicators that can assist an entity to demonstrate sufficient progress is being made in assessing the reserves and economic viability of the project.
The following table indicates the changes to the company's suspended exploratory well costs for the three years ended December 31, 2008:

	2008	2007	2006
Beginning balance at January 1	**$ 1,660**	$ 1,239	$ 1,109
Additions to capitalized exploratory well costs pending the determination of proved reserves	**643**	486	446
Reclassifications to wells, facilities and equipment based on the determination of proved reserves	**(49)**	(23)	(171)
Capitalized exploratory well costs charged to expense	**(136)**	(42)	(121)
Other reductions*	**–**	–	(24)
Ending balance at December 31	**$ 2,118**	$ 1,660	$ 1,239

* Represent property sales and exchanges.

The following table provides an aging of capitalized well costs and the number of projects for which exploratory well costs have been capitalized for a period greater than one year since the completion of drilling.

	At December 31		
	2008	2007	2006
Exploratory well costs capitalized for a period of one year or less	**$ 559**	$ 449	$ 332
Exploratory well costs capitalized for a period greater than one year	**1,559**	1,211	907
Balance at December 31	**$ 2,118**	$ 1,660	$ 1,239
Number of projects with exploratory well costs that have been capitalized for a period greater than one year*	**50**	54	44

* Certain projects have multiple wells or fields or both.

Of the $1,559 of exploratory well costs capitalized for more than one year at December 31, 2008, $874 (27 projects) is related to projects that had drilling activities under way or firmly planned for the near future. An additional $279 (four projects) is related to projects that had drilling activity during 2008. The $406 balance is related to 19 projects in areas requiring a major capital expenditure before production could begin and for which additional drilling efforts were not under way or firmly planned for the near future. Additional drilling was not deemed necessary because the presence of hydrocarbons had already been established, and other activities were in process to enable a future decision on project development.

The projects for the $406 referenced above had the following activities associated with assessing the reserves and the projects' economic viability: (a) $107 (two projects) – government approval of the plan of development received in fourth quarter 2008; (b) $73 (two projects) – continued unitization efforts on adjacent discoveries that span international boundaries; (c) $49 (one project) – alignment of project stakeholders regarding scope and commercial strategy; (d) $46 (one project) – subsurface and facilities engineering studies ongoing with front-end-engineering and design expected in late 2009; (e) $40 (one project) continued review of development options; (f) $91 – miscellaneous activities for 12 projects with smaller amounts suspended. While progress was being made on all 50 projects, the decision on the recognition of proved reserves under SEC rules in some cases may not occur for several years because of the complexity, scale and negotiations connected with the projects. The majority of these decisions are expected to occur in the next three years. The $1,559 of suspended well costs capitalized for a period greater than one year as of December 31, 2008, represents 195 exploratory wells in 50 projects. The tables below contain the aging of these costs on a well and project basis:

Aging based on drilling completion date of individual wells:	Amount	Number of wells
1992	$ 7	3
1994–1997	31	4
1998–2002	176	34
2003–2007	1,345	154
Total	$ 1,559	195

Aging based on drilling completion date of last suspended well in project:	Amount	Number of projects

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1992	$ 7	1
1999	8	1
2003	69	3
2004–2008	1,475	45
Total	$ 1,559	50

Stock Options and Other Share-Based Compensation

Note 21

Stock Options and Other Share-Based Compensation

Compensation expense for stock options for 2008, 2007 and 2006 was $168 ($109 after tax), $146 ($95 after tax) and $125 ($81 after tax), respectively. In addition, compensation expense for stock appreciation rights, performance units and restricted stock units was $132 ($86 after tax), $205 ($133 after tax) and $113 ($73 after tax) for 2008, 2007 and 2006, respectively. No significant stock-based compensation cost was capitalized at December 31, 2008 and 2007.

Cash received in payment for option exercises under all share-based payment arrangements for 2008, 2007 and 2006 was $404, $445 and $444, respectively. Actual tax benefits realized for the tax deductions from option exercises were $103, $94 and $91 for 2008, 2007 and 2006, respectively.

Cash paid to settle performance units and stock appreciation rights was $136, $88 and $68 for 2008, 2007 and 2006, respectively.

Chevron Long-Term Incentive Plan (LTIP) Awards under the LTIP may take the form of, but are not limited to, stock options, restricted stock, restricted stock units, stock appreciation rights, performance units and nonstock grants. From April 2004 through January 2014, no more than 160 million shares may be issued under the LTIP, and no more than 64 million of those shares may be in a form other than a stock option, stock appreciation right or award requiring full payment for shares by the award recipient.

Texaco Stock Incentive Plan (Texaco SIP) On the closing of the acquisition of Texaco in October 2001, outstanding options granted under the Texaco SIP were converted to Chevron options. These options, which have 10-year contractual lives extending into 2011, retained a provision for being restored. This provision enables a participant who exercises a stock option to receive new options equal to the number of shares exchanged or who has shares withheld to satisfy tax withholding obligations to receive new options equal to the number of shares exchanged or withheld. The restored options are fully exercisable six months after the date of grant, and the exercise price is the market value of the common stock on the day the restored option is granted. Beginning in 2007, restored options were granted under the LTIP. No further awards may be granted under the former Texaco plans.

Unocal Share-Based Plans (Unocal Plans) When Chevron acquired Unocal in August 2005, outstanding stock options and stock appreciation rights granted under various Unocal Plans were exchanged for fully vested Chevron options and appreciation rights. These awards retained the same provisions as the original Unocal Plans. If not exercised, these awards will expire between early 2009 and early 2015.

The fair market values of stock options and stock appreciation rights granted in 2008, 2007 and 2006 were measured on the date of grant using the Black-Scholes option-pricing model, with the following weighted-average assumptions:

	Year ended December 31		
	2008	2007	2006
Stock Options			
Expected term in years[1]	**6.1**	6.3	6.4
Volatility[2]	**22.0%**	22.0%	23.7%
Risk-free interest rate based on zero coupon U.S. treasury note	**3.0%**	4.5%	4.7%
Dividend yield	**2.7%**	3.2%	3.1%
Weighted-average fair value per option granted	**$ 15.97**	$ 15.27	$ 12.74
Restored Options			
Expected term in years[1]	**1.2**	1.6	2.2
Volatility[2]	**23.1%**	21.2%	19.6%
Risk-free interest rate based on zero coupon U.S. treasury note	**1.9%**	4.5%	4.8%
Dividend yield	**2.7%**	3.2%	3.3%

Weighted-average fair value per option granted	**$ 10.01**	$ 8.61	$ 7.72

1 Expected term is based on historical exercise and post-vesting cancellation data.
2 Volatility rate is based on historical stock prices over an appropriate period, generally equal to the expected term.

A summary of option activity during 2008 is presented below:

	Shares (Thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2008	57,357	$ 54.50		
Granted	12,391	$ 84.98		
Exercised	(10,758)	$ 53.69		
Restored	1,196	$ 94.53		
Forfeited	(1,173)	$ 79.53		
Outstanding at December 31, 2008	59,013	$ 61.36	6.5 yrs.	$ 883
Exercisable at December 31, 2008	36,934	$ 51.51	5.2 yrs.	$ 838

The total intrinsic value (i.e., the difference between the exercise price and the market price) of options exercised during 2008, 2007 and 2006 was $433, $423 and $281, respectively. During this period, the company continued its practice of issuing treasury shares upon exercise of these awards.

As of December 31, 2008, there was $179 of total unrecognized before-tax compensation cost related to nonvested share-based compensation arrangements granted or restored under the plans. That cost is expected to be recognized over a weighted-average period of 1.9 years.

At January 1, 2008, the number of LTIP performance units outstanding was equivalent to 2,225,015 shares. During 2008, 888,300 units were granted, 652,897 units vested with cash proceeds distributed to recipients and 59,863 units were forfeited. At December 31, 2008, units outstanding were 2,400,555, and the fair value of the liability recorded for these instruments was $201. In addition, outstanding stock appreciation rights and other awards that were granted under various LTIP and former Texaco and Unocal programs totaled approximately 1.4 million equivalent shares as of December 31, 2008. A liability of $35 was recorded for these awards.

Broad-Based Employee Stock Options In addition to the plans described above, Chevron granted all eligible employees stock options or equivalents in 1998. The options vested in February 2000 and expired in February 2008. A total of 9,641,600 options were awarded with an exercise price of $38.16 per share.

The fair value of each option on the date of grant was estimated at $9.54 using the Black-Scholes model for the preceding 10 years. The assumptions used in the model, based on a 10-year average, were: a risk-free interest rate of 7 percent, a dividend yield of 4.2 percent, an expected life of seven years and a volatility of 24.7 percent.
At January 1, 2008, the number of broad-based employee stock options outstanding was 652,715. Through the conclusion of the program in February 2008, 396,875 shares were exercised and 255,840 shares were forfeited. The total intrinsic value of these options exercised during 2008, 2007 and 2006 was $18, $30, and $10, respectively.

Employee Benefit Plans

Note 22

Employee Benefit Plans

The company has defined-benefit pension plans for many employees. The company typically prefunds defined-benefit plans as required by local regulations or in certain situations where prefunding provides economic advantages. In the United States, all qualified plans are subject to the Employee Retirement Income Security Act (ERISA) minimum funding standard. The company does not typically fund U.S. nonqualified pension plans that are not subject to funding requirements under laws and regulations because contributions to these pension plans may be less economic and investment returns may be less attractive than the company's other investment alternatives.

The company also sponsors other postretirement (OPEB) plans that provide medical and dental benefits, as well as life insurance for some active and qualifying retired employees. The plans are unfunded, and the company and retirees share the costs. Medical coverage for Medicare-eligible retirees in the company's main U.S. medical plan is secondary to Medicare (including Part D), and the increase to the company contribution for retiree medical coverage is limited to no more than 4 percent per year. Certain life insurance benefits are paid by the company.

Effective December 31, 2006, the company implemented the recognition and measurement provisions of Financial Accounting Standards Board (FASB) Statement No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106 and 132(R)*, which requires the recognition of the overfunded or underfunded status of each of its defined benefit pension and OPEB as an asset or liability, with the offset to "Accumulated other comprehensive loss."

The funded status of the company's pension and other postretirement benefit plans for 2008 and 2007 is on the following page:

	Pension Benefits				Other Benefits	
	2008		2007			
	U.S.	Int'l.	U.S.	Int'l.	**2008**	2007
Change in Benefit Obligation						
Benefit obligation at January 1	**$ 8,395**	**$ 4,633**	$ 8,792	$ 4,207	**$ 2,939**	$ 3,257
Service cost	**250**	**132**	260	125	**44**	49
Interest cost	**499**	**292**	483	255	**178**	184
Plan participants' contributions	**–**	**9**	–	7	**152**	122
Plan amendments	**–**	**32**	(301)	97	**–**	–
Curtailments	**–**	**–**	–	(12)	**–**	–
Actuarial gain	**(62)**	**(104)**	(131)	(40)	**(14)**	(413)
Foreign currency exchange rate changes	**–**	**(858)**	–	219	**(28)**	12
Benefits paid	**(955)**	**(246)**	(708)	(225)	**(340)**	(272)
Special termination benefits	**–**	**1**	–	–	**–**	–
Benefit obligation at December 31	**8,127**	**3,891**	8,395	4,633	**2,931**	2,939
Change in Plan Assets						
Fair value of plan assets at January 1	**7,918**	**3,892**	7,941	3,456	**–**	–
Actual return on plan assets	**(2,092)**	**(655)**	607	232	**–**	–
Foreign currency exchange rate changes	**–**	**(662)**	–	183	**–**	–
Employer contributions	**577**	**262**	78	239	**188**	150
Plan participants' contributions	**–**	**9**	–	7	**152**	122
Benefits paid	**(955)**	**(246)**	(708)	(225)	**(340)**	(272)
Fair value of plan assets at December 31	**5,448**	**2,600**	7,918	3,892	**–**	–
Funded Status at December 31	**$ (2,679)**	**$ (1,291)**	$ (477)	$ (741)	**$ (2,931)**	$ (2,939)

Amounts recognized on the Consolidated Balance Sheet for the company's pension and other postretirement benefit plans at December 31, 2008 and 2007, include:

	Pension Benefits				Other Benefits	
	2008		2007			
	U.S.	Int'l.	U.S.	Int'l.	**2008**	2007
Deferred charges and other assets	**$ 6**	**$ 31**	$ 181	$ 279	**$ –**	$ –
Accrued liabilities	**(72)**	**(61)**	(68)	(55)	**(209)**	(207)
Reserves for employee benefit plans	**(2,613)**	**(1,261)**	(590)	(965)	**(2,722)**	(2,732)
Net amount recognized at December 31	**$ (2,679)**	**$ (1,291)**	$ (477)	$ (741)	**$ (2,931)**	$ (2,939)

Amounts recognized on a before-tax basis in "Accumulated other comprehensive loss" for the company's pension and OPEB postretirement plans were $5,831 and $2,990 at the end of 2008 and 2007. These amounts consisted of:

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	Pension Benefits					
	2008		2007		Other Benefits	
	U.S.	Int'l.	U.S.	Int'l.	2008	2007
Net actuarial loss	$ 3,797	$ 1,804	$ 1,539	$ 1,237	$ 410	$ 490
Prior-service (credit) costs	(68)	211	(75)	203	(323)	(404)
Total recognized at December 31	$ 3,729	$ 2,015	$ 1,464	$ 1,440	$ 87	$ 86

The accumulated benefit obligations for all U.S. and international pension plans were $7,376 and $3,273, respectively, at December 31, 2008, and $7,712 and $4,000, respectively, at December 31, 2007.

Information for U.S. and international pension plans with an accumulated benefit obligation in excess of plan assets at December 31, 2008 and 2007, was:

	Pension Benefits			
	2008		2007	
	U.S.	Int'l.	U.S.	Int'l.
Projected benefit obligations	$ 8,121	$ 2,906	$ 678	$ 1,089
Accumulated benefit obligations	7,371	2,539	638	926
Fair value of plan assets	5,436	1,698	20	271

The components of net periodic benefit cost for 2008, 2007 and 2006 and amounts recognized in other comprehensive income for 2008 and 2007 are shown in the table below. For 2008 and 2007, changes in pension plan assets and benefit obligations were recognized as changes in other comprehensive income.

	Pension Benefits								
	2008		2007		2006		Other Benefits		
	U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.	2008	2007	2006
Net Periodic Benefit Cost									
Service cost	$ 250	$ 132	$ 260	$ 125	$ 234	$ 98	$ 44	$ 49	$ 35
Interest cost	499	292	483	255	468	214	178	184	181
Expected return on plan assets	(593)	(273)	(578)	(266)	(550)	(227)	–	–	–
Amortization of transitional assets	–	–	–	–	–	1	–	–	–
Amortization of prior-service (credits) costs	(7)	24	46	17	46	14	(81)	(81)	(86)
Recognized actuarial losses	60	77	128	82	149	69	38	81	97
Settlement losses	306	2	65	–	70	–	–	–	–
Curtailment losses	–	–	–	3	–	–	–	–	–
Special termination benefit recognition	–	1	–	–	–	–	–	–	–
Net periodic benefit cost	515	255	404	216	417	169	179	233	227
Changes Recognized in Other Comprehensive Income									
Net actuarial loss (gain) during period	2,624	646	(160)	31	–	–	(42)	(401)	–
Amortization of actuarial loss	(366)	(79)	(193)	(82)	–	–	(38)	(81)	–
Prior service cost (credit) during period	–	32	(301)	97	–	–	–	–	–
Amortization of prior-service credits (costs)	7	(24)	(46)	(20)	–	–	81	81	–
Total changes recognized in other comprehensive income	2,265	575	(700)	26	–	–	1	(401)	–
Recognized in Net Periodic Benefit Cost and Other Comprehensive Income	$ 2,780	$ 830	$ (296)	$ 242	$ 417	$ 169	$ 180	$ (168)	$ 227

Net actuarial losses recorded in "Accumulated other comprehensive loss" at December 31, 2008, for the company's U.S. pension, international pension and OPEB plans are being amortized on a straight-line basis over approximately 10, 13 and 10 years, respectively. These amortization periods represent the estimated average remaining service of employees expected to receive benefits

under the plans. These losses are amortized to the extent they exceed 10 percent of the higher of the projected benefit obligation or market-related value of plan assets. The amount subject to amortization is determined on a plan-by-plan basis. During 2009, the company estimates actuarial losses of $298, $103 and $28 will be amortized from "Accumulated other comprehensive loss" for U.S. pension, international pension and OPEB plans, respectively. In addition, the company estimates an additional $201 will be recognized from "Accumulated other comprehensive loss" during 2009 related to lump-sum settlement costs from U.S. pension plans.

The weighted average amortization period for recognizing prior service costs (credits) recorded in "Accumulated other comprehensive loss" at December 31, 2008, was approximately nine and 13 years for U.S. and international pension plans, respectively, and eight years for other postretirement benefit plans. During 2009, the company estimates prior service (credits) costs of $(7), $25 and $(81) will be amortized from "Accumulated other comprehensive loss" for U.S. pension, international pension and OPEB plans, respectively.

Assumptions The following weighted-average assumptions were used to determine benefit obligations and net periodic benefit costs for years ended December 31:

	Pension Benefits								
	2008		2007		2006		Other Benefits		
	U.S.	Int'l.	U.S.	Int'l.	U.S.	Int'l.	2008	2007	2006
Assumptions used to determine benefit obligations									
Discount rate	**6.3%**	**7.5%**	6.3%	6.7%	5.8%	6.0%	**6.3%**	6.3%	5.8%
Rate of compensation increase	**4.5%**	**6.8%**	4.5%	6.4%	4.5%	6.1%	**4.0%**	4.5%	4.5%
Assumptions used to determine net periodic benefit cost									
Discount rate[1]	***6.3%***	***6.7%***	*5.8%*	*6.0%*	*5.8%*	*5.9%*	***6.3%***	*5.8%*	*5.9%*
Expected return on plan assets	**7.8%**	**7.4%**	7.8%	7.5%	7.8%	7.4%	**N/A**	N/A	N/A
Rate of compensation increase	**4.5%**	**6.4%**	4.5%	6.1%	4.2%	5.1%	**4.5%**	4.5%	4.2%

[1] The 2006 U.S. discount rate reflects remeasurement on July 1, 2006, due to plan combinations and changes, primarily several Unocal plans into related Chevron plans.

Expected Return on Plan Assets The company's estimated long-term rate of return on pension assets is driven primarily by actual historical asset-class returns, an assessment of expected future performance, advice from external actuarial firms and the incorporation of specific asset-class risk factors. Asset allocations are periodically updated using pension plan asset/liability studies, and the company's estimated long-term rates of return are consistent with these studies.

There have been no changes in the expected long-term rate of return on plan assets since 2002 for U.S. plans, which account for 68 percent of the company's pension plan assets. At December 31, 2008, the estimated long-term rate of return on U.S. pension plan assets was 7.8 percent.

The market-related value of assets of the major U.S. pension plan used in the determination of pension expense was based on the market values in the three months preceding the year-end measurement date, as opposed to the maximum allowable period of five years under U.S. accounting rules. Management considers the three-month time period long enough to minimize the effects of distortions from day-to-day market volatility and still be contemporaneous to the end of the year. For other plans, market value of assets as of year-end is used in calculating the pension expense.

Discount Rate The discount rate assumptions used to determine U.S. and international pension and postretirement benefit plan obligations and expense reflect the prevailing rates available on high-quality, fixed-income debt instruments. At December 31, 2008, the company selected a 6.3 percent discount rate for the major U.S. pension and postretirement plans. This rate was based on a cash flow analysis that matched estimated future benefit payments to the Citigroup Pension Discount Yield Curve as of year-end 2008. The discount rates at the end of 2007 and 2006 were 6.3 percent and 5.8 percent, respectively.

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Other Benefit Assumptions For the measurement of accumulated postretirement benefit obligation at December 31, 2008, for the main U.S. postretirement medical plan, the assumed health care cost-trend rates start with 7 percent in 2009 and gradually decline to 5 percent for 2017 and beyond. For this measurement at December 31, 2007, the assumed health care cost-trend rates started with 8 percent in 2008 and gradually declined to 5 percent for 2014 and beyond. In both measurements, the annual increase to company contributions was capped at 4 percent.

Assumed health care cost-trend rates can have a significant effect on the amounts reported for retiree health care costs. The impact is mitigated by the 4 percent cap on the company's medical contributions for the primary U.S. plan. A one-percentage-point change in the assumed health care cost-trend rates would have the following effects:

	1 Percent Increase	1 Percent Decrease
Effect on total service and interest cost components	$ 9	$ (8)
Effect on postretirement benefit obligation	$ 88	$ (75)

Plan Assets and Investment Strategy The company's pension plan weighted-average asset allocations at December 31 by asset category are as follows:

	U.S.		International	
Asset Category	**2008**	2007	**2008**	2007
Equities	**52%**	64%	**47%**	56%
Fixed Income	**34%**	23%	**50%**	43%
Real Estate	**13%**	12%	**2%**	1%
Other	**1%**	1%	**1%**	–
Total	**100%**	100%	**100%**	100%

The pension plans invest primarily in asset categories with sufficient size, liquidity and cost efficiency to permit investments of reasonable size. The pension plans invest in asset categories that provide diversification benefits and are easily measured. To assess the plans' investment performance, long-term asset allocation policy benchmarks have been established.

For the primary U.S. pension plan, the Chevron Board of Directors has approved the following percentage asset-allocation ranges: equities 40–70, fixed income/cash 20–60, real estate 0–15 and other 0–5. The significant international pension plans also have established maximum and minimum asset allocation ranges that vary by each plan. Actual asset allocation, within approved ranges, is based on a variety of current economic and market conditions and consideration of specific asset category risk.

Equities include investments in the company's common stock in the amount of $22 and $36 at December 31, 2008 and 2007, respectively. The "Other" asset category includes minimal investments in private-equity limited partnerships.

Cash Contributions and Benefit Payments In 2008, the company contributed $577 and $262 to its U.S. and international pension plans, respectively. In 2009, the company expects contributions to be approximately $550 and $250 to its U.S. and international pension plans, respectively. Actual contribution amounts are dependent upon plan-investment returns, changes in pension obligations, regulatory environments and other economic factors. Additional funding may ultimately be required if investment returns are insufficient to offset increases in plan obligations.

The company anticipates paying other postretirement benefits of approximately $209 in 2009, as compared with $188 paid in 2008.

The following benefit payments, which include estimated future service, are expected to be paid in the next 10 years:

	Pension Benefits		Other
	U.S.	Int'l.	Benefits
2009	$ 853	$ 226	$ 209
2010	$ 841	$ 249	$ 216
2011	$ 849	$ 240	$ 222
2012	$ 863	$ 265	$ 225
2013	$ 874	$ 277	$ 230
2014–2018	$ 4,379	$ 1,746	$ 1,205

Employee Savings Investment Plan Eligible employees of Chevron and certain

of its subsidiaries participate in the Chevron Employee Savings Investment Plan (ESIP).

Charges to expense for the ESIP represent the company's contributions to the plan, which are funded either through the purchase of shares of common stock on the open market or through the release of common stock held in the leveraged employee stock ownership plan (LESOP), which follows. Total company matching contributions to employee accounts within the ESIP were $231, $206 and $169 in 2008, 2007 and 2006, respectively. This cost was reduced by the value of shares released from the LESOP totaling $40, $33 and $6 in 2008, 2007 and 2006, respectively. The remaining amounts, totaling $191, $173 and $163 in 2008, 2007 and 2006, respectively, represent open market purchases.

Employee Stock Ownership Plan Within the Chevron ESIP is an employee stock ownership plan (ESOP). In 1989, Chevron established a LESOP as a constituent part of the ESOP. The LESOP provides partial prefunding of the company's future commitments to the ESIP.

As permitted by American Institute of Certified Public Accountants (AICPA) Statement of Position 93-6, *Employers' Accounting for Employee Stock Ownership Plans*, the company has elected to continue its practices, which are based on AICPA Statement of Position 76-3, *Accounting Practices for Certain Employee Stock Ownership Plans*, and subsequent consensus of the EITF of the FASB. The debt of the LESOP is recorded as debt, and shares pledged as collateral are reported as "Deferred compensation and benefit plan trust" on the Consolidated Balance Sheet and the Consolidated Statement of Stockholders' Equity.

The company reports compensation expense equal to LESOP debt principal repayments less dividends received and used by the LESOP for debt service. Interest accrued on LESOP debt is recorded as interest expense. Dividends paid on LESOP shares are reflected as a reduction of retained earnings. All LESOP shares are considered outstanding for earnings-per-share computations.

A net credit to expense of $1 was recorded for the LESOP each year in 2008, 2007 and 2006. The net credit for the respective years was composed of credits to compensation expense of $15, $17 and $18 and charges to interest expense for LESOP debt of $14, $16 and $17.

Of the dividends paid on the LESOP shares, $35, $8 and $59 were used in 2008, 2007 and 2006, respectively, to service LESOP debt. The amount in 2006 included $28 of LESOP debt service that was scheduled for payment on the first business day of January 2007 and was paid in late December 2006. No contributions were required in 2008, 2007 or 2006 as dividends received by the LESOP were sufficient to satisfy LESOP debt service.

Shares held in the LESOP are released and allocated to the accounts of plan participants based on debt service deemed to be paid in the year in proportion to the total of current year and remaining debt service. LESOP shares as of December 31, 2008 and 2007, were as follows:

Thousands	**2008**	2007
Allocated shares	**19,651**	20,506
Unallocated shares	**6,366**	7,365
Total LESOP shares	**26,017**	27,871

Benefit Plan Trusts Prior to its acquisition by Chevron, Texaco established a benefit plan trust for funding obligations under some of its benefit plans. At year-end 2008, the trust contained 14.2 million shares of Chevron treasury stock. The trust will sell the shares or use the dividends from the shares to pay benefits only to the extent that the company does not pay such benefits. The company intends to continue to pay its obligations under the benefit plans. The trustee will vote the shares held in the trust as instructed by the trust's beneficiaries. The shares held in the trust are not considered outstanding for earnings-per-share purposes until distributed or sold by the trust in payment of benefit obligations.

Prior to its acquisition by Chevron, Unocal established various grantor trusts to fund obligations under some of its benefit plans, including the deferred compensation and supplemental retirement plans. At December 31, 2008 and 2007, trust assets of $60 and $69, respectively, were invested primarily in

interest-earning accounts.

Employee Incentive Plans Effective January 2008, the company established the Chevron Incentive Plan (CIP), a single annual cash bonus plan for eligible employees that links awards to corporate, unit and individual performance in the prior year. This plan replaced other cash bonus programs, which primarily included the Management Incentive Plan (MIP) and the Chevron Success Sharing program. In 2008, charges to expense for cash bonuses were $757. Charges to expense for MIP were $184 and $180 in 2007 and 2006, respectively. Charges for other cash bonus programs were $431 and $329 in 2007 and 2006, respectively. Chevron also has a Long-Term Incentive Plan (LTIP) for officers and other regular salaried employees of the company and its subsidiaries who hold positions of significant responsibility. Awards under LTIP consist of stock options and other share-based compensation that are described in Note 21 on page FS-49.

Other Contingencies and Commitments

Note 23

Other Contingencies and Commitments

Income Taxes The company calculates its income tax expense and liabilities quarterly. These liabilities generally are subject to audit and are not finalized with the individual taxing authorities until several years after the end of the annual period for which income taxes have been calculated. Refer to Note 16 beginning on page FS-45 for a discussion of the periods for which tax returns have been audited for the company's major tax jurisdictions and a discussion for all tax jurisdictions of the differences between the amount of tax benefits recognized in the financial statements and the amount taken or expected to be taken in a tax return. The company does not expect settlement of income tax liabilities associated with uncertain tax positions will have a material effect on its results of operations, consolidated financial position or liquidity.

Guarantees The company has issued a guarantee of approximately $600 associated with certain payments under a terminal use agreement entered into by a company affiliate. The terminal is expected to be operational by 2012. Over the approximate 16-year term of the guarantee, the maximum guarantee amount will reduce over time as certain fees are paid by the affiliate. There are numerous cross-indemnity agreements with the affiliate and the other partners to permit recovery of any amounts paid under the guarantee. Chevron carries no liability for its obligation under this guarantee.

Indemnifications The company provided certain indemnities of contingent liabilities of Equilon and Motiva to Shell and Saudi Refining, Inc., in connection with the February 2002 sale of the company's interests in those investments. The company would be required to perform if the indemnified liabilities become actual losses. Were that to occur, the company could be required to make future payments up to $300. Through the end of 2008, the company paid $48 under these indemnities and continues to be obligated for possible additional indemnification payments in the future.

The company has also provided indemnities relating to contingent environmental liabilities related to assets originally contributed by Texaco to the Equilon and Motiva joint ventures and environmental conditions that existed prior to the formation of Equilon and Motiva or that occurred during the period of Texaco's ownership interest in the joint ventures. In general, the environmental conditions or events that are subject to these indemnities must have arisen prior to December 2001. Claims must be asserted no later than February 2009 for Equilon indemnities and no later than February 2012 for Motiva indemnities. Under the terms of these indemnities, there is no maximum limit on the amount of potential future payments. In February 2009, Shell delivered a letter to the company purporting to preserve unmatured claims for certain Equilon indemnities. The letter itself provides no estimate of the ultimate claim amount, and management does not believe the letter provides a basis to estimate the amount, if any, of a range of loss or potential range of loss with respect to the Equilon or the Motiva indemnities. The company posts no assets as collateral and has made no payments under the indemnities.
The amounts payable for the indemnities described on the previous page are to be net of amounts recovered from insurance carriers and others and net of liabilities recorded by Equilon or Motiva prior to September 30, 2001, for any

applicable incident.
In the acquisition of Unocal, the company assumed certain indemnities relating to contingent environmental liabilities associated with assets that were sold in 1997. Under the indemnification agreement, the company's liability is unlimited until April 2022, when the indemnification expires. The acquirer shares in certain environmental remediation costs up to a maximum obligation of $200, which had not been reached as of December 31, 2008.

Securitization During 2008, the company terminated the program used to securitize downstream-related trade accounts receivable. At year-end 2007, the balance of securitized receivables was $675 million. As of December 31, 2008, the company had no other securitization arrangements in place.

Long-Term Unconditional Purchase Obligations and Commitments, Including Throughput and Take-or-Pay Agreements The company and its subsidiaries have certain other contingent liabilities relating to long-term unconditional purchase obligations and commitments, including throughput and take-or-pay agreements, some of which relate to suppliers' financing arrangements. The agreements typically provide goods and services, such as pipeline and storage capacity, drilling rigs, utilities, and petroleum products, to be used or sold in the ordinary course of the company's business. The aggregate approximate amounts of required payments under these various commitments are: 2009 – $6,405; 2010 – $3,964; 2011 – $3,578; 2012 – $1,473; 2013 – $1,329; 2014 and after – $4,333. A portion of these commitments may ultimately be shared with project partners. Total payments under the agreements were approximately $5,100 in 2008 $3,700 in 2007 and $3,000 in 2006.

Minority Interests The company has commitments of $469 related to minority interests in subsidiary companies.

Environmental The company is subject to loss contingencies pursuant to environmental laws and regulations that in the future may require the company to take action to correct or ameliorate the effects on the environment of prior release of chemicals or petroleum substances, including MTBE, by the company or other parties. Such contingencies may exist for various sites, including, but not limited to, federal Superfund sites and analogous sites under state laws, refineries, crude oil fields, service stations, terminals, land development areas, and mining operations, whether operating, closed or divested. These future costs are not fully determinable due to such factors as the unknown magnitude of possible contamination, the unknown timing and extent of the corrective actions that may be required, the determination of the company's liability in proportion to other responsible parties, and the extent to which such costs are recoverable from third parties.

Although the company has provided for known environmental obligations that are probable and reasonably estimable, the amount of additional future costs may be material to results of operations in the period in which they are recognized. The company does not expect these costs will have a material effect on its consolidated financial position or liquidity. Also, the company does not believe its obligations to make such expenditures have had, or will have, any significant impact on the company's competitive position relative to other U.S. or international petroleum or chemical companies.
Chevron's environmental reserve as of December 31, 2008, was $1,818. Included in this balance were remediation activities of 248 sites for which the company had been identified as a potentially responsible party or otherwise involved in the remediation by the U.S. Environmental Protection Agency (EPA) or other regulatory agencies under the provisions of the federal Superfund law or analogous state laws. The company's remediation reserve for these sites at year-end 2008 was $120. The federal Superfund law and analogous state laws provide for joint and several liability for all responsible parties. Any future actions by the EPA or other regulatory agencies to require Chevron to assume other potentially responsible parties' costs at designated hazardous waste sites are not expected to have a material effect on the company's results of operations, consolidated financial position or liquidity. Of the remaining year-end 2008 environmental reserves balance of $1,698, $968 related to the company's U.S. downstream operations, including

refineries and other plants, marketing locations (i.e., service stations and terminals), and pipelines. The remaining $730 was associated with various sites in international downstream ($117), upstream ($390), chemicals ($154) and other businesses ($69). Liabilities at all sites, whether operating, closed or divested, were primarily associated with the company's plans and activities to remediate soil or groundwater contamination or both. These and other activities include one or more of the following: site assessment; soil excavation; offsite disposal of contaminants; onsite containment, remediation and/or extraction of petroleum hydrocarbon liquid and vapor from soil; groundwater extraction and treatment; and monitoring of the natural attenuation of the contaminants.
The company manages environmental liabilities under specific sets of regulatory requirements, which in the United States include the Resource Conservation and Recovery Act and various state or local regulations. No single remediation site at year-end 2008 had a recorded liability that was material to the company's results of operations, consolidated financial position or liquidity.
It is likely that the company will continue to incur additional liabilities, beyond those recorded, for environmental remediation relating to past operations. These future costs are not fully determinable due to such factors as the unknown magnitude of possible contamination, the unknown timing and extent of the corrective actions that may be required, the determination of the company's liability in proportion to other responsible parties, and the extent to which such costs are recoverable from third parties.
Refer to Note 24 below for a discussion of the company's Asset Retirement Obligations.

Equity Redetermination For oil and gas producing operations, ownership agreements may provide for periodic reassessments of equity interests in estimated crude oil and natural gas reserves. These activities, individually or together, may result in gains or losses that could be material to earnings in any given period. One such equity redetermination process has been under way since 1996 for Chevron's interests in four producing zones at the Naval Petroleum Reserve at Elk Hills, California, for the time when the remaining interests in these zones were owned by the U.S. Department of Energy. A wide range remains for a possible net settlement amount for the four zones. For this range of settlement, Chevron estimates its maximum possible net before-tax liability at approximately $200, and the possible maximum net amount that could be owed to Chevron is estimated at about $150. The timing of the settlement and the exact amount within this range of estimates are uncertain.

Other Contingencies Chevron receives claims from and submits claims to customers; trading partners; U.S. federal, state and local regulatory bodies; governments; contractors; insurers; and suppliers. The amounts of these claims, individually and in the aggregate, may be significant and take lengthy periods to resolve.

The company and its affiliates also continue to review and analyze their operations and may close, abandon, sell, exchange, acquire or restructure assets to achieve operational or strategic benefits and to improve competitiveness and profitability. These activities, individually or together, may result in gains or losses in future periods.

Asset Retirement Obligations

Note 24

Asset Retirement Obligations
The company accounts for asset retirement obligations (ARO) in accordance with Financial Accounting Standards Board (FASB) Statement No. 143, *Accounting for Asset Retirement Obligations* (FAS 143) and FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations – An Interpretation of FASB Statement No. 143* (FIN 47). FAS 143 applies to the fair value of a liability for an ARO that is recorded when there is a legal obligation associated with the retirement of a tangible long-lived asset and the liability can be reasonably estimated. Obligations associated with the retirement of these assets require recognition in certain circumstances: (1) the present value of a liability and offsetting asset for an ARO, (2) the subsequent accretion of that liability and depreciation of the asset, and (3) the periodic review of the ARO liability estimates and discount rates. FIN 47 clarifies that the phrase "conditional asset retirement obligation," as used in FAS 143, refers

to a legal obligation to perform asset retirement activity for which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the company. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and/or method of settlement. Uncertainty about the timing and/or method of settlement of a conditional ARO should be factored into the measurement of the liability when sufficient information exists. FAS 143 acknowledges that in some cases, sufficient information may not be available to reasonably estimate the fair value of an ARO. FIN 47 also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an ARO.

FAS 143 and FIN 47 primarily affect the company's accounting for crude oil and natural gas producing assets. No significant AROs associated with any legal obligations to retire refining, marketing and transportation (downstream) and chemical long-lived assets have been recognized, as indeterminate settlement dates for the asset retirements prevent estimation of the fair value of the associated ARO. The company performs periodic reviews of its downstream and chemical long-lived assets for any changes in facts and circumstances that might require recognition of a retirement obligation.

The following table indicates the changes to the company's before-tax asset retirement obligations in 2008, 2007 and 2006:

	2008	2007	2006
Balance at January 1	**$ 8,253**	$ 5,773	$ 4,304
Liabilities incurred	**308**	178	153
Liabilities settled	**(973)**	(818)	(387)
Accretion expense	**430**	399*	275
Revisions in estimated cash flows	**1,377**	2,721	1,428
Balance at December 31	**$ 9,395**	$ 8,253	$ 5,773

*Includes $175 for revision to the ARO liability retained on properties that had been sold.

In the table above, the amounts associated with "Revisions in estimated cash flows" reflect increasing costs to abandon onshore and offshore wells, equipment and facilities, including an aggregate of $1,804 for 2006 through 2008 for the estimated costs to dismantle and abandon wells and facilities damaged by hurricanes in the U.S. Gulf of Mexico in 2005 and 2008. The long-term portion of the $9,395 balance at the end of 2008 was $8,588.

Other Financial Information

Note 25

Other Financial Information

Net income in 2008 included gains of approximately $1,200 relating to the sale of nonstrategic properties. Of this amount, approximately $1,000 related to upstream assets. Net income in 2007 included gains of approximately $2,000 relating to the sale of nonstrategic properties. Of this amount, approximately $1,100 related to downstream assets and $680 related to the sale of the company's investment in Dynegy Inc.

Other financial information is as follows:

	Year ended December 31		
	2008	2007	2006
Total financing interest and debt costs	**$ 256**	$ 468	$ 608
Less: Capitalized interest	**256**	302	157
Interest and debt expense	**$ –**	$ 166	$ 451
Research and development expenses	**$ 835**	$ 562	$ 468
Foreign currency effects*	**$ 862**	$ (352)	$ (219)

* Includes $420, $18 and $15 in 2008, 2007 and 2006, respectively, for the company's share of equity affiliates' foreign currency effects.

The excess of replacement cost over the carrying value of inventories for which the Last-In, First-Out (LIFO) method is used was $9,368 and $6,958 at December 31, 2008 and 2007, respectively. Replacement cost is generally based on average acquisition costs for the year. LIFO profits of $210, $113 and $82 were included in net income for the years 2008, 2007 and 2006, respectively.

Assets Held for Sale

Note 26

Assets Held for Sale

At December 31, 2008, the company classified $252 of net properties, plant and equipment as "Assets held for sale" on the Consolidated Balance Sheet. Assets in this category related to groups of service stations, aviation facilities, lubricants blending plants, and commercial and industrial fuels business. These assets are anticipated to be sold in 2009.

Note 27

Earnings Per Share

Basic earnings per share (EPS) is based upon net income less preferred stock dividend requirements and includes the effects of deferrals of salary and other compensation awards that are invested in Chevron stock units by certain officers and employees of the company and the company's share of stock transactions of affiliates, which, under the applicable accounting rules, may be recorded directly to the company's retained earnings instead of net income. Diluted EPS includes the effects of these items as well as the dilutive effects of outstanding stock options awarded under the company's stock option programs (refer to Note 21, "Stock Options and Other Share-Based Compensation" beginning on page FS-49). The table below sets forth the computation of basic and diluted EPS:

	Year ended December 31		
	2008	2007	2006
Basic EPS Calculation			
Income from operations	**$ 23,931**	$ 18,688	$ 17,138
Add: Dividend equivalents paid on stock units	**–**	–	1
Net income available to common stockholders – Basic	**$ 23,931**	$ 18,688	$ 17,139
Weighted-average number of common shares outstanding	**2,037**	2,117	2,185
Add: Deferred awards held as stock units	**1**	1	1
Total weighted-average number of common shares outstanding	**2,038**	2,118	2,186
Per share of common stock Net income – Basic	**$ 11.74**	$ 8.83	$ 7.84
Diluted EPS Calculation			
Income from operations	**$ 23,931**	$ 18,688	$ 17,138
Add: Dividend equivalents paid on stock units	**–**	–	1
Add: Dilutive effects of employee stock-based awards	**–**	–	–
Net income available to common stockholders – Diluted	**$ 23,931**	$ 18,688	$ 17,139
Weighted-average number of common shares outstanding	**2,037**	2,117	2,185
Add: Deferred awards held as stock units	**1**	1	1
Add: Dilutive effect of employee stock-based awards	**12**	14	11
Total weighted-average number of common shares outstanding	**2,050**	2,132	2,197
Per share of common stock Net income – Diluted	**$ 11.67**	$ 8.77	$ 7.80

Source: CHEVRON CORP, 10-K, February 26, 2009

Statement of Income (Excluding Gross Margin Alternative)

Statement of Income (Excluding Gross Margin Alternative) (in 1000000's except Per Share Data)	12 Months Ended 12/31/2008	12 Months Ended 12/31/2007	12 Months Ended 12/31/2006
Sales and other operating revenues (1), (2)	264,958.00	214,091.00	204,892.00
Income from equity affiliates	5,366.00	4,144.00	4,255.00
Other Income	2,681.00	2,669.00	971.00
Total Revenues and Other Income	273,005.00	220,904.00	210,118.00
Purchased crude oil and products (2)	171,397.00	133,309.00	128,151.00
Operating expenses	20,795.00	16,932.00	14,624.00
Selling, general and administrative expenses	5,756.00	5,926.00	5,093.00
Exploration expenses	1,169.00	1,323.00	1,364.00
Depreciation, depletion and amortization	9,528.00	8,708.00	7,506.00
Taxes other than on income (1)	21,303.00	22,266.00	20,883.00
Interest and debt expense		166.00	451.00
Minority interests	100.00	107.00	70.00
Total Costs and Other Deductions	230,048.00	188,737.00	178,142.00
Income Before Income Tax Expense	42,957.00	32,167.00	31,976.00
Income Tax Expense	19,026.00	13,479.00	14,838.00
Net Income	23,931.00	18,688.00	17,138.00
Per - Share of Common Stock, Net Income - Basic	11.74	8.83	7.84
Per - Share of Common Stock, Net Income - Diluted	11.67	8.77	7.8
(1) Includes excise, value-added and similar taxes.	9,846.00	10,121.00	9,551.00
(2) Includes amounts in revenues for buy/sell contracts; associated costs are in "Purchased crude oil and products." Refer also to Note 14, on page FS-43			6,725.00
RetainedEarningsMember			
Net Income	23,931.00	18,688.00	17,138.00

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Source: CHEVRON CORP, 10-K, February 26, 2009

Statement of Shareholders' Equity and Other Comprehensive Income

Statement of Shareholders' Equity and Other Comprehensive Income (in 1000000's except Per Share Data)	12 Months Ended 12/31/2008	12 Months Ended 12/31/2007	12 Months Ended 12/31/2006
Beginning Balance	77,088.00	68,935.00	62,676.00
Change during year (Currency translation adjustment)	-112.00	31.00	55.00
Change during year (Unrealized net holding gain on securities)	-6.00	19.00	-88.00
Change during year (Derivatives)	110.00	-6.00	67.00
Notes Receivable - Key Employees		-1.00	-2.00
Net Income	23,931.00	18,688.00	17,138.00
Ending Balance	86,648.00	77,088.00	68,935.00
DeferredCompensationBenefitPlanTrustmember			
Beginning Balance	-454.00	-454.00	
Benefit Plan Trust (Common Stock)	-240.00	-240.00	-240.00
Deferred Compensation, Balance at January 1	-214.00	-214.00	-246.00
Net reduction of ESOP debt and other	20.00		32.00
Deferred Compensation, Balance at December 31	-194.00	-214.00	-214.00
Ending Balance	-434.00	-454.00	-454.00
Shares, Beginning Balance	14.17	14.17	
Benefit Plan Trust (Common Stock), shares	14.17	14.17	14.17
Shares, Ending Balance	14.17	14.17	14.17
AccumulatedOtherComprehensiveIncomeMember			
Beginning Balance	-2,015.00	-2,636.00	
Currency translation adjustment, Balance at January 1	-59.00	-90.00	-145.00
Change during year (Currency translation adjustment)	-112.00	31.00	55.00
Currency translation adjustment, Balance at December 31	-171.00	-59.00	-90.00
Pension and other postretirement benefit plans, Balance at January 1	-2,008.00	-2,585.00	-344.00
Change to defined benefit plans during year	-1,901.00	685.00	-38.00
Adoption of FAS 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans"		-108.00	-2,203.00
Pension and other postretirement benefit plans, Balance at December 31	-3,909.00	-2,008.00	-2,585.00
Unrealized net holding gain on securities, Balance at January 1	19.00		88.00
Change during year (Unrealized net holding gain on securities)	-6.00	19.00	-88.00
Unrealized net holding gain on securities, Balance at December 31	13.00	19.00	
Derivatives, Balance at January 1	33.00	39.00	-28.00
Change during year (Derivatives)	110.00	-6.00	67.00
Derivatives, Balance at December 31	143.00	33.00	39.00
Ending Balance	-3,924.00	-2,015.00	-2,636.00
AdditionalPaidInCapitalMember			
Beginning Balance	14,289.00	14,126.00	13,894.00
Treasury stock transactions	159.00	163.00	232.00
Ending Balance	14,448.00	14,289.00	14,126.00
CommonStockMember			
Beginning Balance	1,832.00	1,832.00	1,832.00
Ending Balance	1,832.00	1,832.00	1,832.00
Shares, Beginning Balance	2,442.68	2,442.68	2,442.68
Shares, Ending Balance	2,442.68	2,442.68	2,442.68
RetainedEarningsMember			
Beginning Balance	82,329.00	68,464.00	55,738.00
Net Income	23,931.00	18,688.00	17,138.00
Cash dividends on common stock	-5,162.00	-4,791.00	-4,396.00

Source: CHEVRON CORP, 10-K, February 26, 2009

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Adoption of EITF 04-6, "Accounting for Stripping Costs Incurred during Production in the Mining Industry"			-19.00
Adoption of FIN 48, "Accounting for Uncertainty in Income Taxes"		-35.00	
Tax benefit from dividends paid on unallocated ESOP shares and other	4.00	3.00	3.00
Ending Balance	101,102.00	82,329.00	68,464.00
TreasuryStockMember			
Beginning Balance	-18,892.00	-12,395.00	-7,870.00
Treasury Stock at Cost, Purchases	-8,011.00	-7,036.00	-5,033.00
Issuances - mainly employee benefit plans	527.00	539.00	508.00
Ending Balance	-26,376.00	-18,892.00	-12,395.00
Shares, Beginning Balance	352.24	278.12	209.99
Treasury Stock at Cost, Purchases, shares	95.63	85.43	80.37
Issuances - mainly employee benefit plans, shares	-9.43	-11.30	-12.24
Shares, Ending Balance	438.45	352.24	278.12

Source: CHEVRON CORP, 10-K, February 26, 2009

Created by 10KWizard www.10KWizard.com

Source: CHEVRON CORP, 10-K, February 26, 2009

TARGET SHEET

SITE NAME: MOLYCORP INC.

CERCLIS I.D.: NMD002899094

TITLE OF DOC.: [CONFIDENTIAL PORTION OF CHEVRON MINING RESPONSE TO EPA 104(E) REQUEST FOR INFORMATION REGARDING QUESTA MINE - INCLUDES ALL ATTACHMENTS]

DATE OF DOC.: 01/13/2010

NO. OF PGS. THIS TARGET SHEET REPLACES: 5

SDMS #: 9123968 KEYWORD: 90.07

CONFIDENTIAL ?	X	MISSING PAGES ?	
ALTERN. MEDIA ?		CROSS REFERENCE ?	X

LAB DOCUMENT ?		LAB NAME:	
ASC./BOX #:			
CASE #:		SDG #:	

COMMENTS : Pages bates numbered CMI-09-00704 to CMI-09-00708 were extracted from 880950 and created as document 9123968 due to Confidential Business Information.

ATTACHMENT 5.1

COMPOSITE CERTIFICATE OF INCORPORATION

OF

MOLYBDENUM CORPORATION OF AMERICA.

FIRST. The name of this corporation is MOLYBDENUM CORPORATION OF AMERICA.

SECOND. Its principal office in the State of Delaware is located at No. 100 West Tenth Street, in the City of Wilmington, County of New Castle. The name and address of its resident agent is The Corporation Trust Company, No. 100 West Tenth Street, Wilmington 99, Delaware.

THIRD. The objects and purposes for which and for any of which this corporation is formed are, to do any or all of the things herein set forth to the same extent as natural persons might or could do, viz:-

To mind, prepare for market, and transport coal, iron, molybdenum, and all mineral substances; to manufacture, buy, sell, deal in and deal with iron, steel, copper, manganese, cerium, molybdenum and their alloys, lumber, and other materials, and all or any articles consisting or partly consisting of iron, steel, cerium, molybdenum, copper, wood, or other materials, and all or any products thereof; to acquire, own, lease, occupy, use, and develop any lands containing coal or iron, manganese, cerium, molybdenum, or other ores, stone or oil, and any woodlands or other lands for any purpose of the company.

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To engage in, do and carry on the business or reducing, milling, concentrating, converting, smelting, mining, quarrying, refining, treating, preparing for market, manufacturing, buying, selling, exchanging,and otherwise producing and dealing in molybdenum, cerium, gold, silver, copper, lead, tin, zinc, brass, iron, coal and any and all kinds of ores, metals, alloys and minerals, and in the products and by-products thereof of every kind and description, and by whatever process the same can be or may hereafter be produced, and to acquire by discovery, location, patent, grant, purchase, or otherwise, to take on lease or under agreement, work, operate, improve, own, hold, use, deal in, sell, exchange, lease, mortgage, convey or otherwise dispose of, and deal in and with mines and mineral lands, quarries, mining rights, claims and locations, and mineral deposits of whatever kind and any and all yields, returns, outputs and products thereof or therefrom, also mill sites and mills and other works and any and all properties, real or personal, whatsoever necessary, suitable or proper or in any manner available for or in connection with any of the reducing, water, mining or other business or operations of the corporation.

To buy, lease, own, control, construct, equip, maintain and operate refineries, laboratories, mill, kilns, pipe lines, water supplies, plants and works for the treatment, refining, reduction and concentration of mineral substances of every kind and description and the extraction therefrom of all kinds of metals, salts and mineral products and by-products, either

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on its own account or as factor and agent for others to engage in all kinds of scientific, chemical, physical, electrical, mechanical and other research work, including research work, in connection with all kinds of salts, alkalies, acids, limes, metals, and bases and organic and inorganic compounds, and to refine, combine, separate, reduce and otherwise treat and manufacture, all of said materials for use in general trade; to manufacture, buy and sell all kinds and characters of packages and containers for shipping, storing and transporting all of the above named materials; to buy, sell, traffic in, produce, store, transport, import, export, and otherwise deal in all or any of said mineral products and by-products, and do all things necessary for the refining, storage, transportation and selling of the same.

To buy, sell, charter, sub-charter, own, lease, pledge, operate, build, repair and otherwise deal in and with steamships, sailing vessels, tugs, lighters and all other vessels and craft, together with all materials, articles, tools, machinery and appliances entering into or suitable or convenient for the construction and equipment thereof, and together with engines, boilers, machinery and appurtenances of all kinds and tackle, apparel and furniture of all kinds; to buy, sell, own, lease, operate, build and repair wharves, docks, piers and warehouses of all kinds and any property, real or personal, in connection therewith.

To carry on the business of manufacturing, distributing, using and selling light, heat or power; to acquire, and

equip water works and systems and supply and deliver water for power, consumption, irrigation or any other purpose; to buy, acquire, construct, maintain and operate railroads, railways, tramways, telephone and telegraph lines and other means of communication, stage lines and other lines for transportation of passengers or merchandise, express lines, ferries, steamship and boat lines of all kinds, except that the company shall not construct, maintain or operate any railroad, railways, telephone or telegraph lines in the State of Delaware.

To buy, acquire, construct, maintain, operate, sell and deal in machinery, implements, tools,conveniences of all kinds, food, groceries and provisions and articles capable of being used in connection with mining, utility, oil or other operations; furnaces, smelters, mills, factories, machine shops, power, light, gas, telephonic, telegraphic and other plants, warehouses, hotels, dwellings, stores, harbors, wharves, piers, docks, water course, flumes, canals, reservoirs, aqueducts, dam, pipe lines, oil tanks, bridges, cars, motors, ships, boats, elevators, and all other kinds of structures, establishments, articles or things necessary or useful or conducive to the interests of the corporation.

To subscribe or cause to be subscribed for, and to purchase and otherwise acquire, hold, sell, assign, transfer, mortgage, pledge, exchange, distribute and otherwise dispose of the whole or any part of the shares of the capital stock,

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bonds, coupons, mortgages, deeds of trust, debentures, securities, obligations, evidences of indebtedness, notes, good will, rights, assets and property of any and every kind or any part thereof of any shipping company, dock company or Railroad Company or of any other corporation or corporations, association or associations, now or hereafter existing and whether created by the laws of the State of Delaware, or of any other State, Territory or Country, and to operate, manage and control such properties or any of them, either in the name of such other corporation or corporations or in the name of this corporation, and while owners of any of said shares of capital stock to exercise all the rights, powers and privileges of ownership of every kind and description, including the right to vote thereon, with power to designate some person for that purpose from time to time to the same extent as natural persons might or could do.

To manufacture, purchase or otherwise acquire, to hold, own, mortgage, pledge, sell, assign and transfer, or otherwise dispose of, to invest, trade, deal in and deal with goods, wares and merchandise, and real and personal property of every class and description; and in particular lands, buildings, business concerns and undertakings, mortgages, shares, stocks, debentures, securities, concession,produce, policies, book debts and claims, and any interest in real or personal property, and any claims against such property or against any person or company, and to carry on the business, concern or undertaking so acquired.

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To acquire the good will, rights and property and to undertake the whole or any part of the assets and liabilities, of any person, firm, association or corporation, and to pay for the same in cash, stock or bonds of this corporation or otherwise.

To acquire, hold, use, sell, assign, lease, grant licenses in respect of, mortgage, or otherwise dispose of letters patent of the United States or any foreign country, patents, patent rights, licenses and privileges, inventions, improvements and processes, trade-marks and trade names, relating to or useful in connection with any business of this corporation.

To enter into, make, perform and carry out contracts of every kind, for any lawful purpose, without limit as to amount, with any person, firm, association or corporation.

To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, warrants and other negotiable or transferable instruments.

To issue bonds, debentures or obligations of this corporation from time to time, for any of the objects or purposes of the corporation, and to secure the same by mortgage, pledge, deed of trust or otherwise.

To purchase, hold and re-issue the shares of its capital stock.

To have one or more offices, to carry on all of any of its operations and business and without restriction or limit as to amount, to purchase or otherwise acquire, to

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hold, own, to mortgage, sell, convey or otherwise dispose of real and personal property of every class and description in any of the States, Districts, Territories or Colonies of the United States, and in any and all foreign countries, subject to the laws of such State, District, Territory, Colony or Country.

The foregoing clauses shall be construed both as objects and powers; and it is hereby expressly provided that the foregoing enumeration of specific powers shall not be held to limit or restrict in any manner the powers of this corporation.

In general, to carry on any other business in connection with the foregoing, whether manufacturing or otherwise, and to have and to exercise all the powers conferred by the laws of Delaware upon corporations formed under the act hereinafter referred to.

FOURTH: The total authorized capital stock of this Corporation is $4,000,000 divided into 4,000,000 shares of the par value of $1 each.

FIFTH: The names and places of residence of each of the original subscribers to the capital stock and the number of shares subscribed for by each are as follows:

Name	Residence	Number of Shares
M. L. Rogers	Wilmington, Delaware	94
L. A. Irwin	Wilmington, Delaware	3
Wm. G. Singer	Wilmington, Delaware	3

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SIXTH. This corporation is to have perpetual existence.

SEVENTH. The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever.

EIGHTH. The signers of the Certificate of Incorporation, being all the incorporators, shall have the direction of the affairs and of the organization of the corporation, and may hold meeting or meetings in person or by proxy, and at such meeting or meetings elect Directors and take such steps as are proper to obtain the necessary subscriptions to the stock and to perfect the organization of the Corporation.

In furtherance, and not in limitation of the powers conferred by statute, the Board of Directors are expressly authorized:

To make, alter, amend and rescind the By-Laws of this corporation, to fix the amount to be reserved as working capital, to authorize and cause to be executed mortgages and liens upon the real and personal property of this corporation.

From time to time to determine whether and to what extent, and at what time and place and under what conditions and regulations, the accounts and books of this corporation, (other than the stock ledger), or any of them, shall be open to the inspection of the stockholders; and no stockholder shall have any right of inspecting any account or

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book or document of this corporation except as conferred by statute or authorized by the Directors, or by a resolution of the stockholders.

If the By-Laws so provide, and by a vote of a majority of the whole board, to designate two or more of their number to constitute an Executive Committee, which Committee shall for the time being, as provided in said resolution or in the By-Laws of this corporation, have and exercise any or all of the powers of the Board of Directors in the management of the business and affairs of this corporation, and have power to authorize the seal of this corporation to be affixed to all papers which may require it.

Both Stockholders and Directors shall have power, if the By-Laws so provide, to hold their meetings either within or without the State of Delaware, to have one or more offices in addition to the principal office in Delaware, and to keep the books of this corporation (subject to the provisions of the statute) outside of the State of Delaware at such places as may be from time to time designated by them.

No contract or other transaction between the Corporation and any other corporation (whether or not a Controlled Corporation) shall be affected or invalidated by reason of the fact that any one or more of the directors of this Corporation is or are interested in, or is a director or officer or are directors or officers of such other corporation, and any director or directors individually or jointly may be a party or parties to, or may be interested in any contract or transaction of this Corporation or in which this Corporation is interested; and no contract, act

CMI09-00718

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or transaction of this Corporation with any person or persons, firm or corporation shall be affected or invalidated by the fact that any director or directors of this Corporation is a party or parties, to or interested in such contract, act or transaction, or in any way connected with such person who may become a director of this Corporation is hereby relieved from any liability that might otherwise exist from thus contracting with the Corporation for the benefit of himself or any firm, association or corporation in which he may be in anywise interested.

This corporation may in its By-Laws confer powers additional to the foregoing upon the Directors, in addition to the powers and authorities expressly conferred upon them by the statute.

This corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred on stockholders herein are granted subject to this reservation.

NINTH. No stockholder of this Corporation shall have any preemptive or preferential right of subscription to any shares of stock of this Corporation, or to options, warrants or other interests therein or therefor, or to any obligations convertible into stock of this Corporation, issued or sold, nor any right of subscription to any thereof other than such, if any, as the Board of Directors of this Corporation in its discretion, from time to time, may

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determine, and at such price, or prices, as the Board of Directors from time to time may fix pursuant to the authority hereby conferred by the Certificate of Incorporation of this Corporation, and the Board of Directors may issue stock of this Corporation, or options, warrants, or other interests therein or therefor, or obligations convertible into stock, without offering such issue of stock, options, warrants or other interests therein or therefor, or obligations convertible into stock of this Corporation, either in whole or in part, to the stockholders of this Corporation. The acceptance of stock in this Corporation shall be a waiver of any such preemptive or preferential right which, in the absence of this provision, otherwise might be asserted by stockholders of this Corporation, or any of them.

WE THE UNDERSIGNED, being each of the original subscribers to the capital stock hereinbefore named for the purpose of forming a corporation to do business both within and without the State of Delaware, and in pursuance of an Act of the Legislature of the State of Delaware entitled "An Act Providing a General Corporation Law," (approved March 10th, 1899, and the acts amendatory thereof and supplemental thereto, do make and file this certificate, hereby declaring and certifying that the facts herein stated are true, and do respectively agree to take the

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number of shares of stock hereinbefore set forth, and accordingly have hereunto set our hands and seals this first day of June, A. D. 1920.

In the presence of

HARRY W. DAVIS

M. L. ROGERS (SEAL)

L. A. IRWIN (SEAL)

WM. G. SINGER (SEAL)

AMENDED
DATE: Jan 17, 1989
SEE ~~PAGE~~: Artical Tenth

CMI09-00721

STATE OF DELAWARE)
) SS.
COUNTY OF NEW CASTLE)

BE IT REMEMBERED that on this first day of June, A. D. 1920, personally came before me Harry W. Davis, a Notary Public for the State of Delaware, M. L. Rogers, L. A. Irwin and Wm. G. Singer, parties to the foregoing Certificate of Incorporation, known to me personally to be such, and severally acknowledged the said certificate to be the act and deed of the signers, respectively and that the facts therein stated are truly set forth.

GIVEN under my hand and seal of office the day and year aforesaid.

HARRY W. DAVIS
Notary Public.

* * * * * * * * * * * * * * * * * *
* Harry W. Davis *
* Notary Public *
* For the State of Delaware *
* Appointed January 31, 1920 *
* Term Two Years. *
* * * * * * * * * * * * * * * * * *

CMI09-00722

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State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "MOLYCORP, INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE SIXTEENTH DAY OF AUGUST, A.D. 1996.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE BEEN PAID TO DATE.

CMI09-00723

Edward J. Freel, Secretary of State

0104014 8300

960240367

AUTHENTICATION: 8071411

DATE: 08-16-96

State of DELAWARE

Office of SECRETARY OF STATE

I, Glenn C. Kenton, Secretary of State of the State of Delaware, do hereby certify that the attached is a true and correct copy of Certificate of Amendment filed in this office on April 29, 1974.

Glenn C. Kenton, Secretary of State

BY:

DATE: February 24, 1982

Form 130

CMI09-00724

009551

ATTACHMENT 7.1

STATE OF MISSOURI

Robin Carnahan
Secretary of State

CERTIFICATE OF MERGER
MISSOURI ENTITY SURVIVING

WHEREAS, Articles of Merger of the following entities:

MOLYCORP, INC. -- F00241672

INTO:

CHEVRON MINING INC. -- 00085060

Organized and existing under laws of Missouri and Delaware have been received, found to conform to law, and filed.

NOW, THEREOF, I, ROBIN CARNAHAN, Secretary of State of the State of Missouri, issue this Certificate of Merger, certifying that the merger of the aforenamed entities is effected, with

CHEVRON MINING INC. -- 00085060

as the surviving entity.

IN TESTIMONY WHEREOF, I hereunto set my hand and cause to be affixed the GREAT SEAL of the State of Missouri. Done at the City of Jefferson, this 31st day of August, 2007.

Secretary of State

CMI09-00726

SOS #30 (01-2005)

009553

State of Missouri

Robin Carnahan, Secretary of State

Corporations Division
P.O. Box 778 / 600 W. Main Street, Rm 322
Jefferson City, MO 65102

File Number:
00085060
Date Filed: 08/31/2007
Robin Carnahan
Secretary of State

Summary Articles of Merger

(Section 351.430, RSMo)
(Submit with filing fee of $30)

Pursuant to the provisions of The General and Business Corporation Law of Missouri, the undersigned corporations certify the following:

1. The constituent corporations are:

Chevron Mining Inc. *Name of Corporation* of Missouri *Parent State*

Molycorp, Inc. *Name of Corporation* of Delaware *Parent State*

2. A plan of merger has been approved, adopted, certified, executed and acknowledged by each of the constituent corporations as required by Chapter 351, RSMo.);

3. The name of the surviving corporation is Chevron Mining Inc. *Name of Corporation* of Missouri *Parent State*;

4. Check one of the following:
_____ The merger has effected amendments or changes in the articles of the surviving corporation and those are attached to this summary. *(Please attach amendments.)*
__✓__ There are no amendments or changes to the articles of the surviving corporation, and the articles of the surviving corporation shall be the articles of incorporation.

5. The executed plan of merger is on file at the principal place of business of the surviving corporation at
116 Inverness Drive East, Suite 207, Englewood, CO 80112
street, city, state and zip

6. A copy of a plan of merger will be furnished by the surviving corporation, on request and without cost, to any shareholder of any constituent corporation.

7. The effective date of this document is the date it is filed by the Secretary of State of Missouri, unless you indicate a future date, as follows:
08/31/07
Date may not be more than 90 days after the filing date in this office

To be completed only if surviving corporation is a foreign corporation.

8. If the surviving corporation is a foreign corporation, it is agreed that, upon and after the issuance of a certificate of merger by the Secretary of State of the State of Missouri:
   a. The surviving corporation may be served with process in the State of Missouri in any proceeding for the enforcement of any obligation of any corporation organized under the laws of the State of Missouri which is party to the merger and in any proceeding for the enforcement of the rights of a dissenting shareholder of any such corporation organized under the laws of the State of Missouri against the surviving corporation;
   b. The Secretary of State of the State of Missouri shall be and hereby is irrevocably appointed as the agent of the surviving corporation to accept service of process in any such proceeding; the address to which the service of process in any such proceeding shall be mailed is _____

Name and address to return filed document:

Name: _____
Address: _____
City, State, and Zip Code: _____

State of Missouri
Merger - General Business - Domestic 3 Page(s)

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c. The surviving corporation will promptly pay to the dissenting shareholders of any corporation organized under the laws of the State of Missouri which is a party to the merger the amount, if any, to which they shall be entitled under the provisions of "The General and Business Corporation Law of Missouri" with respect to the rights of dissenting shareholders.

In Affirmation thereof, the facts stated above are true and correct:
(The undersigned understands that false statements made in this filing are subject to the penalties provided under Section 575.040, RSMo)

Authorized Signature	Printed Name	Title	Date
Frank G. Soler	Frank G. Soler	Assistant Secretary Chevron Mining Inc.	08/29/2007

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Corp. 40 (01/05)

009555

TAXATION BUREAU
P O BOX 3666
JEFFERSON CITY MO 65105-3666

STATE OF MISSOURI
Department of Revenue
Telephone: (573) 751-9268
Fax: (573) 522-1160
E-mail: taxclearance@dor.mo.gov

CERTIFICATE OF TAX CLEARANCE

MOLYCORP
116 INVERNESS DR EAST STE 207
ENGLEWOOD CO80112

DATE: AUGUST 31, 2007

MISSOURI CORPORATION CHARTER NUMBER: F00241672

In response to the corporation's request, a review of the tax records has been completed. All taxes owed, including all liabilities owed as determined by the Division of Employment Security, pursuant to Chapter 288, RSMo, have been paid.

This statement is not to be construed as limiting the authority of the Director of Revenue to pursue collection of liabilities resulting from final litigation, default in payment of any installment agreement entered into with the Director of Revenue, any successor liability that may become due in the future, or audits or reviews of the taxpayer's records as provided by law.

This Certificate of Tax Clearance must be presented to the Missouri Secretary of State's Office with any required paperwork and payment. For information concerning the Secretary of State's requirements, you may call their office at (573) 751-4153 or toll free at (866) 223-6535.

THIS CERTIFICATE REMAINS VALID FOR SIXTY (60) DAYS FROM THE ISSUANCE DATE. If you do not complete your transaction in sixty (60) days you must obtain a new Certificate of Tax Clearance. Additionally, a new Form 943, Request for Tax Clearance, may be required.

Sincerely,

Jim Brentlinger
Administrator

SL:DU0306

ENC.

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CBN001
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ATTACHMENT 7.2

CMI09-00730

Delaware

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF MERGER, WHICH MERGES:

"MOLYCORP, INC.", A DELAWARE CORPORATION,

WITH AND INTO "CHEVRON MINING INC." UNDER THE NAME OF "CHEVRON MINING INC.", A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF MISSOURI, AS RECEIVED AND FILED IN THIS OFFICE THE THIRTY-FIRST DAY OF AUGUST, A.D. 2007, AT 8:37 O'CLOCK A.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

4414372 8100M

070976013

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 5970307

DATE: 08-31-07

CMI09-00731

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State of Delaware
Secretary of State
Division of Corporations
Delivered 09:06 AM 08/31/2007
FILED 08:37 AM 08/31/2007
SRV 070976013 - 0104014 FILE

STATE OF DELAWARE
CERTIFICATE OF MERGER OF
DOMESTIC CORPORATION INTO
FOREIGN CORPORATION

Pursuant to Title 8, Section 252 of the Delaware General Corporation Law, the undersigned corporation executed the following Certificate of Merger:

FIRST: The name of each constituent corporation is Chevron Mining Inc., a Missouri corporation, and Molycorp, Inc., a Delaware corporation.

SECOND: The Agreement of Merger has been approved, adopted, certified, executed and acknowledged by each of the constituent corporations pursuant to Title 8, Section 252.

THIRD: The name of the surviving corporation is Chevron Mining Inc., a Missouri corporation.

FOURTH: The Certificate of Incorporation of the surviving corporation shall be its Certificate of Incorporation.

FIFTH: The merger is to become effective on 08/31/07.

SIXTH: The Agreement of Merger is on file at 116 Inverness Drive East, Suite 207, Englewood, CO 80112, the place of business of the surviving corporation.

SEVENTH: A copy of the Agreement of Merger will be furnished by the surviving corporation on request, without cost, to any stockholder of the constituent corporations.

EIGHT: The surviving corporation agrees that it may be served with process in the State of Delaware in any proceeding for enforcement of any obligation of the surviving corporation arising form this merger, including any suit or other proceeding to enforce the rights of any stockholders as determined in appraisal proceedings pursuant to the provisions of Section 262 of the Delaware General Corporation laws, and irrevocably appoints the Secretary of State of Delaware as its agent to accept services of process in any such suit or proceeding. The Secretary of State shall mail any such process to the surviving corporation at 116 Inverness Drive East, Suite 207, Englewood, CO 80112.

CMI09-00732

IN WITNESS WHEREOF, said surviving corporation has caused this certificate to be signed by an authorized officer, the 29th day of August, A.D., 2007

By: _____
Authorized Officer

Name: Frank G. Soler
Print or Type

Title: Assistant Secretary

CMI09-00733

ATTACHMENT 7.3

CMI09-00734

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (the "Agreement"), dated as of August 31, 2007, by and between Chevron Mining Inc., a Missouri corporation ("CMI"), and Molycorp, Inc., a Delaware corporation ("Molycorp"),

W I T N E S S E T H:

WHEREAS, the respective Boards of Directors of CMI and Molycorp have determined that it is advisable and in the best interests of each such corporation that Molycorp be merged with and into CMI upon the terms and subject to the conditions provided in this Agreement, and have, by resolutions duly adopted, approved this Agreement; and

WHEREAS, the respective Boards of Directors of CMI and Molycorp have considered a wide variety of factors in connection with its evaluation that Molycorp be merged with and into CMI, and concluded that this Agreement serves a valuable business purpose; and

WHEREAS, the proposed merger contemplated by this Agreement will be accorded tax-free treatment under the Internal Revenue Code:

NOW, THEREFORE, in consideration of the covenants, promises, representations and warranties set forth herein, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the parties), intending to be legally bound hereby, the parties agree as follows:

ARTICLE 1

Definitions

When used in this Agreement the following terms shall have the following meanings, respectively:

1.1 "CMI Common Stock" shall mean shares of Common Stock, $50 par value per share, of CMI.

1.2 "CMI Preferred Stock" shall mean Series A Non-Voting, Non-Convertible Preferred Stock of CMI.

1.3 "Delaware Law" shall mean the Delaware General Corporation Law as currently in effect on the date of this Agreement, and as the same shall be amended from time to time.

1.4 "Effective Time" shall mean the date and time when the Merger shall have become effective, in accordance with Section 2.2.

1.5 "Governmental Authority" or "Governmental Authorities" means any court, tribunal, arbitrator, authority, agency, bureau, board, commission, department, official or other

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instrumentality of the United States, and any foreign, state, county, city or other political subdivision.

1.6 "Laws" means any constitution, statute, code, regulation, rule, injunction, judgment, order, decree or ruling of any applicable Governmental Authority.

1.7 "Merger" shall mean the merger of Molycorp with and into CMI, with CMI as the surviving corporation.

1.8 "Missouri Law" shall mean the Missouri General and Business Corporation Code as currently in effect on the date of this Agreement, and as the same shall be amended from time to time.

1.9 "Molycorp Capital Stock" shall mean shares of Common Stock, $1 par value per share, of Molycorp.

1.10 "Person" means any natural person, firm, partnership, association, corporation, limited liability company, trust, entity, public body or Governmental Authority.

1.11 "Surviving Corporation" shall mean CMI from and after the Effective Time.

ARTICLE 2

Merger

2.1 Filing and Effectiveness. The Merger shall become effective when the following actions shall have been completed:

(a) This Agreement and the Merger shall have been adopted and approved by the shareholder of CMI and the shareholder of Molycorp and any required notices shall have been provided to the shareholders of CMI and Molycorp in accordance with the requirements of Missouri Law and Delaware Law, respectively; and

(b) An executed counterpart of this Agreement shall have been filed with the Secretary of State of the State of Missouri.

2.2 Merger. The Merger shall become effective at the later of (a) the time when the Summary Articles of Merger have been filed with the Secretary of State of the State of Missouri in accordance with Section 2.1 and (b) 11:59 p.m., Central Time, on August 31, 2007 which time shall be specified in the Summary Articles of Merger in accordance with section 351.048 of Missouri Law (the "Effective Time"). At such time Molycorp shall merge with and into CMI, the separate existence of Molycorp shall cease, and CMI shall continue in existence under Missouri Law.

2.3 Effects. At the Effective Time:

(a) All Molycorp Capital Stock outstanding at the Effective Time shall be automatically cancelled and extinguished and converted into the right to receive 29,000 shares of CMI Preferred Stock; and

(b) Molycorp shall be merged with and into CMI and the separate existence of Molycorp shall cease;

(c) the Articles of Incorporation of CMI in effect at the Effective Time shall continue as the Articles of Incorporation of the Surviving Corporation;

(d) the Bylaws of CMI in effect at the Effective Time shall continue as the Bylaws of the Surviving Corporation;

(e) each director of CMI immediately prior to the Effective Time shall continue as a director of the Surviving Corporation;

(f) each officer of CMI in office immediately prior to the Effective Time shall remain as an officer in the same capacity of the Surviving Corporation;

(g) without further transfer, act or deed, the separate existence of Molycorp shall cease and the Surviving Corporation shall possess all of the rights, privileges, powers and franchises of a public as well as of a private nature, and shall be subject to all the restrictions, disabilities and duties of Molycorp; and each and all of the rights, privileges, powers and franchises of Molycorp, and all property, real, personal and mixed, and all debts due to Molycorp on whatever account, stock subscriptions and other things in action or belonging to Molycorp shall be vested in the Surviving Corporation; and all property, rights, privileges, powers and franchises, and each and every other interest of Molycorp shall be thereafter the property of the Surviving Corporation as they were of Molycorp, and the title to any real estate vested by deed or otherwise, under the laws of the State of Delaware, in Molycorp shall not revert or be in any way impaired by reason of the Merger; and all rights of creditors of Molycorp and all liens upon any property of Molycorp shall be preserved unimpaired and all debts, liabilities and duties of Molycorp shall thenceforth attach to the Surviving Corporation and may be enforced against it to the same extent as if such debts, liabilities and duties had been incurred or contracted by it.

ARTICLE 3

Treatment of Shares

3.1 Conversion of Molycorp Capital Stock. At the Effective Time, all Molycorp Capital Stock outstanding at the Effective Time, by virtue of the Merger and without any action on the part of the holder thereof, shall be automatically cancelled and extinguished, and converted into the right to receive 29,000 shares of CMI Preferred Stock.

3.2 Molycorp Stock Certificates. At the Effective Time, all of the outstanding certificates which immediately prior to the Effective Time represented shares of Molycorp Common Stock, shall be converted, as provided in this Agreement.

3.3 Rights of Former Holders of Molycorp Common Stock. From and after the Effective Time, no holder of certificates which evidenced Molycorp Common Stock immediately prior to the Effective Time shall have any rights with respect to the Molycorp Capital Stock formerly evidenced by those certificates except as set forth in this Agreement.

3.4 CMI Common Stock. Each stock certificate of CMI evidencing ownership of any shares of CMI Common Stock shall continue to evidence ownership of such shares of Common Stock of the Surviving Corporation.

ARTICLE 4

Representations and Warranties of Molycorp

Molycorp hereby represents and warrants to CMI as follows:

4.1 Organization. Molycorp is an entity duly organized and validly existing and in good standing under the Laws of Delaware, with full corporate power, right and authority to own and lease the properties and assets it currently owns and leases and to carry on its business as such business is currently being conducted.

4.2 Qualification. Molycorp is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which the nature of the business as now conducted or the character of the property owned or leased by it makes such qualification necessary, except where the failure to be so qualified or in good standing would not or would not reasonably be expected to have a material adverse effect on Molycorp.

4.3 Authorization of Agreement; No Violation. This Agreement has been duly executed and delivered by Molycorp. Molycorp has the full corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance by Molycorp of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all requisite corporate action on the part of Molycorp. Neither the execution and delivery by Molycorp of this Agreement nor the consummation by Molycorp of the transactions contemplated hereby will conflict with, result in a breach, default or violation of, or require the consent of any third party under, the terms, provisions or conditions of the organizational documents of Molycorp.

4.4 Governmental Consents. No consent, action, approval or authorization of, or registration, declaration or filing with, any Governmental Authority is required to authorize, or is otherwise required in connection with, the execution and delivery by Molycorp of this Agreement or its performance of the terms of this Agreement or the validity or enforceability hereof against Molycorp.

4.5 Enforceability. This Agreement constitutes the legal, valid and binding obligation of Molycorp enforceable against Molycorp in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other Laws affecting creditors' rights generally and general principles of equity.

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ARTICLE 5

Representations and Warranties of CMI

CMI hereby represents and warrants to Molycorp as follows:

5.1 Organization. CMI is an entity duly organized and validly existing and in good standing under the Laws of Missouri, with full corporate power, right and authority to own and lease the properties and assets it currently owns and leases and to carry on its business as such business is currently being conducted.

5.2 Qualification. CMI is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which the nature of the business as now conducted or the character of the property owned or leased by it makes such qualification necessary, except where the failure to be so qualified or in good standing would not or would not reasonably be expected to have a material adverse effect on CMI.

5.3 Authorization of this Agreement; No Violation. This Agreement has been duly executed and delivered by CMI. CMI has the full corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance by CMI of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all requisite corporate action on the part of CMI. Neither the execution and delivery by CMI of this Agreement nor the consummation by CMI of the transactions contemplated hereby will conflict with, result in a breach, default or violation of, or require the consent of any third party under, the terms, provisions or conditions of the organizational documents of CMI.

5.4 Governmental Consents. No consent, action, approval or authorization of, or registration, declaration or filing with, any Governmental Authority is required to authorize, or is otherwise required in connection with, the execution and delivery by CMI of this Agreement or the performance of the terms of this Agreement or the validity or enforceability hereof against CMI.

5.5 Enforceability. This Agreement constitutes the legal, valid and binding obligation of CMI enforceable against CMI in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other Laws affecting creditors' rights generally and general principles of equity.

ARTICLE 6

Conditions

6.1 Conditions to Obligations of CMI and Molycorp. The obligations of CMI and Molycorp to consummate the Merger are subject to satisfaction of the following conditions:

(a) Authorization. The shareholder of CMI shall have approved and adopted this Agreement and the Merger by written consent and any required notice shall have been provided

CMI09-00739

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to the shareholder of CMI in accordance with Missouri Law. The shareholder of Molycorp shall have approved and adopted this Agreement and the Merger by written consent and any required notice shall have been provided to the shareholder of Molycorp in accordance with Delaware Law. All necessary action shall have been taken to authorize the execution, delivery and performance of this Agreement by CMI and Molycorp.

(b) Consents and Approvals. All authorizations, consents and approvals (contractual or otherwise) of any Governmental Authorities, or any Person (other than CMI or Molycorp) necessary for the valid consummation of the Merger in accordance with this Agreement shall have been obtained and shall be in full force and effect.

ARTICLE 7

Miscellaneous

7.1 Amendment. Subject to Section 8.3 hereof, this Agreement may be amended by action of the respective Boards of Directors of CMI and Molycorp without action by the respective shareholders of the parties only prior to the Effective Time.

7.2 Termination. This Agreement may be terminated and the Merger and other transactions provided for by this Agreement may be abandoned at any time prior to the Effective Time, whether before or after adoption and approval of this Agreement by the shareholder of CMI or by the shareholder of Molycorp, by action of the Boards of Directors of CMI and Molycorp if the CMI or Molycorp Boards determines that the consummation of the transactions contemplated by this Agreement would not, for any reason, be in the best interests of CMI or Molycorp or their respective shareholders.

7.3 Entire Agreement; Amendment. This Agreement, and any agreements, instruments or documents executed and delivered by CMI and Molycorp (the "Parties") pursuant to this Agreement, constitute the entire agreement and understanding between the Parties, and it is understood and agreed that all previous undertakings, negotiations and agreements between the Parties regarding the subject matter hereof are merged herein. This Agreement may not be modified orally, but only by an agreement in writing signed by each of the Parties.

7.4 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which when taken together shall constitute one and the same agreement.

7.5 Waiver. Except as expressly provided in this Agreement, neither the failure nor any delay on the part of the Parties in exercising any right, power or remedy hereunder shall operate as a waiver thereof, or of any other right, power or remedy; nor shall any single or partial exercise of any right, power or remedy preclude any further or other exercise thereof, or the exercise of any other right, power or remedy. Except as expressly provided herein, no waiver of any of the provisions of this Agreement shall be valid unless it is in writing and signed by the Party against whom it is sought to be enforced.

CMI09-00740

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7.6 Assignment. Neither this Agreement nor any rights or obligations hereunder shall be assigned or transferred in any way whatsoever by the Parties hereto except with the prior written consent of the other party hereto, which consent such other party shall be under no obligation to grant, and any assignment or attempted assignment without such consent shall have no force or effect with respect to the non-assigning party; provided, that notwithstanding anything to the contrary herein a party shall have the right to assign this Agreement to an affiliate. Subject to the preceding sentence, this Agreement shall be binding on and inure to the benefit of the Parties hereto and their successors and permitted assigns.

7.7 Notices. Any and all notices or other communications required or permitted under this Agreement shall be given in writing and delivered in Person or sent by United States certified or registered mail, postage prepaid, return receipt requested, or by overnight express mail to the address of such party set forth below. Any such notice shall be effective upon receipt or three (3) days after placed in the mail, whichever is earlier, to:

If to CMI: Chevron Mining, Inc.
221 Bolivar Street
Jefferson City, MO 65101
Attention: Legal Department

If to Molycorp: Molycorp, Inc.
2141 Rosecrans Avenue
El Segundo, California 90245
Attention: Legal Department

Any party may, by notice so delivered, change its address for notice purposes hereunder.

7.8 Severability. If any provision of this Agreement is invalid, illegal or unenforceable, the balance of this Agreement shall remain in full force and effect and this Agreement shall be construed in all respects as if such invalid, illegal or unenforceable provision were omitted. If any provision is inapplicable to any Person or circumstance, it shall, nevertheless, remain applicable to all other Persons and circumstances.

7.9 No Third Party Beneficiaries. Nothing in this Agreement shall provide any benefit to any third party or entitle any third party to any claim, cause of action, remedy or right of any kind, it being the intent of the Parties that this Agreement shall not be construed as a third party beneficiary contract.

7.10 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of Delaware, excluding any choice of Law rules that may direct the application of the Laws of another jurisdiction.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

MOLYCORP, INC., a Delaware corporation

By _____

Name: Frank G. Soler

Title: Assistant Secretary

CHEVRON MINING INC., a Missouri corporation

By _____

Name: Frank G. Soler

Title: Assistant Secretary

CMI09-00742

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ATTACHMENT 7.4

CMI09-00743

Chevron Mining Inc.

Unanimous Consent of the Directors
in lieu of meeting as of
Tuesday, August 28, 2007

The undersigned, constituting all of the members of the Board of Directors of CHEVRON MINING INC., a Missouri corporation ("CMI"), pursuant to sections 351.40, 351.090 and 351.340 of the Missouri General and Business Corporations Law, hereby adopt the following resolutions by this unanimous written consent:

Agreement and Plan of Merger and Merger of Molycorp, Inc. With and Into CMI

WHEREAS, the Board of Directors of CMI has determined that it is advisable and in the best interests of CMI and its shareholder for CMI to acquire all of the outstanding capital stock of Molycorp, Inc., a Delaware corporation ("Molycorp"), by means of a merger of Molycorp with and into CMI (with CMI as the surviving corporation) (the "Merger") through which all of the issued and outstanding capital stock of Molycorp will be cancelled and extinguished and automatically converted into the right to receive Series A, Non-Voting, Non-Convertible Preferred Stock of CMI, as described in the Agreement and Plan of Merger attached hereto as EXHIBIT A (the "Merger Agreement");

WHEREAS, the Board of Directors of CMI also believes that the Merger Agreement and the Merger are advisable and in the best interests of the CMI and its sole shareholder:

NOW, THEREFORE, BE IT

RESOLVED, that the Board of Directors hereby ratifies and approves the Merger Agreement and the Merger in all respects;

RESOLVED FURTHER, that the officers of the Company are hereby authorized and directed to submit the Merger Agreement to the sole shareholder of CMI for its approval;

RESOLVED FURTHER, that, upon receipt of approval of CMI's sole shareholder, the officers of CMI be, and each of them hereby is, authorized, empowered and directed to execute and deliver the Merger Agreement, together with any other agreements, documents or instruments contemplated thereby or attached thereto (collectively, the "Transaction Documents"), in the name and on behalf of CMI, with such changes, modifications and additions thereto as any of such officers may, in his sole discretion, deem necessary or appropriate;

RESOLVED FURTHER, that the officers of CMI be, and each of them hereby is, authorized, empowered and directed to take such other actions as any of them may, in their sole discretion, deem necessary or appropriate to complete the Merger and to consummate the other transactions contemplated by the Transaction Documents, and otherwise to fully implement the purpose and intent of the foregoing resolutions, and that all actions heretofore taken by any

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officers of CMI within the scope of the foregoing resolutions be, and they hereby are, ratified, authorized and approved in all respects.

Amended Articles of Incorporation

WHEREAS, the Board of Directors of CMI has determined that it is advisable and in the best interests of CMI and its sole shareholder for CMI to amend its Articles of Incorporation to authorize 100,000 shares of Series A Non-Voting, Non-Convertible Preferred Stock in CMI ("Preferred Stock"), as described in the Amended Articles of Incorporation attached hereto as EXHIBIT B (the "Amended Articles");

WHEREAS, the Board of Directors of CMI also believes that the Amended Articles and the authorization of 100,000 shares of Preferred Stock are advisable and in the best interests of the CMI and its sole shareholder;

NOW, THEREFORE, BE IT

RESOLVED, that the Board of Directors hereby ratifies and approves the Amended Articles and the authorization of Preferred Stock in all respects;

RESOLVED FURTHER, that the officers of the Company are hereby authorized and directed to submit the Amended Articles to the sole shareholder of CMI for its approval;

RESOLVED FURTHER, that, upon receipt of and subject to the approval of CMI's sole shareholder, the officers of CMI be, and each of them hereby is, authorized, empowered and directed to execute and deliver the Amended Articles, together with any other agreements, documents or instruments contemplated thereby or attached thereto (collectively, the "Transaction Documents"), in the name and on behalf of CMI, with such changes, modifications and additions thereto as any of such officer may, in his sole discretion, deem necessary or appropriate;

RESOLVED FURTHER, that the officers of CMI be, and each of them hereby is, authorized, empowered and directed to take such other actions as any of them may, in their sole discretion, deem necessary or appropriate to complete the Amended Articles and to consummate the other transactions contemplated by the Transaction Documents, and otherwise to fully implement the purpose and intent of the foregoing resolutions, and that all actions heretofore taken by any officers of CMI within the scope of the foregoing resolutions be, and they hereby are, ratified, authorized and approved in all respects.

This consent may be executed in one or more counterparts, each of which shall be an original and all of which together shall be one and the same instrument. This consent shall be filed in the Minute Book of this Corporation and become a part of the records of this Corporation.

IN WITNESS WHEREOF, this consent is executed by all the Directors of this Corporation as of the date hereof.

Jarrel V. Burrow
Director

James G. DeMino
Director

Mark G. Premo
Director

William L. Sharrer
Director

Mark A. Smith
Director

Exhibit A

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (the "Agreement"), dated as of August 31, 2007, by and between Chevron Mining Inc., a Missouri corporation ("CMI"), and Molycorp, Inc., a Delaware corporation ("Molycorp"),

W I T N E S S E T H:

WHEREAS, the respective Boards of Directors of CMI and Molycorp have determined that it is advisable and in the best interests of each such corporation that Molycorp be merged with and into CMI upon the terms and subject to the conditions provided in this Agreement, and have, by resolutions duly adopted, approved this Agreement; and

WHEREAS, the respective Boards of Directors of CMI and Molycorp have considered a wide variety of factors in connection with its evaluation that Molycorp be merged with and into CMI, and concluded that this Agreement serves a valuable business purpose; and

WHEREAS, the proposed merger contemplated by this Agreement will be accorded tax-free treatment under the Internal Revenue Code:

NOW, THEREFORE, in consideration of the covenants, promises, representations and warranties set forth herein, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the parties), intending to be legally bound hereby, the parties agree as follows:

ARTICLE 1

Definitions

When used in this Agreement the following terms shall have the following meanings, respectively:

1.1 "CMI Common Stock" shall mean shares of Common Stock, $50 par value per share, of CMI.

1.2 "CMI Preferred Stock" shall mean Series A Non-Voting, Non-Convertible Preferred Stock of CMI.

1.3 "Delaware Law" shall mean the Delaware General Corporation Law as currently in effect on the date of this Agreement, and as the same shall be amended from time to time.

1.4 "Effective Time" shall mean the date and time when the Merger shall have become effective, in accordance with Section 2.2.

1.5 "Governmental Authority" or "Governmental Authorities" means any court, tribunal, arbitrator, authority, agency, bureau, board, commission, department, official or other

instrumentality of the United States, and any foreign, state, county, city or other political subdivision.

1.6 "Laws" means any constitution, statute, code, regulation, rule, injunction, judgment, order, decree or ruling of any applicable Governmental Authority.

1.7 "Merger" shall mean the merger of Molycorp with and into CMI, with CMI as the surviving corporation.

1.8 "Missouri Law" shall mean the Missouri General and Business Corporation Code as currently in effect on the date of this Agreement, and as the same shall be amended from time to time.

1.9 "Molycorp Capital Stock" shall mean shares of Common Stock, $1 par value per share, of Molycorp.

1.10 "Person" means any natural person, firm, partnership, association, corporation, limited liability company, trust, entity, public body or Governmental Authority.

1.11 "Surviving Corporation" shall mean CMI from and after the Effective Time.

ARTICLE 2

Merger

2.1 Filing and Effectiveness. The Merger shall become effective when the following actions shall have been completed:

(a) This Agreement and the Merger shall have been adopted and approved by the shareholder of CMI and the shareholder of Molycorp and any required notices shall have been provided to the shareholders of CMI and Molycorp in accordance with the requirements of Missouri Law and Delaware Law, respectively; and

(b) An executed counterpart of this Agreement shall have been filed with the Secretary of State of the State of Missouri.

2.2 Merger. The Merger shall become effective at the later of (a) the time when the Summary Articles of Merger have been filed with the Secretary of State of the State of Missouri in accordance with Section 2.1 and (b) 11:59 p.m., Central Time, on August 31, 2007 which time shall be specified in the Summary Articles of Merger in accordance with section 351.048 of Missouri Law (the "Effective Time"). At such time Molycorp shall merge with and into CMI, the separate existence of Molycorp shall cease, and CMI shall continue in existence under Missouri Law.

2.3 Effects. At the Effective Time:

(a) All Molycorp Capital Stock outstanding at the Effective Time shall be automatically cancelled and extinguished and converted into the right to receive 29,000 shares of CMI Preferred Stock; and

(b) Molycorp shall be merged with and into CMI and the separate existence of Molycorp shall cease;

(c) the Articles of Incorporation of CMI in effect at the Effective Time shall continue as the Articles of Incorporation of the Surviving Corporation;

(d) the Bylaws of CMI in effect at the Effective Time shall continue as the Bylaws of the Surviving Corporation;

(e) each director of CMI immediately prior to the Effective Time shall continue as a director of the Surviving Corporation;

(f) each officer of CMI in office immediately prior to the Effective Time shall remain as an officer in the same capacity of the Surviving Corporation;

(g) without further transfer, act or deed, the separate existence of Molycorp shall cease and the Surviving Corporation shall possess all of the rights, privileges, powers and franchises of a public as well as of a private nature, and shall be subject to all the restrictions, disabilities and duties of Molycorp; and each and all of the rights, privileges, powers and franchises of Molycorp, and all property, real, personal and mixed, and all debts due to Molycorp on whatever account, stock subscriptions and other things in action or belonging to Molycorp shall be vested in the Surviving Corporation; and all property, rights, privileges, powers and franchises, and each and every other interest of Molycorp shall be thereafter the property of the Surviving Corporation as they were of Molycorp, and the title to any real estate vested by deed or otherwise, under the laws of the State of Delaware, in Molycorp shall not revert or be in any way impaired by reason of the Merger; and all rights of creditors of Molycorp and all liens upon any property of Molycorp shall be preserved unimpaired and all debts, liabilities and duties of Molycorp shall thenceforth attach to the Surviving Corporation and may be enforced against it to the same extent as if such debts, liabilities and duties had been incurred or contracted by it.

ARTICLE 3

Treatment of Shares

3.1 Conversion of Molycorp Capital Stock. At the Effective Time, all Molycorp Capital Stock outstanding at the Effective Time, by virtue of the Merger and without any action on the part of the holder thereof, shall be automatically cancelled and extinguished, and converted into the right to receive 29,000 shares of CMI Preferred Stock.

3.2 Molycorp Stock Certificates. At the Effective Time, all of the outstanding certificates which immediately prior to the Effective Time represented shares of Molycorp Common Stock, shall be converted, as provided in this Agreement.

3.3 Rights of Former Holders of Molycorp Common Stock. From and after the Effective Time, no holder of certificates which evidenced Molycorp Common Stock immediately prior to the Effective Time shall have any rights with respect to the Molycorp Capital Stock formerly evidenced by those certificates except as set forth in this Agreement.

3.4 CMI Common Stock. Each stock certificate of CMI evidencing ownership of any shares of CMI Common Stock shall continue to evidence ownership of such shares of Common Stock of the Surviving Corporation.

ARTICLE 4

Representations and Warranties of Molycorp

Molycorp hereby represents and warrants to CMI as follows:

4.1 Organization. Molycorp is an entity duly organized and validly existing and in good standing under the Laws of Delaware, with full corporate power, right and authority to own and lease the properties and assets it currently owns and leases and to carry on its business as such business is currently being conducted.

4.2 Qualification. Molycorp is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which the nature of the business as now conducted or the character of the property owned or leased by it makes such qualification necessary, except where the failure to be so qualified or in good standing would not or would not reasonably be expected to have a material adverse effect on Molycorp.

4.3 Authorization of Agreement; No Violation. This Agreement has been duly executed and delivered by Molycorp. Molycorp has the full corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance by Molycorp of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all requisite corporate action on the part of Molycorp. Neither the execution and delivery by Molycorp of this Agreement nor the consummation by Molycorp of the transactions contemplated hereby will conflict with, result in a breach, default or violation of, or require the consent of any third party under, the terms, provisions or conditions of the organizational documents of Molycorp.

4.4 Governmental Consents. No consent, action, approval or authorization of, or registration, declaration or filing with, any Governmental Authority is required to authorize, or is otherwise required in connection with, the execution and delivery by Molycorp of this Agreement or its performance of the terms of this Agreement or the validity or enforceability hereof against Molycorp.

4.5 Enforceability. This Agreement constitutes the legal, valid and binding obligation of Molycorp enforceable against Molycorp in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other Laws affecting creditors' rights generally and general principles of equity.

ARTICLE 5

Representations and Warranties of CMI

CMI hereby represents and warrants to Molycorp as follows:

5.1 Organization. CMI is an entity duly organized and validly existing and in good standing under the Laws of Missouri, with full corporate power, right and authority to own and lease the properties and assets it currently owns and leases and to carry on its business as such business is currently being conducted.

5.2 Qualification. CMI is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which the nature of the business as now conducted or the character of the property owned or leased by it makes such qualification necessary, except where the failure to be so qualified or in good standing would not or would not reasonably be expected to have a material adverse effect on CMI.

5.3 Authorization of this Agreement; No Violation. This Agreement has been duly executed and delivered by CMI. CMI has the full corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance by CMI of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all requisite corporate action on the part of CMI. Neither the execution and delivery by CMI of this Agreement nor the consummation by CMI of the transactions contemplated hereby will conflict with, result in a breach, default or violation of, or require the consent of any third party under, the terms, provisions or conditions of the organizational documents of CMI.

5.4 Governmental Consents. No consent, action, approval or authorization of, or registration, declaration or filing with, any Governmental Authority is required to authorize, or is otherwise required in connection with, the execution and delivery by CMI of this Agreement or the performance of the terms of this Agreement or the validity or enforceability hereof against CMI.

5.5 Enforceability. This Agreement constitutes the legal, valid and binding obligation of CMI enforceable against CMI in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other Laws affecting creditors' rights generally and general principles of equity.

ARTICLE 6

Conditions

6.1 Conditions to Obligations of CMI and Molycorp. The obligations of CMI and Molycorp to consummate the Merger are subject to satisfaction of the following conditions:

(a) Authorization. The shareholder of CMI shall have approved and adopted this Agreement and the Merger by written consent and any required notice shall have been provided

to the shareholder of CMI in accordance with Missouri Law. The shareholder of Molycorp shall have approved and adopted this Agreement and the Merger by written consent and any required notice shall have been provided to the shareholder of Molycorp in accordance with Delaware Law. All necessary action shall have been taken to authorize the execution, delivery and performance of this Agreement by CMI and Molycorp.

(b) Consents and Approvals. All authorizations, consents and approvals (contractual or otherwise) of any Governmental Authorities, or any Person (other than CMI or Molycorp) necessary for the valid consummation of the Merger in accordance with this Agreement shall have been obtained and shall be in full force and effect.

ARTICLE 7

Miscellaneous

7.1 Amendment. Subject to Section 8.3 hereof, this Agreement may be amended by action of the respective Boards of Directors of CMI and Molycorp without action by the respective shareholders of the parties only prior to the Effective Time.

7.2 Termination. This Agreement may be terminated and the Merger and other transactions provided for by this Agreement may be abandoned at any time prior to the Effective Time, whether before or after adoption and approval of this Agreement by the shareholder of CMI or by the shareholder of Molycorp, by action of the Boards of Directors of CMI and Molycorp if the CMI or Molycorp Boards determines that the consummation of the transactions contemplated by this Agreement would not, for any reason, be in the best interests of CMI or Molycorp or their respective shareholders.

7.3 Entire Agreement; Amendment. This Agreement, and any agreements, instruments or documents executed and delivered by CMI and Molycorp (the "Parties") pursuant to this Agreement, constitute the entire agreement and understanding between the Parties, and it is understood and agreed that all previous undertakings, negotiations and agreements between the Parties regarding the subject matter hereof are merged herein. This Agreement may not be modified orally, but only by an agreement in writing signed by each of the Parties.

7.4 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which when taken together shall constitute one and the same agreement.

7.5 Waiver. Except as expressly provided in this Agreement, neither the failure nor any delay on the part of the Parties in exercising any right, power or remedy hereunder shall operate as a waiver thereof, or of any other right, power or remedy; nor shall any single or partial exercise of any right, power or remedy preclude any further or other exercise thereof, or the exercise of any other right, power or remedy. Except as expressly provided herein, no waiver of any of the provisions of this Agreement shall be valid unless it is in writing and signed by the Party against whom it is sought to be enforced.

7.6 Assignment. Neither this Agreement nor any rights or obligations hereunder shall be assigned or transferred in any way whatsoever by the Parties hereto except with the prior written consent of the other party hereto, which consent such other party shall be under no obligation to grant, and any assignment or attempted assignment without such consent shall have no force or effect with respect to the non-assigning party; provided, that notwithstanding anything to the contrary herein a party shall have the right to assign this Agreement to an affiliate. Subject to the preceding sentence, this Agreement shall be binding on and inure to the benefit of the Parties hereto and their successors and permitted assigns.

7.7 Notices. Any and all notices or other communications required or permitted under this Agreement shall be given in writing and delivered in Person or sent by United States certified or registered mail, postage prepaid, return receipt requested, or by overnight express mail to the address of such party set forth below. Any such notice shall be effective upon receipt or three (3) days after placed in the mail, whichever is earlier, to:

If to CMI: Chevron Mining, Inc.
221 Bolivar Street
Jefferson City, MO 65101
Attention: Legal Department

If to Molycorp: Molycorp, Inc.
2141 Rosecrans Avenue
El Segundo, California 90245
Attention: Legal Department

Any party may, by notice so delivered, change its address for notice purposes hereunder.

7.8 Severability. If any provision of this Agreement is invalid, illegal or unenforceable, the balance of this Agreement shall remain in full force and effect and this Agreement shall be construed in all respects as if such invalid, illegal or unenforceable provision were omitted. If any provision is inapplicable to any Person or circumstance, it shall, nevertheless, remain applicable to all other Persons and circumstances.

7.9 No Third Party Beneficiaries. Nothing in this Agreement shall provide any benefit to any third party or entitle any third party to any claim, cause of action, remedy or right of any kind, it being the intent of the Parties that this Agreement shall not be construed as a third party beneficiary contract.

7.10 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of Delaware, excluding any choice of Law rules that may direct the application of the Laws of another jurisdiction.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

MOLYCORP, INC., a Delaware corporation

By _____

Name: Frank G. Soler

Title: Assistant Secretary

CHEVRON MINING INC., a Missouri corporation

By _____

Name: Frank G. Soler

Title: Assistant Secretary

CMI09-00755

Exhibit B

CERTIFICATE OF AMENDMENT

OF

ARTICLES OF INCORPORATION OF

CHEVRON MINING INC.

Chevron Mining Inc., a corporation duly organized and existing under the General and Business Corporation Law of the State of Missouri (the "Corporation"), **DOES HEREBY CERTIFY:**

FIRST. The original Articles of Incorporation of Chevron Mining Inc. specified that the name of the Corporation was "P&M Coal Mining Company" and was filed with the Secretary of State of Missouri on May 17, 1955. Most recently, an Amendment of Articles of Incorporation was filed with the Secretary of State of Missouri on July 30, 2007 changing the name of the corporation from The Pittsburg & Midway Coal Mining Co. to Chevron Mining Inc.

SECOND. The Amendment of the Articles of Incorporation as set forth below has been duly adopted in accordance with the provisions of sections 351.090, 351.340 and 351.273 of the General and Business Corporation Law of the State of Missouri by the board of directors and sole shareholder of the 42,500 shares of common stock outstanding and entitled to vote of the Corporation on August 28, 2007.

THIRD. The Amendment of the Articles of Incorporation so adopted reads in full as follows:

> "THIRD. The aggregate number of shares which the corporation shall have authority to issue is 200,000, divided into 100,000 shares of Common Stock, each with a par value of $50, and 100,000 shares of Series A Non-Voting, Non-Convertible Preferred Stock with no par value ("Preferred Stock"). In the event of any liquidation, dissolution or winding up of the Corporation, the holders of Preferred Stock shall be entitled to receive in preference to the holders of Common Stock, a per share amount equal to $220 million divided by the number of shares of Preferred Stock then outstanding (the "Preferred Liquidation Preference"). After setting apart or paying in full the preferential amounts due pursuant to the Preferred Liquidation Preference, the remaining assets of the Corporation available for distribution to the shareholders, if any, shall be distributed to the holders of the Common Stock and Preferred Stock on a pro rata basis, based on the number of shares of Common Stock or Preferred Stock, as the case may be, then held by each holder (assuming for purposes of this calculation, that all outstanding shares of Preferred Stock have been converted into Common Stock on a one-to-one basis immediately before the close of business on the day fixed for such distribution).

Exhibit B

"A merger, acquisition, sale of voting control or sale of substantially all of the assets of the Corporation in which the shareholders of the Corporation do not own a majority of the outstanding shares of the surviving corporation shall be deemed to be a liquidation."

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be executed by its authorized officer, on this 29th day of August, 2007.

CHEVRON MINING INC.

By _____
Frank G. Soler
Assistant Secretary

CMI09-00757

ATTACHMENT 7.5

009585

WRITTEN CONSENT OF
SHAREHOLDERS OF
CHEVRON MINING INC.

Pursuant to sections 351.273, 351.090, 351.420 and 351.425 of the Missouri General and Business Corporation Law and the Bylaws of Chevron Mining Inc., a Missouri corporation ("CMI"), the undersigned, constituting the sole shareholder of the issued and outstanding shares of Common Stock of CMI, hereby adopts the following recitals and resolutions:

Agreement and Plan of Merger and Merger of CMI With and Into Molycorp, Inc.

WHEREAS, an Agreement and Plan of Merger (the "Merger Agreement") has been presented to the sole shareholder of CMI in the form attached hereto as Exhibit A; and

WHEREAS, the Board of Directors has determined it to be in the best interests of CMI and its shareholder that the Merger Agreement be approved and adopted so that CMI will be merged with and into Molycorp, Inc., a Delaware corporation ("Molycorp"), with CMI as the surviving corporation (the "Merger"):

NOW, THEREFORE, BE IT RESOLVED, that the Merger Agreement, in the form attached hereto as Exhibit A, and the Merger hereby are, approved and adopted; and

RESOLVED FURTHER, that the officers of CMI, each acting alone, are hereby authorized and directed to take any further actions as they may deem proper in their respective discretions, including the execution and delivery of further documents, to implement the intent of the foregoing resolutions.

Amended and Restated Articles of Incorporation

WHEREAS, the Merger Agreement contemplates the issuance of preferred stock of CMI to the to the shareholder of Molycorp as consideration for Molycorp stock to be cancelled pursuant to the Merger; and

WHEREAS, the Board of Directors has determined it to be in the best interests of CMI and its shareholder to amend the Articles of Incorporation authorizing 100,000 shares of Series A Non-Voting, Non-Convertible Preferred Stock in CMI ("Preferred Stock"):

WHEREAS, an Amended and Restated Articles of Incorporation has been presented to the shareholders of CMI in the form attached hereto as Exhibit B; and

NOW, THEREFORE, BE IT RESOLVED, that the Amended and Restated Certificate of Incorporation, in substantially the form attached hereto as Exhibit B, hereby is, approved and adopted.

RESOLVED FURTHER, that the officers of CMI, each acting alone, are hereby authorized and directed to file the Amended and Restated Articles of Incorporation with the

Missouri Secretary of State and take any further actions as they may deem proper in their respective discretions, including the execution and delivery of further documents, to implement the intent of the foregoing resolutions.

IN WITNESS WHEREOF, the undersigned sole holder of capital stock of CMI has executed these presents, and directs that the executed copy hereof be filed with the corporate records of the Corporation as of the 28th day of August, 2007.

CHEVRON GLOBAL ENERGY INC.

By: Frank G. Soler
Title: Assistant Secretary

42,500 shares of Common Stock

CMI09-00760

Exhibit A

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (the "Agreement"), dated as of August 31, 2007, by and between Chevron Mining Inc., a Missouri corporation ("CMI"), and Molycorp, Inc., a Delaware corporation ("Molycorp"),

W I T N E S S E T H:

WHEREAS, the respective Boards of Directors of CMI and Molycorp have determined that it is advisable and in the best interests of each such corporation that Molycorp be merged with and into CMI upon the terms and subject to the conditions provided in this Agreement, and have, by resolutions duly adopted, approved this Agreement; and

WHEREAS, the respective Boards of Directors of CMI and Molycorp have considered a wide variety of factors in connection with its evaluation that Molycorp be merged with and into CMI, and concluded that this Agreement serves a valuable business purpose; and

WHEREAS, the proposed merger contemplated by this Agreement will be accorded tax-free treatment under the Internal Revenue Code:

NOW, THEREFORE, in consideration of the covenants, promises, representations and warranties set forth herein, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the parties), intending to be legally bound hereby, the parties agree as follows:

ARTICLE 1

Definitions

When used in this Agreement the following terms shall have the following meanings, respectively:

1.1 "CMI Common Stock" shall mean shares of Common Stock, $50 par value per share, of CMI.

1.2 "CMI Preferred Stock" shall mean Series A Non-Voting, Non-Convertible Preferred Stock of CMI.

1.3 "Delaware Law" shall mean the Delaware General Corporation Law as currently in effect on the date of this Agreement, and as the same shall be amended from time to time.

1.4 "Effective Time" shall mean the date and time when the Merger shall have become effective, in accordance with Section 2.2.

1.5 "Governmental Authority" or "Governmental Authorities" means any court, tribunal, arbitrator, authority, agency, bureau, board, commission, department, official or other

instrumentality of the United States, and any foreign, state, county, city or other political subdivision.

1.6 "Laws" means any constitution, statute, code, regulation, rule, injunction, judgment, order, decree or ruling of any applicable Governmental Authority.

1.7 "Merger" shall mean the merger of Molycorp with and into CMI, with CMI as the surviving corporation.

1.8 "Missouri Law" shall mean the Missouri General and Business Corporation Code as currently in effect on the date of this Agreement, and as the same shall be amended from time to time.

1.9 "Molycorp Capital Stock" shall mean shares of Common Stock, $1 par value per share, of Molycorp.

1.10 "Person" means any natural person, firm, partnership, association, corporation, limited liability company, trust, entity, public body or Governmental Authority.

1.11 "Surviving Corporation" shall mean CMI from and after the Effective Time.

ARTICLE 2

Merger

2.1 Filing and Effectiveness. The Merger shall become effective when the following actions shall have been completed:

(a) This Agreement and the Merger shall have been adopted and approved by the shareholder of CMI and the shareholder of Molycorp and any required notices shall have been provided to the shareholders of CMI and Molycorp in accordance with the requirements of Missouri Law and Delaware Law, respectively; and

(b) An executed counterpart of this Agreement shall have been filed with the Secretary of State of the State of Missouri.

2.2 Merger. The Merger shall become effective at the later of (a) the time when the Summary Articles of Merger have been filed with the Secretary of State of the State of Missouri in accordance with Section 2.1 and (b) 11:59 p.m., Central Time, on August 31, 2007 which time shall be specified in the Summary Articles of Merger in accordance with section 351.048 of Missouri Law (the "Effective Time"). At such time Molycorp shall merge with and into CMI, the separate existence of Molycorp shall cease, and CMI shall continue in existence under Missouri Law.

2.3 Effects. At the Effective Time:

(a) All Molycorp Capital Stock outstanding at the Effective Time shall be automatically cancelled and extinguished and converted into the right to receive 29,000 shares of CMI Preferred Stock; and

(b) Molycorp shall be merged with and into CMI and the separate existence of Molycorp shall cease;

(c) the Articles of Incorporation of CMI in effect at the Effective Time shall continue as the Articles of Incorporation of the Surviving Corporation;

(d) the Bylaws of CMI in effect at the Effective Time shall continue as the Bylaws of the Surviving Corporation;

(e) each director of CMI immediately prior to the Effective Time shall continue as a director of the Surviving Corporation;

(f) each officer of CMI in office immediately prior to the Effective Time shall remain as an officer in the same capacity of the Surviving Corporation;

(g) without further transfer, act or deed, the separate existence of Molycorp shall cease and the Surviving Corporation shall possess all of the rights, privileges, powers and franchises of a public as well as of a private nature, and shall be subject to all the restrictions, disabilities and duties of Molycorp; and each and all of the rights, privileges, powers and franchises of Molycorp, and all property, real, personal and mixed, and all debts due to Molycorp on whatever account, stock subscriptions and other things in action or belonging to Molycorp shall be vested in the Surviving Corporation; and all property, rights, privileges, powers and franchises, and each and every other interest of Molycorp shall be thereafter the property of the Surviving Corporation as they were of Molycorp, and the title to any real estate vested by deed or otherwise, under the laws of the State of Delaware, in Molycorp shall not revert or be in any way impaired by reason of the Merger; and all rights of creditors of Molycorp and all liens upon any property of Molycorp shall be preserved unimpaired and all debts, liabilities and duties of Molycorp shall thenceforth attach to the Surviving Corporation and may be enforced against it to the same extent as if such debts, liabilities and duties had been incurred or contracted by it.

ARTICLE 3

Treatment of Shares

3.1 Conversion of Molycorp Capital Stock. At the Effective Time, all Molycorp Capital Stock outstanding at the Effective Time, by virtue of the Merger and without any action on the part of the holder thereof, shall be automatically cancelled and extinguished, and converted into the right to receive 29,000 shares of CMI Preferred Stock.

3.2 Molycorp Stock Certificates. At the Effective Time, all of the outstanding certificates which immediately prior to the Effective Time represented shares of Molycorp Common Stock, shall be converted, as provided in this Agreement.

3.3 Rights of Former Holders of Molycorp Common Stock. From and after the Effective Time, no holder of certificates which evidenced Molycorp Common Stock immediately prior to the Effective Time shall have any rights with respect to the Molycorp Capital Stock formerly evidenced by those certificates except as set forth in this Agreement.

3.4 CMI Common Stock. Each stock certificate of CMI evidencing ownership of any shares of CMI Common Stock shall continue to evidence ownership of such shares of Common Stock of the Surviving Corporation.

ARTICLE 4

Representations and Warranties of Molycorp

Molycorp hereby represents and warrants to CMI as follows:

4.1 Organization. Molycorp is an entity duly organized and validly existing and in good standing under the Laws of Delaware, with full corporate power, right and authority to own and lease the properties and assets it currently owns and leases and to carry on its business as such business is currently being conducted.

4.2 Qualification. Molycorp is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which the nature of the business as now conducted or the character of the property owned or leased by it makes such qualification necessary, except where the failure to be so qualified or in good standing would not or would not reasonably be expected to have a material adverse effect on Molycorp.

4.3 Authorization of Agreement; No Violation. This Agreement has been duly executed and delivered by Molycorp. Molycorp has the full corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance by Molycorp of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all requisite corporate action on the part of Molycorp. Neither the execution and delivery by Molycorp of this Agreement nor the consummation by Molycorp of the transactions contemplated hereby will conflict with, result in a breach, default or violation of, or require the consent of any third party under, the terms, provisions or conditions of the organizational documents of Molycorp.

4.4 Governmental Consents. No consent, action, approval or authorization of, or registration, declaration or filing with, any Governmental Authority is required to authorize, or is otherwise required in connection with, the execution and delivery by Molycorp of this Agreement or its performance of the terms of this Agreement or the validity or enforceability hereof against Molycorp.

4.5 Enforceability. This Agreement constitutes the legal, valid and binding obligation of Molycorp enforceable against Molycorp in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other Laws affecting creditors' rights generally and general principles of equity.

ARTICLE 5

Representations and Warranties of CMI

CMI hereby represents and warrants to Molycorp as follows:

5.1 Organization. CMI is an entity duly organized and validly existing and in good standing under the Laws of Missouri, with full corporate power, right and authority to own and lease the properties and assets it currently owns and leases and to carry on its business as such business is currently being conducted.

5.2 Qualification. CMI is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which the nature of the business as now conducted or the character of the property owned or leased by it makes such qualification necessary, except where the failure to be so qualified or in good standing would not or would not reasonably be expected to have a material adverse effect on CMI.

5.3 Authorization of this Agreement; No Violation. This Agreement has been duly executed and delivered by CMI. CMI has the full corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance by CMI of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all requisite corporate action on the part of CMI. Neither the execution and delivery by CMI of this Agreement nor the consummation by CMI of the transactions contemplated hereby will conflict with, result in a breach, default or violation of, or require the consent of any third party under, the terms, provisions or conditions of the organizational documents of CMI.

5.4 Governmental Consents. No consent, action, approval or authorization of, or registration, declaration or filing with, any Governmental Authority is required to authorize, or is otherwise required in connection with, the execution and delivery by CMI of this Agreement or the performance of the terms of this Agreement or the validity or enforceability hereof against CMI.

5.5 Enforceability. This Agreement constitutes the legal, valid and binding obligation of CMI enforceable against CMI in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other Laws affecting creditors' rights generally and general principles of equity.

ARTICLE 6

Conditions

6.1 Conditions to Obligations of CMI and Molycorp. The obligations of CMI and Molycorp to consummate the Merger are subject to satisfaction of the following conditions:

(a) Authorization. The shareholder of CMI shall have approved and adopted this Agreement and the Merger by written consent and any required notice shall have been provided

to the shareholder of CMI in accordance with Missouri Law. The shareholder of Molycorp shall have approved and adopted this Agreement and the Merger by written consent and any required notice shall have been provided to the shareholder of Molycorp in accordance with Delaware Law. All necessary action shall have been taken to authorize the execution, delivery and performance of this Agreement by CMI and Molycorp.

(b) Consents and Approvals. All authorizations, consents and approvals (contractual or otherwise) of any Governmental Authorities, or any Person (other than CMI or Molycorp) necessary for the valid consummation of the Merger in accordance with this Agreement shall have been obtained and shall be in full force and effect.

ARTICLE 7

Miscellaneous

7.1 Amendment. Subject to Section 8.3 hereof, this Agreement may be amended by action of the respective Boards of Directors of CMI and Molycorp without action by the respective shareholders of the parties only prior to the Effective Time.

7.2 Termination. This Agreement may be terminated and the Merger and other transactions provided for by this Agreement may be abandoned at any time prior to the Effective Time, whether before or after adoption and approval of this Agreement by the shareholder of CMI or by the shareholder of Molycorp, by action of the Boards of Directors of CMI and Molycorp if the CMI or Molycorp Boards determines that the consummation of the transactions contemplated by this Agreement would not, for any reason, be in the best interests of CMI or Molycorp or their respective shareholders.

7.3 Entire Agreement; Amendment. This Agreement, and any agreements, instruments or documents executed and delivered by CMI and Molycorp (the "Parties") pursuant to this Agreement, constitute the entire agreement and understanding between the Parties, and it is understood and agreed that all previous undertakings, negotiations and agreements between the Parties regarding the subject matter hereof are merged herein. This Agreement may not be modified orally, but only by an agreement in writing signed by each of the Parties.

7.4 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which when taken together shall constitute one and the same agreement.

7.5 Waiver. Except as expressly provided in this Agreement, neither the failure nor any delay on the part of the Parties in exercising any right, power or remedy hereunder shall operate as a waiver thereof, or of any other right, power or remedy; nor shall any single or partial exercise of any right, power or remedy preclude any further or other exercise thereof, or the exercise of any other right, power or remedy. Except as expressly provided herein, no waiver of any of the provisions of this Agreement shall be valid unless it is in writing and signed by the Party against whom it is sought to be enforced.

7.6 Assignment. Neither this Agreement nor any rights or obligations hereunder shall be assigned or transferred in any way whatsoever by the Parties hereto except with the prior written consent of the other party hereto, which consent such other party shall be under no obligation to grant, and any assignment or attempted assignment without such consent shall have no force or effect with respect to the non-assigning party; provided, that notwithstanding anything to the contrary herein a party shall have the right to assign this Agreement to an affiliate. Subject to the preceding sentence, this Agreement shall be binding on and inure to the benefit of the Parties hereto and their successors and permitted assigns.

7.7 Notices. Any and all notices or other communications required or permitted under this Agreement shall be given in writing and delivered in Person or sent by United States certified or registered mail, postage prepaid, return receipt requested, or by overnight express mail to the address of such party set forth below. Any such notice shall be effective upon receipt or three (3) days after placed in the mail, whichever is earlier, to:

If to CMI: Chevron Mining, Inc.
221 Bolivar Street
Jefferson City, MO 65101
Attention: Legal Department

If to Molycorp: Molycorp, Inc.
2141 Rosecrans Avenue
El Segundo, California 90245
Attention: Legal Department

Any party may, by notice so delivered, change its address for notice purposes hereunder.

7.8 Severability. If any provision of this Agreement is invalid, illegal or unenforceable, the balance of this Agreement shall remain in full force and effect and this Agreement shall be construed in all respects as if such invalid, illegal or unenforceable provision were omitted. If any provision is inapplicable to any Person or circumstance, it shall, nevertheless, remain applicable to all other Persons and circumstances.

7.9 No Third Party Beneficiaries. Nothing in this Agreement shall provide any benefit to any third party or entitle any third party to any claim, cause of action, remedy or right of any kind, it being the intent of the Parties that this Agreement shall not be construed as a third party beneficiary contract.

7.10 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of Delaware, excluding any choice of Law rules that may direct the application of the Laws of another jurisdiction.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

MOLYCORP, INC., a Delaware corporation

By _____

Name: Frank G. Soler

Title: Assistant Secretary

CHEVRON MINING INC., a Missouri corporation

By _____

Name: Frank G. Soler

Title: Assistant Secretary

CMI09-00768

Exhibit B

CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION OF
CHEVRON MINING INC.

Chevron Mining Inc., a corporation duly organized and existing under the General and Business Corporation Law of the State of Missouri (the "Corporation"), DOES HEREBY CERTIFY:

FIRST. The original Articles of Incorporation of Chevron Mining Inc. specified that the name of the Corporation was "P&M Coal Mining Company" and was filed with the Secretary of State of Missouri on May 17, 1955. Most recently, an Amendment of Articles of Incorporation was filed with the Secretary of State of Missouri on July 30, 2007 changing the name of the corporation from The Pittsburg & Midway Coal Mining Co. to Chevron Mining Inc.

SECOND. The Amendment of the Articles of Incorporation as set forth below has been duly adopted in accordance with the provisions of sections 351.090, 351.340 and 351.273 of the General and Business Corporation Law of the State of Missouri by the board of directors and sole shareholder of the 42,500 shares of common stock outstanding and entitled to vote of the Corporation on August 28, 2007.

THIRD. The Amendment of the Articles of Incorporation so adopted reads in full as follows:

> "THIRD. The aggregate number of shares which the corporation shall have authority to issue is 200,000, divided into 100,000 shares of Common Stock, each with a par value of $50, and 100,000 shares of Series A Non-Voting, Non-Convertible Preferred Stock with no par value ("Preferred Stock"). In the event of any liquidation, dissolution or winding up of the Corporation, the holders of Preferred Stock shall be entitled to receive in preference to the holders of Common Stock, a per share amount equal to $220 million divided by the number of shares of Preferred Stock then outstanding (the "Preferred Liquidation Preference"). After setting apart or paying in full the preferential amounts due pursuant to the Preferred Liquidation Preference, the remaining assets of the Corporation available for distribution to the shareholders, if any, shall be distributed to the holders of the Common Stock and Preferred Stock on a pro rata basis, based on the number of shares of Common Stock or Preferred Stock, as the case may be, then held by each holder (assuming for purposes of this calculation, that all outstanding shares of Preferred Stock have been converted into Common Stock on a one-to-one basis immediately before the close of business on the day fixed for such distribution).

CMI09-00769

Exhibit B

"A merger, acquisition, sale of voting control or sale of substantially all of the assets of the Corporation in which the shareholders of the Corporation do not own a majority of the outstanding shares of the surviving corporation shall be deemed to be a liquidation."

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be executed by its authorized officer, on this 29th day of August, 2007.

CHEVRON MINING INC.

By _____
Frank G. Soler
Assistant Secretary

CMI09-00770

009597

ATTACHMENT 7.6

009598

WRITTEN CONSENT OF
STOCKHOLDERS OF
MOLYCORP, INC.

Pursuant to sections 228 and 251 of the Delaware General Corporation Law and the Bylaws of Molycorp, Inc., a Delaware corporation ("Molycorp"), the undersigned, being the sole stockholder of the issued and outstanding shares of the capital stock of the Molycorp, hereby adopts the following recitals and resolutions:

Agreement and Plan of Merger and Merger of Molycorp With and Into Chevron Mining Inc.

WHEREAS, an Agreement and Plan of Merger (the "Merger Agreement") has been presented to the sole stockholder of Molycorp in the form attached hereto as Exhibit A; and

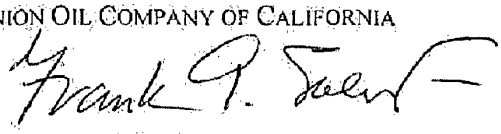
WHEREAS, the Board of Directors has determined it to be in the best interests of Molycorp and its stockholder that the Merger Agreement be approved and adopted so that Molycorp will be merged with and into Chevron Mining Inc., a Missouri corporation ("CMI"), with CMI as the surviving corporation (the "Merger");

NOW, THEREFORE, BE IT RESOLVED, that the Merger Agreement, in the form attached hereto as Exhibit A, and the Merger hereby are, approved and adopted; and

RESOLVED FURTHER, that the officers of Molycorp, each acting alone, are hereby authorized and directed to take any further actions as they may deem proper in their respective discretions, including the execution and delivery of further documents, to implement the intent of the foregoing resolutions.

IN WITNESS WHEREOF, the undersigned sole holder of capital stock of Molycorp has executed these presents, and directs that the executed copy hereof be filed with the corporate records of Molycorp as of the 28th day of August, 2007.

UNION OIL COMPANY OF CALIFORNIA



By: Frank G. Soler
Title: Assistant Secretary

1,000 shares of Common Stock

CMI09-00772

Exhibit A

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (the "Agreement"), dated as of August 31, 2007, by and between Chevron Mining Inc., a Missouri corporation ("CMI"), and Molycorp, Inc., a Delaware corporation ("Molycorp"),

W I T N E S S E T H:

WHEREAS, the respective Boards of Directors of CMI and Molycorp have determined that it is advisable and in the best interests of each such corporation that Molycorp be merged with and into CMI upon the terms and subject to the conditions provided in this Agreement, and have, by resolutions duly adopted, approved this Agreement; and

WHEREAS, the respective Boards of Directors of CMI and Molycorp have considered a wide variety of factors in connection with its evaluation that Molycorp be merged with and into CMI, and concluded that this Agreement serves a valuable business purpose; and

WHEREAS, the proposed merger contemplated by this Agreement will be accorded tax-free treatment under the Internal Revenue Code:

NOW, THEREFORE, in consideration of the covenants, promises, representations and warranties set forth herein, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the parties), intending to be legally bound hereby, the parties agree as follows:

ARTICLE 1

Definitions

When used in this Agreement the following terms shall have the following meanings, respectively:

1.1 "CMI Common Stock" shall mean shares of Common Stock, $50 par value per share, of CMI.

1.2 "CMI Preferred Stock" shall mean Series A Non-Voting, Non-Convertible Preferred Stock of CMI.

1.3 "Delaware Law" shall mean the Delaware General Corporation Law as currently in effect on the date of this Agreement, and as the same shall be amended from time to time.

1.4 "Effective Time" shall mean the date and time when the Merger shall have become effective, in accordance with Section 2.2.

1.5 "Governmental Authority" or "Governmental Authorities" means any court, tribunal, arbitrator, authority, agency, bureau, board, commission, department, official or other

instrumentality of the United States, and any foreign, state, county, city or other political subdivision.

1.6 "Laws" means any constitution, statute, code, regulation, rule, injunction, judgment, order, decree or ruling of any applicable Governmental Authority.

1.7 "Merger" shall mean the merger of Molycorp with and into CMI, with CMI as the surviving corporation.

1.8 "Missouri Law" shall mean the Missouri General and Business Corporation Code as currently in effect on the date of this Agreement, and as the same shall be amended from time to time.

1.9 "Molycorp Capital Stock" shall mean shares of Common Stock, $1 par value per share, of Molycorp.

1.10 "Person" means any natural person, firm, partnership, association, corporation, limited liability company, trust, entity, public body or Governmental Authority.

1.11 "Surviving Corporation" shall mean CMI from and after the Effective Time.

ARTICLE 2

Merger

2.1 Filing and Effectiveness. The Merger shall become effective when the following actions shall have been completed:

(a) This Agreement and the Merger shall have been adopted and approved by the shareholder of CMI and the shareholder of Molycorp and any required notices shall have been provided to the shareholders of CMI and Molycorp in accordance with the requirements of Missouri Law and Delaware Law, respectively; and

(b) An executed counterpart of this Agreement shall have been filed with the Secretary of State of the State of Missouri.

2.2 Merger. The Merger shall become effective at the later of (a) the time when the Summary Articles of Merger have been filed with the Secretary of State of the State of Missouri in accordance with Section 2.1 and (b) 11:59 p.m., Central Time, on August 31, 2007 which time shall be specified in the Summary Articles of Merger in accordance with section 351.048 of Missouri Law (the "Effective Time"). At such time Molycorp shall merge with and into CMI, the separate existence of Molycorp shall cease, and CMI shall continue in existence under Missouri Law.

2.3 Effects. At the Effective Time:

(a) All Molycorp Capital Stock outstanding at the Effective Time shall be automatically cancelled and extinguished and converted into the right to receive 29,000 shares of CMI Preferred Stock; and

(b) Molycorp shall be merged with and into CMI and the separate existence of Molycorp shall cease;

(c) the Articles of Incorporation of CMI in effect at the Effective Time shall continue as the Articles of Incorporation of the Surviving Corporation;

(d) the Bylaws of CMI in effect at the Effective Time shall continue as the Bylaws of the Surviving Corporation;

(e) each director of CMI immediately prior to the Effective Time shall continue as a director of the Surviving Corporation;

(f) each officer of CMI in office immediately prior to the Effective Time shall remain as an officer in the same capacity of the Surviving Corporation;

(g) without further transfer, act or deed, the separate existence of Molycorp shall cease and the Surviving Corporation shall possess all of the rights, privileges, powers and franchises of a public as well as of a private nature, and shall be subject to all the restrictions, disabilities and duties of Molycorp; and each and all of the rights, privileges, powers and franchises of Molycorp, and all property, real, personal and mixed, and all debts due to Molycorp on whatever account, stock subscriptions and other things in action or belonging to Molycorp shall be vested in the Surviving Corporation; and all property, rights, privileges, powers and franchises, and each and every other interest of Molycorp shall be thereafter the property of the Surviving Corporation as they were of Molycorp, and the title to any real estate vested by deed or otherwise, under the laws of the State of Delaware, in Molycorp shall not revert or be in any way impaired by reason of the Merger; and all rights of creditors of Molycorp and all liens upon any property of Molycorp shall be preserved unimpaired and all debts, liabilities and duties of Molycorp shall thenceforth attach to the Surviving Corporation and may be enforced against it to the same extent as if such debts, liabilities and duties had been incurred or contracted by it.

ARTICLE 3

Treatment of Shares

3.1 Conversion of Molycorp Capital Stock. At the Effective Time, all Molycorp Capital Stock outstanding at the Effective Time, by virtue of the Merger and without any action on the part of the holder thereof, shall be automatically cancelled and extinguished, and converted into the right to receive 29,000 shares of CMI Preferred Stock.

3.2 Molycorp Stock Certificates. At the Effective Time, all of the outstanding certificates which immediately prior to the Effective Time represented shares of Molycorp Common Stock, shall be converted, as provided in this Agreement.

3.3 Rights of Former Holders of Molycorp Common Stock. From and after the Effective Time, no holder of certificates which evidenced Molycorp Common Stock immediately prior to the Effective Time shall have any rights with respect to the Molycorp Capital Stock formerly evidenced by those certificates except as set forth in this Agreement.

3.4 CMI Common Stock. Each stock certificate of CMI evidencing ownership of any shares of CMI Common Stock shall continue to evidence ownership of such shares of Common Stock of the Surviving Corporation.

ARTICLE 4

Representations and Warranties of Molycorp

Molycorp hereby represents and warrants to CMI as follows:

4.1 Organization. Molycorp is an entity duly organized and validly existing and in good standing under the Laws of Delaware, with full corporate power, right and authority to own and lease the properties and assets it currently owns and leases and to carry on its business as such business is currently being conducted.

4.2 Qualification. Molycorp is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which the nature of the business as now conducted or the character of the property owned or leased by it makes such qualification necessary, except where the failure to be so qualified or in good standing would not or would not reasonably be expected to have a material adverse effect on Molycorp.

4.3 Authorization of Agreement; No Violation. This Agreement has been duly executed and delivered by Molycorp. Molycorp has the full corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance by Molycorp of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all requisite corporate action on the part of Molycorp. Neither the execution and delivery by Molycorp of this Agreement nor the consummation by Molycorp of the transactions contemplated hereby will conflict with, result in a breach, default or violation of, or require the consent of any third party under, the terms, provisions or conditions of the organizational documents of Molycorp.

4.4 Governmental Consents. No consent, action, approval or authorization of, or registration, declaration or filing with, any Governmental Authority is required to authorize, or is otherwise required in connection with, the execution and delivery by Molycorp of this Agreement or its performance of the terms of this Agreement or the validity or enforceability hereof against Molycorp.

4.5 Enforceability. This Agreement constitutes the legal, valid and binding obligation of Molycorp enforceable against Molycorp in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other Laws affecting creditors' rights generally and general principles of equity.

ARTICLE 5

Representations and Warranties of CMI

CMI hereby represents and warrants to Molycorp as follows:

5.1 Organization. CMI is an entity duly organized and validly existing and in good standing under the Laws of Missouri, with full corporate power, right and authority to own and lease the properties and assets it currently owns and leases and to carry on its business as such business is currently being conducted.

5.2 Qualification. CMI is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which the nature of the business as now conducted or the character of the property owned or leased by it makes such qualification necessary, except where the failure to be so qualified or in good standing would not or would not reasonably be expected to have a material adverse effect on CMI.

5.3 Authorization of this Agreement; No Violation. This Agreement has been duly executed and delivered by CMI. CMI has the full corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance by CMI of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all requisite corporate action on the part of CMI. Neither the execution and delivery by CMI of this Agreement nor the consummation by CMI of the transactions contemplated hereby will conflict with, result in a breach, default or violation of, or require the consent of any third party under, the terms, provisions or conditions of the organizational documents of CMI.

5.4 Governmental Consents. No consent, action, approval or authorization of, or registration, declaration or filing with, any Governmental Authority is required to authorize, or is otherwise required in connection with, the execution and delivery by CMI of this Agreement or the performance of the terms of this Agreement or the validity or enforceability hereof against CMI.

5.5 Enforceability. This Agreement constitutes the legal, valid and binding obligation of CMI enforceable against CMI in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other Laws affecting creditors' rights generally and general principles of equity.

ARTICLE 6

Conditions

6.1 Conditions to Obligations of CMI and Molycorp. The obligations of CMI and Molycorp to consummate the Merger are subject to satisfaction of the following conditions:

(a) Authorization. The shareholder of CMI shall have approved and adopted this Agreement and the Merger by written consent and any required notice shall have been provided

to the shareholder of CMI in accordance with Missouri Law. The shareholder of Molycorp shall have approved and adopted this Agreement and the Merger by written consent and any required notice shall have been provided to the shareholder of Molycorp in accordance with Delaware Law. All necessary action shall have been taken to authorize the execution, delivery and performance of this Agreement by CMI and Molycorp.

(b) Consents and Approvals. All authorizations, consents and approvals (contractual or otherwise) of any Governmental Authorities, or any Person (other than CMI or Molycorp) necessary for the valid consummation of the Merger in accordance with this Agreement shall have been obtained and shall be in full force and effect.

ARTICLE 7

Miscellaneous

7.1 Amendment. Subject to Section 8.3 hereof, this Agreement may be amended by action of the respective Boards of Directors of CMI and Molycorp without action by the respective shareholders of the parties only prior to the Effective Time.

7.2 Termination. This Agreement may be terminated and the Merger and other transactions provided for by this Agreement may be abandoned at any time prior to the Effective Time, whether before or after adoption and approval of this Agreement by the shareholder of CMI or by the shareholder of Molycorp, by action of the Boards of Directors of CMI and Molycorp if the CMI or Molycorp Boards determines that the consummation of the transactions contemplated by this Agreement would not, for any reason, be in the best interests of CMI or Molycorp or their respective shareholders.

7.3 Entire Agreement; Amendment. This Agreement, and any agreements, instruments or documents executed and delivered by CMI and Molycorp (the "Parties") pursuant to this Agreement, constitute the entire agreement and understanding between the Parties, and it is understood and agreed that all previous undertakings, negotiations and agreements between the Parties regarding the subject matter hereof are merged herein. This Agreement may not be modified orally, but only by an agreement in writing signed by each of the Parties.

7.4 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which when taken together shall constitute one and the same agreement.

7.5 Waiver. Except as expressly provided in this Agreement, neither the failure nor any delay on the part of the Parties in exercising any right, power or remedy hereunder shall operate as a waiver thereof, or of any other right, power or remedy; nor shall any single or partial exercise of any right, power or remedy preclude any further or other exercise thereof, or the exercise of any other right, power or remedy. Except as expressly provided herein, no waiver of any of the provisions of this Agreement shall be valid unless it is in writing and signed by the Party against whom it is sought to be enforced.

7.6 Assignment. Neither this Agreement nor any rights or obligations hereunder shall be assigned or transferred in any way whatsoever by the Parties hereto except with the prior written consent of the other party hereto, which consent such other party shall be under no obligation to grant, and any assignment or attempted assignment without such consent shall have no force or effect with respect to the non-assigning party; provided, that notwithstanding anything to the contrary herein a party shall have the right to assign this Agreement to an affiliate. Subject to the preceding sentence, this Agreement shall be binding on and inure to the benefit of the Parties hereto and their successors and permitted assigns.

7.7 Notices. Any and all notices or other communications required or permitted under this Agreement shall be given in writing and delivered in Person or sent by United States certified or registered mail, postage prepaid, return receipt requested, or by overnight express mail to the address of such party set forth below. Any such notice shall be effective upon receipt or three (3) days after placed in the mail, whichever is earlier, to:

If to CMI: Chevron Mining, Inc.
221 Bolivar Street
Jefferson City, MO 65101
Attention: Legal Department

If to Molycorp: Molycorp, Inc.
2141 Rosecrans Avenue
El Segundo, California 90245
Attention: Legal Department

Any party may, by notice so delivered, change its address for notice purposes hereunder.

7.8 Severability. If any provision of this Agreement is invalid, illegal or unenforceable, the balance of this Agreement shall remain in full force and effect and this Agreement shall be construed in all respects as if such invalid, illegal or unenforceable provision were omitted. If any provision is inapplicable to any Person or circumstance, it shall, nevertheless, remain applicable to all other Persons and circumstances.

7.9 No Third Party Beneficiaries. Nothing in this Agreement shall provide any benefit to any third party or entitle any third party to any claim, cause of action, remedy or right of any kind, it being the intent of the Parties that this Agreement shall not be construed as a third party beneficiary contract.

7.10 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of Delaware, excluding any choice of Law rules that may direct the application of the Laws of another jurisdiction.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

MOLYCORP, INC., a Delaware corporation

By _____

Name: Frank G. Soler

Title: Assistant Secretary

CHEVRON MINING INC., a Missouri corporation

By _____

Name: Frank G. Soler

Title: Assistant Secretary

CMI09-00780

ATTACHMENT 7.7

April 29, 1974 4:30 p.m.

Certificate of Amendment of Certificate of Incorporation

of

MOLYBDENUM CORPORATION OF AMERICA

It is hereby certified that:

1. The name of the corporation (hereinafter called the "corporation") is Molybdenum Corporation of America.

2. The certificate of incorporation of the corporation is hereby amended by striking out Article FIRST thereof and by substituting in lieu of said Article the following:

> "FIRST: The name of this corporation is Molycorp, Inc."

3. The certificate of incorporation is hereby further amended by striking out the first paragraph of Article FOURTH thereof and by substituting in lieu of said first paragraph of Article FOURTH the following:

> "FOURTH: The total authorized Capital Stock of this corporation is $5,500,000 divided into 5,000,000 shares of Common Stock of the par value of $1.00 each and 500,000 shares of Preferred Stock of the par value of $1.00 each."

4. The amendments of the certificate of incorporation herein certified have been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

Signed and attested to on April 24, 1974.

William R. Kuntz, President

Attest: 1929

John R. Cook, Secretary

CMI09-00782

009609

STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

BE IT REMEMBERED that, on April 24, 1974, before me, a Notary Public duly authorized by law to take acknowledgment of deeds, personally came William R. Kuntz, President of Molybdenum Corporation of America, who duly signed the foregoing instrument before me and acknowledged that such signing is his act and deed, that such instrument as executed is the act and deed of said corporation, and that the facts stated therein are true.

GIVEN under my hand on April 24, 1974.

Edward M. Heffernan
Notary Public

EDWARD M. HEFFERNAN
NOTARY PUBLIC, State of New York
No. [illegible] Queens Co.
[illegible] York County
Commission Expires March 30, 1975

[Notarial Seal]

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State of DELAWARE

Office of SECRETARY OF STATE

I, Glenn C. Kenton, Secretary of State of the State of Delaware, do hereby certify that the attached is a true and correct copy of Certificate of Amendment filed in this office on April 29, 1974.

Glenn C. Kenton, Secretary of State

BY: D. Hammond

DATE: February 24, 1982

Form 130

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ATTACHMENT 7.8

CMI09-00785

009612

AGREEMENT OF MERGER

THIS AGREEMENT OF MERGER, dated as of the 18th day of May, 1977, between MOLYCORP, INC., a Delaware corporation (hereinafter sometimes called "MOLYCORP" and sometimes called the "surviving corporation"), party of the first part, and UNION OIL SUBSIDIARY, INC., a Delaware corporation (hereinafter sometimes called "SUBSIDIARY"), party of the second part (said corporations being hereinafter sometimes together called the "constituent corporations").

WITNESSETH:

WHEREAS, MOLYCORP is a corporation organized and existing under the laws of the State of Delaware, having been incorporated on June 1, 1920, under the provisions of the General Corporation Law of the State of Delaware; and

WHEREAS, SUBSIDIARY is a corporation organized and existing under the laws of the State of Delaware, having been incorporated on May 6, 1977, under the provisions of the General Corporation Law of the State of Delaware; and

WHEREAS, MOLYCORP has an authorized capital stock of (i) 5,000,000 shares of Common Stock, $1 par value per share, of which at April 30, 1977, 3,703,142 shares were outstanding, and 68,778 shares were reserved for issuance upon exercise of Qualified Stock Options, 229,250 shares were reserved for issuance upon conversion of $2.50 Cumulative Convertible Preferred Stock and 125,000 shares were reserved for conversion of the 6½% Convertible Subordinated Note and (ii) 500,000 shares of Preferred Stock of which 201,045 shares have been designated as $2.50 Cumulative Convertible Preferred Stock, of which at April 30, 1977, 197,629 shares were outstanding; and

WHEREAS, prior to the effective date of the merger described herein all of the $2.50 Cumulative Convertible Preferred Stock of MOLYCORP not converted into Common Stock will have been redeemed; and

WHEREAS, SUBSIDIARY has an authorized capital stock of 1,000 shares of Common Stock; and

WHEREAS, UNION OIL COMPANY OF CALIFORNIA, a California corporation ("UNION") owns all of the outstanding shares of common stock of SUBSIDIARY; and

WHEREAS, the directors, or a majority of them, of each of the constituent corporations, respectively, deem it advisable for the welfare and best interests of said corporations and for the best interests of the respective shareholders of said corporations that SUBSIDIARY be merged with and into MOLYCORP on the terms and conditions hereinafter set forth in accordance with the provisions of the General Corporation Law of the State of Delaware, which permit such merger;

NOW, THEREFORE, the parties hereto, subject to the approval of the respective shareholders of each of the constituent corporations as required by law, in consideration of the premises and of the mutual covenants and agreements contained herein and of the benefits to accrue to the parties hereto, have agreed and do hereby agree that SUBSIDIARY and MOLYCORP, the constituent corporations, be merged into a single corporation which shall be MOLYCORP, one of the constituent corporations, pursuant to the laws of the State of Delaware, and do hereby agree, prescribe and set forth the terms and conditions of the merger, the mode of carrying the same into effect and the manner and basis of converting the shares of each of the constituent corporations into shares of the surviving corporation and shares of UNION as follows:

ARTICLE 1

MERGER AND NAME OF SURVIVING CORPORATION

SUBSIDIARY shall be merged into MOLYCORP in accordance with the applicable provisions of the General Corporation Law of the State of Delaware and, upon the merger becoming effective, the separate

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existence of SUBSIDIARY shall cease, except to the extent provided by law in the case of a corporation after its merger into another corporation; and MOLYCORP shall continue under the laws of the State of Delaware under the name "Molycorp, Inc." as the surviving corporation.

ARTICLE 2

ARTICLES OF INCORPORATION AND BY-LAWS OF SURVIVING CORPORATION

The Articles of Incorporation and the By-Laws of MOLYCORP, as presently constituted, shall be and continue to be the Articles of Incorporation and By-Laws of the surviving corporation until the same shall be amended and changed as provided by law.

ARTICLE 3

BOARD OF DIRECTORS OF SURVIVING CORPORATION

As of the effective date of the merger the names of the members of the Board of Directors of the surviving corporation shall be as follows:

Philip Blamey	H. C. Huffman
Claude S. Brinegar	Dan M. Kentro
Edward H. Eakland, Jr.	William R. Kuntz
Lewis B. Harder	Robert W. Kuntz
Fred L. Hartley	

If on the effective date of the merger a vacancy shall exist on the Board of Directors of the surviving corporation by reason of the failure or inability of any of the above-named persons to serve as a director, such vacancy may be filled in the manner provided by law and the By-Laws of the surviving corporation.

ARTICLE 4

MANNER OF CONVERTING SHARES OF STOCK OF CONSTITUENT CORPORATIONS INTO SHARES OF STOCK OF SURVIVING CORPORATION AND SHARES OF STOCK OF UNION OIL COMPANY OF CALIFORNIA

The manner and basis of converting the shares of each of the constituent corporations into shares of the surviving corporation and shares of UNION shall be as follows:

1. Each of the outstanding shares of Common Stock of SUBSIDIARY at the time of merger shall be converted into one share of Common Stock of the surviving corporation.

2. The outstanding shares of Common Stock of MOLYCORP at the time of merger, other than those into which the outstanding shares of SUBSIDIARY are converted pursuant to Section 1 of this Article 4, shall be converted into shares of Common Stock of UNION on the following basis and thereupon such shares of MOLYCORP shall cease to exist and shall be cancelled:

(a) Each of the outstanding shares of Common Stock of MOLYCORP, other than those into which the outstanding shares of SUBSIDIARY are converted pursuant to Section 1 of this Article 4, shall be converted into 1.035 shares of Common Stock of UNION.

(b) As promptly as practicable after the effective date of the merger, each holder of an outstanding certificate or certificates theretofore representing shares of Common Stock of MOLYCORP may surrender the same to Security Pacific National Bank, as Exchange Agent, and such holder shall be entitled upon such surrender to receive in exchange therefor a certificate or certificates representing the number of shares of Common Stock of UNION into which the shares of Common Stock of MOLYCORP theretofore represented by the certificate or certificates so

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surrendered shall have been converted as aforesaid. Until so surrendered, each outstanding certificate which, prior to the effective date of the merger, represented Common Stock of MOLYCORP, shall be deemed for all corporate purposes to evidence ownership of the number of shares of UNION into which the shares of Common Stock of MOLYCORP (which, prior to such effective date, were represented thereby) shall have been so converted. No dividends or distributions will be paid to persons entitled to receive certificates for shares of Union Common Stock pursuant to paragraph (2)(a) of this Article 4 until such persons shall have surrendered their certificates which prior to the effective time of the merger represented MOLYCORP Common Stock; provided, however, that when certificates which prior to the effective time of the Merger represented MOLYCORP Common Stock shall have been so surrendered, there shall be paid to the holders thereof, but without interest thereon, all dividends and other distributions payable subsequent to, and in respect of a record date after, the effective time of the Merger on the UNION Common shares for which such certificates shall have been so exchanged.

(c) Upon the effective date of the merger, it shall be deemed that the stock transfer books of MOLYCORP are closed and no transfer of shares of MOLYCORP (other than those into which stock of SUBSIDIARY are converted) shall thereafter be made or consummated.

(d) Certificates for fractions of shares of Common Stock of UNION shall not be issued. In lieu of a fraction of a share, each holder of shares of MOLYCORP Common Stock otherwise entitled to a fraction of a share of UNION Common Stock shall receive from UNION an amount of cash equal to the per share market value of UNION Common Stock (based on the average of the closing prices of UNION Common Stock on the New York Stock Exchange on each of the ten trading days immediately preceding the effective date of the merger) multiplied by the fraction of a share of UNION Common Stock to which such shareholder would be otherwise entitled. No such holder shall be entitled to dividends or other rights in respect of any such fraction.

(e) If any certificate for shares of UNION Common Stock is to be issued in a name other than that in which the certificate surrendered in exchange therefor is registered, it shall be a condition of the issuance thereof that the certificate so surrendered shall be properly endorsed and otherwise in proper form for transfer and that the person requesting such exchange pay to the Exchange Agent any transfer or other taxes required by reason of the issuance of a certificate for shares of UNION Common Stock in any name other than that of the registered holder of the certificate surrendered or establish to the satisfaction of the Exchange Agent that such tax has been paid or is not payable.

3. The terms and provisions of the MOLYCORP 1973 Employees Qualified Stock Option Plan shall, except as set forth below, continue in full force and effect and govern all stock options granted thereunder. Subsequent to the effective date of the merger, all references in the MOLYCORP 1973 Employees Qualified Stock Option Plan to MOLYCORP shall be deemed to be references to UNION and all actions to be taken thereunder by the Board of Directors of MOLYCORP or a committee thereof, including adjustment in the option prices and number of shares upon changes in the capital stock to which the option relates, shall be taken by the Board of Directors of UNION or a committee thereof, as the case may be. Each option granted under the MOLYCORP 1973 Employees Qualified Stock Option Plan which shall be outstanding at the effective date of the merger shall be assumed by Union and shall become an option to purchase the number of whole shares of UNION Common Stock equal to the number of shares of MOLYCORP Common Stock subject to such option multiplied by 1.035. The option price per share shall be the price stated in the applicable option agreement multiplied by 0.9662.

4. The terms and provisions of the 6½% Convertible Subordinated Note issued by MOLYCORP shall continue in full force and effect. Subsequent to the effective date of the merger, said Note shall be convertible into 129,375 shares of UNION Common Stock, subject to adjustment as provided in such Note.

The exchange ratio of shares of UNION Common Stock for each share of MOLYCORP Common Stock outstanding immediately prior to the effective time of the merger or into or for which other outstanding

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securities of MOLYCORP are convertible or exercisable as set forth in this Article 4, shall be subject to adjustment as follows: in the event that, subsequent to the date of this Agreement but prior to the effective date of the Merger, the outstanding shares of UNION Common Stock shall have been changed into or exchanged for a different number or kind of shares or securities through reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split, or other like changes in UNION capitalization, then an appropriate and proportionate adjustment shall be made in the number and kind of shares or securities to be thereafter delivered pursuant to the Merger, it being understood that in no event shall other than UNION Common Stock as then constituted be issued pursuant to the Merger.

ARTICLE 5

SUBMISSION TO SHAREHOLDERS AND EFFECTIVENESS

This Agreement of Merger shall be submitted for consideration and vote by the shareholders of each of the constituent corporations as required by the laws of the State of Delaware, and, if adopted by the requisite votes of the shareholders of each of the constituent corporations, then this Agreement of Merger executed by the President or a Vice President and the Secretary or an Assistant Secretary of each of the constituent corporations and certified by one of such officers of each of the constituent corporations shall be delivered to the Secretary of State, State of Delaware, for filing, all in accordance with the applicable provisions of the General Corporation Law of the State of Delaware, and the officers of each of the constituent corporations shall execute all such other documents and shall take all such other action as may be necessary to make this Agreement of Merger effective. The effective date of the merger provided for by this Agreement of Merger shall be the date on which the aforesaid filing in the office of the Secretary of State, State of Delaware, is completed.

ARTICLE 6

TRANSFER OF ASSETS AND LIABILITIES

When the merger has been effected:

1. The separate existence of SUBSIDIARY shall cease, and the corporate existence and identity of MOLYCORP shall continue as the surviving corporation.

2. The surviving corporation shall have the rights, privileges, immunities, and powers and shall be subject to all the duties and liabilities of a corporation organized under the General Corporation Law of the State of Delaware.

3. The surviving corporation shall thereupon and thereafter possess all the rights, privileges, immunities, and franchises, as well of a public as of a private nature, of each of the constituent corporations; and all property, real, personal, and mixed, and all debts due on whatever account, including subscriptions to shares, and all other choses in action, and all and every other interest, of or belonging to or due to each of the constituent corporations, shall be taken and deemed to be transferred to and vested in the surviving corporation without further act or deed.

4. The surviving corporation shall thenceforth be responsible and liable for all liabilities and obligations of each of the constituent corporations; and any claim existing or action or proceeding pending by or against either of the constituent corporations may be prosecuted as if such merger had not taken place or the surviving corporation may be substituted in its place. Neither the rights of creditors nor liens upon the property of either of the constituent corporations shall be impaired by the merger.

ARTICLE 7

TERMINATION OF AGREEMENT AND ABANDONMENT OF MERGER

This Agreement of Merger and the Merger contemplated hereby may be terminated and abandoned at any time before this Agreement of Merger has been filed with the Secretary of State of Delaware, whether before or after approval of this Agreement of Merger by the respective stockholders of SUBSIDIARY and MOLYCORP, as follows:

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(a) By mutual consent of the Boards of Directors of SUBSIDIARY and MOLYCORP.

(b) By the Board of Directors of UNION if, by August 30, 1977, the conditions set forth in Section 5.01 of Article V of the Agreement and Plan of Reorganization dated as of May 18, 1977 by and among UNION, SUBSIDIARY and MOLYCORP (the "Agreement and Plan") shall not have been met.

(c) By the Board of Directors of MOLYCORP if, by August 30, 1977, the conditions set forth in Section 5.02 of Article V of the Agreement and Plan shall not have been met.

(d) By the Board of Directors of either of SUBSIDIARY or MOLYCORP if the Merger shall not have become effective by August 30, 1977, which date may be extended by mutual agreement of the Boards of Directors of SUBSIDIARY or MOLYCORP.

In addition, this Agreement of Merger and the Merger contemplated hereby may be terminated and abandoned at any time prior to the approval of the Merger by the stockholders of MOLYCORP as required by the Delaware General Corporation Law, by action of the Board of Directors of either MOLYCORP or SUBSIDIARY at the sole discretion of either of them.

IN WITNESS WHEREOF the parties hereto have caused this Agreement of Merger to be signed in their respective corporate names by their respective Presidents and their respective corporate seals to be affixed hereto and attested by their respective Secretaries, as of the day and year first above written.

MOLYCORP, INC.

(CORPORATE SEAL)

By ..... President

Attest:

..... Secretary

UNION OIL SUBSIDIARY, INC.

(CORPORATE SEAL)

By ..... Vice President

Attest:

..... Secretary

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IN WITNESS WHEREOF, Union Oil Subsidiary, Inc. and Molycorp, Inc. have caused this Agreement to be signed in their respective names by their respective Presidents or Vice Presidents and their respective Secretaries or Assistant Secretaries and their respective corporate seals to be hereunto affixed and attested by their respective Secretaries or Assistant Secretaries on the 27th day of JUNE, 1977.

UNION OIL SUBSIDIARY, INC. (Seal)

By _____
Vice President

By _____
Asst. Secretary

Attest:

_____
Asst. Secretary

MOLYCORP, INC. (Seal)

By _____
VICE President

By _____
Asst Secretary

Attest:

_____
Asst. Secretary

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CERTIFICATE OF THE Asst. SECRETARY

OF

UNION OIL SUBSIDIARY, INC.

I, Anthony G. Vela, Asst. the Secretary of Union Oil Subsidiary, Inc., hereby certify that the Agreement of Merger to which this certificate is attached, after having been first duly signed on behalf of the corporation by the Vice President and the Secretary under the corporate seal of the said corporation, was duly approved by the written consent of the sole stockholder of Union Oil Subsidiary, Inc. dated July 29, E, 1977.

WITNESS my hand and seal of said Union Oil Subsidiary, Inc. this 29th day of July, 1977.

.....(Seal)
Asst. Secretary

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Asst

CERTIFICATE OF THE SECRETARY

OF

MOLYCORP, INC.

Asst

I, John E. Dowling, the Secretary of Molycorp, Inc., hereby certify that the Agreement of Merger to which this certificate is attached, after having been first duly signed on behalf of the corporation by the President and Secretary of said corporation under the corporate seal of the said corporation, was duly submitted to the stockholders of Molycorp, Inc. at a special meeting thereof called for the purpose of considering and acting upon the proposed Plan and Agreement of Merger and held after due notice on the 29th day of July, 1977, and that at least a majority of the total number of the outstanding shares of the stock of said corporation entitled to vote thereon voted for the adoption of the said Agreement of Merger.

WITNESS my hand and seal of said Molycorp, Inc. this 21st day of July, 1977.

John E. Dowling (Seal)
Asst. Secretary

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STATE OF Delaware }
COUNTY OF Kent } SS:

BE IT REMEMBERED that on this 24th day of July, 1977, personally came before me, William D. Wright a Notary Public in and for the County and State aforesaid, Tom Allen a Vice President of UNION OIL SUBSIDIARY, INC., a corporation of the State of Delaware and one of the corporations described in the foregoing instrument, known to me personally to be such, and that he, the said Tom Allen, as such Vice President, duly executed said instrument before me and acknowledged the said instrument to be his act and deed and the act, deed and agreement of said corporation, and that the facts stated therein are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office the day and year first aforesaid.

William D. Wright (SEAL)
Notary Public

STATE OF Delaware }
COUNTY OF Kent } SS:

BE IT REMEMBERED that on this 24th day of July, 1977, personally came before me, William D. Wright Notary Public in and for the County and State aforesaid, A.E. Melis, Secretary of UNION OIL SUBSIDIARY, INC., a corporation of the State of Delaware and one of the corporations described in the foregoing instrument, known to me personally to be such, and that he, the said A.E. Melis, as such Secretary, duly executed and attested to the execution of said instrument before me and acknowledged the said instrument to be his act and deed and the act, deed and agreement of said corporation and that the facts stated therein are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office the day and year first aforesaid.

William D. Wright (SEAL)
Notary Public

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STATE OF Delaware }
COUNTY OF Kent } SS.:

BE IT REMEMBERED that on this 27th day of July 1977, personally came before me, William B. Wright a Notary Public in and for the County and State aforesaid, Thomas A. Wiese President of MOLYCORP, INC., a corporation of the State of Delaware and one of the corporations described in the foregoing instrument, known to me personally to be such, and that he, the said Thomas A. Wiese as such President, duly executed said instrument before me and acknowledged the said instrument to be his act and deed and the act, deed and agreement of said corporation, and that the facts stated therein are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office the day and year first aforesaid.

William B. Wright (SEAL)
Notary Public

STATE OF Delaware }
COUNTY OF Kent } SS:

BE IT REMEMBERED that on this 27th day of July, 1977, personally came before me, William B. Wright a Notary Public in and for the County and State aforesaid, John E. Dorling Asst. Secretary of MOLYCORP, INC., a corporation of the State of Delaware and one of the corporations described in the foregoing instrument, known to me personally to be such, and that he, the said John E. Dorling as such Asst. Secretary, duly executed and attested to the execution of said instrument before me and acknowledged the said instrument to be his act and deed and the act, deed and agreement of said corporation and that the facts stated therein are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office the day and year first aforesaid.

William B. Wright (SEAL)
Notary Public

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vb

State of DELAWARE

Office of SECRETARY OF STATE

I, Glenn C. Kenton Secretary of State of the State of Delaware, do hereby certify that the above and foregoing is a true and correct copy of

Certificate of Agreement of Merger of the "UNION OIL SUBSIDIARY, INC.", merging with and into the "MOLYCORP, INC.", under the name of "MOLYCORP, INC.", as received and filed in this office the twenty-ninth day of July, A.D. 1977, at 10:57 o'clock A.M.

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In Testimony Whereof, I have hereunto set my hand and official seal at Dover this twenty-ninth day of July in the year of our Lord one thousand nine hundred and seventy-seven.

Glenn C. Kenton
Secretary of State

Assistant Secretary of State

FORM 120

009623

ATTACHMENT 7.9

009624

MINUTES OF MEETING OF BOARD OF DIRECTORS OF
UNION OIL COMPANY OF CALIFORNIA
JULY 25, 1977

Pursuant to notice given by the Secretary to each and all of the Directors of the Company and in accordance with the Bylaws, a Meeting of the Board of Directors was held at the office of the Corporation at 425 First Street, San Francisco, California on Monday, July 25, 1977 at 9:30 A.M. The Meeting included a demonstration of new facilities for handling credit card problems.

DIRECTORS PRESENT:	William F. Ballhaus	Fred L. Hartley
	Claude S. Brinegar	T. C. Henderson
	Ray A. Burke	Donald P. Jacobs
	Robert Di Giorgio	William S. McConnor
	William H. Doheny	Charles F. Parker
	Prentis C. Hale	Donn B. Tatum

DIRECTOR ABSENT: Peter O'Malley

IN ATTENDANCE: George C. Bond - Vice President and General Counsel
R. O. Hedley - Secretary

The Meeting was presided over by the Chairman - Fred L. Hartley, and the Secretary - R. O. Hedley - acted as Secretary.

Upon motion of Director William F. Ballhaus, seconded by Director Donald P. Jacobs, and unanimously carried, the Minutes of Meeting of Board of Directors held June 27, 1977 as recorded on pages 395 and 396 of Minute Book No. 16 of Board of Directors were ratified and approved.

Upon motion of Director Prentis C. Hale, seconded by Director Robert Di Giorgio, and unanimously carried, the Minutes of Meetings of Executive Committee held June 28, 1977 through July 22, 1977 - as submitted to the Board - were ratified and approved.

The Chairman asked Director Charles F. Parker to review the Company's financial statements and comparative earnings for June 1977 and for the six months.

After a review of the status of the Molycorp merger, upon motion of Director Donn B. Tatum and seconded by Director Robert Di Giorgio the following resolution was adopted:

"RESOLVED, That the Bylaws of the Company be and they are amended by amending Section 2 of ARTICLE IV to be and read as follows:

'Section 2. Number. The exact number of directors of the Company, within the limits specified in Article Fifth of the Company's Articles of Incorporation, shall be fourteen until changed in the manner provided by law.'"

Upon motion of Director Robert Di Giorgio and seconded by Director William F. Ballhaus, the following resolution was adopted:

"WHEREAS, The Company has executed an Agreement and Plan of Reorganization by and among the Company, Molycorp, Inc. and Union Oil Subsidiary, Inc. (a wholly-owned subsidiary) and Molycorp, Inc. has executed an Agreement of Merger with Union Oil Subsidiary, Inc., execution of which was authorized and approved by this Board on April 25, 1977, and

"WHEREAS, The Company has agreed that upon consummation of the merger, Mr. Lewis B. Harder will become a Director of the Company.

"RESOLVED, That upon the consummation of the merger, Mr. Lewis B. Harder is as of that time elected a Director of the Company."

Reports for the month of June 1977 were presented and ordered filed including, but not limited to, the following: Corporate Staff; Union 76 Overseas Division; Energy Resources, Union 76 Division; Collier Carbon and Chemical Corporation; and financial statements.

Upon motion duly seconded and carried, the Meeting adjourned.

R O Hedley
Secretary

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ATTACHMENT 7.10

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ENDORSED
FILED
in the office of the Secretary of State
of the State of California

APR 25 1983

MARCH FONG EU, Secretary of State

By JAMES E. HARRIS
Deputy

PLAN OF REORGANIZATION AND AGREEMENT OF MERGER

This PLAN OF REORGANIZATION AND AGREEMENT OF MERGER (hereinafter called the "Merger Agreement") is made as of April 25, 1983 by and between Union Oil Company of California, a California corporation (hereinafter sometimes called "California Company" or "Surviving Company"), Union Merger Corporation, a California corporation (hereinafter sometimes called "Subsidiary"), California Company and Subsidiary together being herein sometimes called the "Constituent Corporations," and Unocal Corporation, a Delaware corporation (hereinafter sometimes called "Holding Company").

California Company was organized on October 17, 1890. Its authorized capital stock consists of 260,000,000 shares of Common Stock, par value $2^{1}/_{12}$ per share. Of California Company's authorized capital stock, there are issued and outstanding fewer than 174,000,000 shares of Common Stock.

Subsidiary was organized on March 21, 1983. Its authorized capital stock consists of 10,000 shares of Common Stock, of which 1,000 shares have been issued and are outstanding and are all owned by Holding Company.

Holding Company was organized on March 18, 1983. Its authorized capital stock consists of 260,000,000 shares of Common Stock, par value $1.00 per share, of which 1,000 shares have been issued and are outstanding and are all owned by California Company.

The Directors of the Constitutent Corporations and of Holding Company deem it advisable and to the advantage of said corporations that Subsidiary merge into California Company upon the terms and conditions herein provided.

NOW, THEREFORE, the parties do hereby adopt and make themselves respectively parties to the plan of reorganization encompassed by this Merger Agreement and do hereby agree that Subsidiary shall merge into California Company in accordance with the following terms, conditions and other provisions:

(1) MERGER. Subsidiary shall be merged with and into California Company, and California Company shall survive the merger and shall be the Surviving Company, effective upon the date when this Merger Agreement is made effective in accordance with applicable law (the "Effective Date").

(2) ARTICLES OF INCORPORATION AND BYLAWS. The Articles of Incorporation of California Company, as amended and in effect on the Effective Date, shall continue to be the Articles of Incorporation of Surviving Company without change or amendment until further amended in accordance with the provisions thereof and applicable law. The Bylaws of California Company, as amended and in effect on the Effective Date, shall continue to be the Bylaws of Surviving Company without change or amendment until further amended in accordance with the provisions thereof and applicable law.

(3) DIRECTORS AND OFFICERS. The directors and officers of California Company shall remain directors and officers, respectively, of the Surviving Company on the Effective Date until expiration of their current terms as such or prior resignation, removal or death.

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(4) SUCCESSION. On the Effective Date, California Company shall succeed to Subsidiary in the manner of and as more fully set forth in Section 1107 of the General Corporation Law of the State of California.

(5) FURTHER ASSURANCES. From time to time, as and when required by Surviving Company or by its successors and assigns, there shall be executed and delivered on behalf of Subsidiary such deeds and other instruments, and there shall be taken or caused to be taken by it such further and other action, as shall be appropriate or necessary in order to vest or perfect in or to confirm of record or otherwise in Surviving Company the title to and possession of all the property, interests, assets, rights, privileges, immunities, powers, franchises and authority of Subsidiary, and otherwise to carry out the purposes of this Merger Agreement, and the officers and directors of Surviving Company are fully authorized in the name and on behalf of Subsidiary or otherwise to take any and all such action and to execute and deliver any and all such deeds and other instruments.

(6) COMMON STOCK OF SUBSIDIARY. Upon the Effective Date, by virtue of the merger and without any action on the part of the holder thereof, each share of the Common Stock of Subsidiary outstanding immediately prior thereto shall be changed and converted into one fully paid and nonassessable share of the Common Stock, par value $2^{1}/_{12}$ per share of Surviving Company.

(7) CAPITAL STOCK OF CALIFORNIA COMPANY. Upon the Effective Date, by virtue of the merger and without any action on the part of any holder thereof, each share of the Common Stock, par value $2^{1}/_{12}$ per share, of California Company outstanding immediately prior thereto shall be changed and converted into one fully paid and nonassessable share of the Common Stock, par value $1.00 per share, of Holding Company. The shares of Common Stock of Holding Company held by California Company shall be cancelled upon the Effective Date.

(8) STOCK CERTIFICATES. On and after the Effective Date, all of the outstanding certificates which prior to that time represented shares of the capital stock of California Company shall be deemed for all purposes to evidence ownership of and to represent the shares of Holding Company into which the shares of California Company represented by such certificates have been converted as herein provided. The registered owner on the books and records of Holding Company or its transfer agents of any such outstanding stock certificate shall, until such certificate shall have been surrendered for transfer or conversion or otherwise accounted for to Holding Company or its transfer agents, have and be entitled to exercise any voting and other rights with respect to and to receive any dividend and other distributions upon the share of Holding Company evidenced by such outstanding certificate as above provided.

(9) OPTIONS AND RIGHTS. Upon the Effective Date, the outstanding and unexercised portions of all options and rights to buy or otherwise acquire Common Stock of California Company (including options or rights granted under California Company's Revised Incentive Compensation Plan of 1968, Performance Share Plan of 1975, Stock Option Plan of 1975, Non-Qualified Stock Option Plan of 1970, Employee Profit Sharing Plan and Employee Stock Ownership Plan) shall become options or rights for the same number of shares of Common Stock of Holding Company and shall not relate to any shares of Surviving Company, with no other changes in the terms or conditions of such options or rights, including exercise prices, and effective upon the Effective Date Holding Company hereby assumes the outstanding and unexercised portions of such options, rights and the obligations of California Company with respect thereto.

(10) 4¼% CONVERTIBLE SUBORDINATED DEBENTURES DUE 1991. Upon the Effective Date, the conversion privilege under the 4¼% Convertible Subordinated Debentures due June 1, 1991 issued by California Company shall relate to one share of Common Stock of Holding Company for each share of California Company's Common Stock to which such conversion privilege related immediately before the Effective Date, such conversion privilege to be thereupon exercisable upon and otherwise subject to the same terms and conditions, including, without limitation, conversion price, which applied with respect to the conversion privilege as of the Effective Date. Holding Company will cause to be executed and delivered to the Trustee under the Trust Agreement dated as of June 1, 1961 between California Company and Security Pacific National Bank, as Trustee, such documents as may be requested by California Company or by such Trustee, including, without limitation, a Supplemental Indenture under Section 11.01 of said Trust Agreement.

(11) ABANDONMENT. At any time before the Effective Date, this Merger Agreement may be terminated and the Merger may be abandoned by the Board of Directors of either California Company or Holding Company or both, notwithstanding approval of this Merger Agreement by the shareholders of California Company.

(12) COUNTERPARTS. In order to facilitate the filing and recording of this Merger Agreement, the same may be executed in any number of counterparts, each of which shall be deemed to be an original.

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IN WITNESS WHEREOF, this Merger Agreement, having first been duly approved by the Boards of Directors of California Company, Subsidiary and Holding Company, is hereby executed on behalf of each of said corporations by their respective officers hereunto duly authorized.

UNION OIL COMPANY OF CALIFORNIA
A California corporation

By: _____
Fred L. Hartley
Chairman of the Board and
President

By: _____
R. O. Hedley, Secretary

UNION MERGER, CORPORATION
A California corporation

By: _____
Fred L. Hartley, President

By: _____
R. O. Hedley, Secretary

UNOCAL CORPORATION
A Delaware corporation

By: _____
Fred L. Hartley
Chairman of the Board
and President

By: _____
R. O. Hedley, Secretary

CMI09-00803

0170532

009630

OFFICERS' CERTIFICATE OF UNION OIL COMPANY OF CALIFORNIA

FRED L. HARTLEY and R. O. HEDLEY do hereby certify that they are, respectively, the Chairman of the Board, and the Secretary of UNION OIL COMPANY OF CALIFORNIA, a California corporation; that the total number of outstanding shares of said corporation entitled to vote on the merger described in the Plan of Reorganization and Agreement of Merger to which this certificate is attached was 173,644,140 shares of Common Stock; and that the principal terms of the Plan of Reorganization and Agreement of Merger in the form attached were approved by that corporation by a vote of a number of shares which equalled or exceeded the vote required, to wit, a majority (i.e., more than 50%) of the outstanding shares of said Common Stock.

IN WITNESS WHEREOF, the undersigned declare the statements contained in this certificate to be true of their own knowledge under penalty of perjury and have executed this certificate in Los Angeles, California on April 25, 1983.

Fred L. Hartley

R. O. Hedley

CMI09-00804

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009631

OFFICERS' CERTIFICATE OF UNION MERGER, CORPORATION

FRED L. HARTLEY and R. O. HEDLEY do hereby certify that they are, respectively, the President and the Secretary of UNION MERGER, CORPORATION, a California corporation; that the total number of outstanding shares of each class of said corporation entitled to vote on the merger described in the Plan of Reorganization and Agreement of Merger to which this certificate is attached was 1,000 shares of Common Stock; and that the principal terms of the Plan of Reorganization and Agreement of Merger in the form attached were approved by that corporation by a vote of a number of shares which equalled or exceeded the vote required, to wit, a majority (i.e., more than 50%) of the outstanding shares of said Common Stock.

IN WITNESS WHEREOF, the undersigned declare the statements contained in this certificate to be true of their own knowledge under penalty of perjury and have executed this certificate in Los Angeles, California on April 25, 1983.

Fred L. Hartley

R. O. Hedley

CMI09-00805

0170534

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OFFICERS' CERTIFICATE OF UNOCAL CORPORATION

FRED L. HARTLEY and R. O. HEDLEY do hereby certify that they are, respectively, the Chairman of the Board, and the Secretary of UNOCAL CORPORATION, a Delaware corporation; and that no vote of the shareholders of said corporation was required with respect to the merger described in the Plan of Reorganization and Agreement of Merger to which this certificate is attached.

IN WITNESS WHEREOF, the undersigned declare the statements contained in this certificate to be true of their own knowledge under penalty of perjury and have executed this certificate in Los Angeles, California on April 25, 1983.

Fred L. Hartley

Fred L. Hartley

R. O. Hedley

R. O. Hedley

CMI09-00806

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State of California

OFFICE OF THE SECRETARY OF STATE

I, *MARCH FONG EU*, Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the record on file in this office, of which it purports to be a copy, and that same is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this

APR 25 1983

March Fong Eu

Secretary of State

CMI09-00807

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SEC/STATE FORM CE-107

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ATTACHMENT 7.11

CMI09-00808

AGREEMENT AND PLAN OF MERGER

dated as of

APRIL 4,2005

among

UNOCAL CORPORATION,

CHEVRONTEXACO CORPORATION

and

BLUE MERGER SUB INC.

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AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this "Agreement") dated as of April 4, 2005 by and among UNOCAL CORPORATION, a Delaware corporation (the "Company"), CHEVRONTEXACO CORPORATION, a Delaware corporation ("Parent"), and BLUE MERGER SUB INC., a newly formed Delaware corporation and a direct wholly-owned subsidiary of Parent ("Merger Subsidiary").

W I T N E S S E T H:

WHEREAS, the respective Boards of Directors of Parent, Merger Subsidiary and the Company have each approved this Agreement and the transactions contemplated hereby, including the merger of the Company with and into Merger Subsidiary (the "Merger"), upon the terms and subject to the conditions set forth herein;

WHEREAS, the Board of Directors of the Company deems it advisable and in the best interest of the Company and its stockholders that the Company enter into the Merger to advance the strategic business' interests of the Company by putting under common ownership, and permitting the coordination of activities conducted by, Company subsidiaries and subsidiaries of Parent, and otherwise participating in growth opportunities of Parent, its subsidiaries and affiliates; and

WHEREAS, for United States federal income tax purposes, it is intended that the Merger will qualify as a reorganization within the meaning of Section 368 of the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder (the "Code");

NOW, THEREFORE, in consideration of the promises and the respective representations, warranties, covenants, and agreements set forth herein, the parties hereto agree as follows:

ARTICLE I

THE MERGER

Section 1.1 The Merger.

(a) Upon the terms and subject to the conditions set forth in this Agreement, at the Effective Time (as defined below), the Company shall be merged (the "Merger") with and into Merger Subsidiary in accordance with the requirements of the General Corporation Law of the State of Delaware (the "DGCL"), whereupon the separate existence of the Company shall cease, and Merger Subsidiary shall be the surviving corporation in the Merger (the "Surviving Corporation").

(b) On the Closing Date, immediately after the Closing, the Company will file a certificate of merger with the Secretary of State of the State of Delaware and make all other filings or recordings required by the DGCL in connection with the Merger. The Merger shall become effective at such time as the certificate of merger is duly filed with the Secretary of State

of the State of Delaware or at such later time as Parent and the Company may agree and is specified in the certificate of merger (the "Effective Time").

(c) From and after the Effective Time, the Surviving Corporation shall possess all the rights, privileges, powers and franchises and be subject to all of the restrictions, disabilities and duties of the Company and Merger Subsidiary, all as provided under the DGCL.

(d) The closing of the Merger (the "Closing") shall take place (i) at the offices of Pillsbury Winthrop Shaw Pittman LLP, 50 Fremont Street, San Francisco, California, as soon as practicable on the day on which the last to be fulfilled or waived of the conditions set forth in Article **8** (other than those conditions that by their nature are to be fulfilled at the Closing, but subject to the fulfillment or waiver of such conditions) shall be fulfilled or waived in accordance with this Agreement, or (ii) at such other place and time as the Company and Parent may agree in writing (the ''Closing Date").

Section 1.2 Certificate of Incorporation and Bv-Laws of the Surviving Corporation.

(a) At the Effective Time, the certificate of incorporation of the Surviving Corporation, shall be the certificate of incorporation of Merger Subsidiary as set forth in Exhibit **A,** except for Article FIRST thereof which shall be amended to read as follows: "The name of this corporation is Unocal Corporation."

(b) The by-laws of Merger Subsidiary, as in effect immediately prior to the Effective Time, shall be the by-laws of the Surviving Corporation until thereafter amended or changed as provided therein or by the DGCL.

Section 1.3 Directors and Officers of the Surviving Corporation. The directors of Merger Subsidiary immediately prior to the Effective Time shall be the initial directors of the Surviving Corporation, each to hold office in accordance with the certificate of incorporation and by-laws of the Surviving Corporation, and the officers of Merger Subsidiary immediately prior to the Effective Time shall be the initial officers of the Surviving Corporation, in each case until their respective successors are duly elected or appointed and qualified or until their earlier death, resignation or removal.

Section 1.4 Effect on Capital Stock.

(a) At the Effective Time, subject to the other provisions of Articles 1 and 2, each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (other than shares of Company Common Stock owned by Parent, Merger Subsidiary or the Company or any of their respective wholly-owned subsidiaries and except for any Dissenting Shares), together with the Company Rights attached thereto or associated therewith, shall, by virtue of this Agreement and without any action on the part of the holder thereof, be converted into and shall thereafter represent the right to receive the following consideration (collectively, the "Merger Consideration"):

(i) Each share of Company Common Stock with respect to which an election to receive a combination of stock and cash (a "Mixed Election") has been effectively made and not revoked or lost pursuant to Section 2.1 (each, a "Mixed Consideration

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Election Share") and each No Election Share (as that term is defined in Section 1.5(b) hereof) shall be converted into the right to receive the combination (which combination shall hereinafter be referred to as the "Per Share Mixed Consideration") of (x) $16.25 in cash (the "Per Share Cash Amount") and (y) 0.7725 of a share of validly issued, fully paid and non-assessable shares of Parent Common Stock (the "Mixed Election Stock Exchange Ratio"), subject to adjustment in accordance with Section 1.4(c);

(ii) Each share of Company Common Stock with respect to which an election to receive cash (a "Cash Election") has been effectively made and not revoked or lost pursuant to Section 2.1 (each, a "Cash Election Share") shall be converted (provided that the Available Cash Election Amount (as defined below) equals or exceeds the Cash Election Amount (as defined below)) into the right to receive $65.00 in cash without interest (the "Per Share Cash Election Consideration"); if, however, (A) the product of the number of Cash Election Shares and the Per Share Cash Election Consideration (such product being the "Cash Election Amount") exceeds (B) the difference between (x) the product of the Per Share Cash Amount and the total number of shares of Company Common Stock (other than the Cancelled Shares) issued and outstanding immediately prior to the Effective Time minus (y) the product of the number of Mixed Consideration Election Shares (provided that No Election Shares shall be deemed to be Mixed Consideration Election Shares for purposes of this Section 1.4(a)(ii)) and the Per Share Cash Amount (such difference being the "Available Cash Election Amount"), then each Cash Election Share shall be converted into a right to receive (1) an amount of cash (without interest) equal to the product of (p) the Per Share Cash Election Consideration and (q) a fraction, the numerator of which shall be the Available Cash Election Amount and the denominator of which shall be the Cash Election Amount (such fraction being the "Cash Fraction") and (2) a number of validly issued, fully paid and non-assessable shares of Parent Common Stock equal to the product of (r) the Exchange Ratio and (s) one (1) minus the Cash Fraction;

(iii) Each share of Company Common Stock with respect to which an election to receive stock consideration (a "Stock Election") is properly made and not revoked or lost pursuant to Section 2.1 (each, a "Stock Election Share") shall be converted (provided that the Cash Election Amount equals or exceeds the Available Cash Election Amount), into the right to receive 1.03 shares (the "Exchange Ratio") of validly issued, fully paid and non-assessable shares of 'ParentCommon Stock, subject to adjustment in accordance with Section 1.4(c) (together with any cash in lieu of fractional shares of Parent Common Stock to be paid pursuant to Section 2.2, the "Stock Consideration"); provided however, if the Available Cash Election Amount exceeds the Cash Election Amount, then each Stock Election Share shall be converted into the right to receive (1) an amount of cash (without interest) equal to the amount of such excess divided by the number of Stock Election Shares and (2) a number of validly issued, fully paid and non-assessable shares of Parent Common stock equal to the product of (x) the Exchange Ratio and (y) a fraction, the numerator of which shall be the Per Share Cash Election Consideration minus the amount calculated in clause (1) of this paragraph and the denominator of which shall be the Per Share Cash Election Consideration.

(b) From and after the Effective Time, all of the shares of Company Common Stock, and associated Company Rights, converted into the Merger Consideration pursuant to this Article 1 shall no longer be outstanding and shall automatically be cancelled and retired and shall cease to exist, and each holder of a certificate (each a "Certificate") previously representing any such shares of Company Common Stock shall thereafter cease to have any rights with respect to such securities, except the right to receive (i) the Merger Consideration, (ii) any dividends and other distributions in accordance with Section 2.1(f), and (iii) any cash to be paid in lieu of any fractional share of Parent Common Stock in accordance with Section 2.2.

(c) If at any time during the period between the date of this Agreement and the Effective Time, any change in the outstanding shares of capital stock of Parent or the Company shall occur by reason of any reclassification, recapitalization, stock split or combination, exchange or readjustment of shares, or any stock dividend thereon with a record date during such period, the Merger Consideration, the Per Share Cash Amount, the Mixed Election Stock Exchange Ratio, the Exchange Ratio and any other similarly dependent items, as the case may be, shall be appropriately adjusted to provide the holders of shares of Company Common Stock the same economic effect as contemplated by this Agreement prior to such event.

(d) At the Effective Time, (1) all shares of Company Common Stock that are owned by Parent, Merger Subsidiary or the Company (the "Cancelled Shares") shall be cancelled and retired and shall cease to exist and no stock of Parent, cash or other consideration shall be delivered in exchange therefor and (2) each share of Company Common Stock held by any direct or indirect wholly-owned Subsidiary of Parent (other than Merger Subsidiary) or the Company, in each case, immediately prior to the Effective Time, shall be converted into the right to receive the Per Share Stock Consideration. The Per Share Stock Consideration paid pursuant to this Section 1.4(d) shall not be subject to, and will not be deemed to be Stock Election Shares or otherwise taken into account in calculating, adjustments under the proviso to Section 1.4(a)(iii). For the avoidance of doubt, this Section 1.4(d) shall not apply to shares of Company Common Stock held in trust or otherwise set aside from shares held in the Company's treasury pursuant to a Company Benefit Plan (as such term is defined in Section 3.16) other than a Company Stock Option Plan or a Company Award Plan.

(e) Each issued and outstanding share of common stock, par value $0.01 per share of Merger Subsidiary issued and outstanding immediately prior to the Effective Time shall remain outstanding as one fully paid and nonassessable share of common stock, par value $0.01 per share, of the Surviving Corporation.

Section 1.5 Election Procedures.

(a) An election form and other appropriate and customary transmittal materials (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates theretofore representing shares of Company Common Stock shall pass, only upon proper delivery of such Certificates to the Exchange Agent) in such form as Parent shall specify and as shall be reasonably acceptable to the Company (the "Election Form") shall be mailed together with the Proxy Statement or at such other time as the Company and Parent may agree (the "Mailing Date") to each holder of record of Company Common Stock as of the close of business

on the record date for notice of the Company Stockholder Meeting (the "Election Form Record Date").

(b) Each Election Form shall permit the holder (or the beneficial owner through appropriate and customary documentation and instructions), other than any holder of Dissenting Shares, to specify (i) the number of shares of such holder's Company Common Stock with respect to which such holder elects to receive the Per Share Mixed Consideration, (ii) the number of shares of such holder's Company Common Stock with respect to which such holder elects to receive the Per Share Stock Consideration, (iii) the number of shares of such holder's Company Common Stock with respect to which such holder elects to receive the Per Share Cash Consideration, or (iv) that such holder makes no election with respect to such holder's Company Common Stock ("No Election Shares"). Any Company Common Stock with respect to which the Exchange Agent has not received an effective, properly completed Election Form on or before 5:00 p.m., New York time, on the twentieth (20th) day following the Mailing Date (or such other time and date as the Company and Parent shall agree) (the "Election Deadline") (other than any shares of Company Common Stock that constitute Dissenting Shares as of such time) shall also be deemed to be No Election Shares.

(c) Parent shall make available one or more Election Forms as may reasonably be requested from time to time by all Persons who become holders (or beneficial owners) of Company Common Stock between the Election Form Record Date and the close of business on the Business Day prior to the Election Deadline, and the Company shall provide to the Exchange Agent all information reasonably necessary for it to perform as specified herein.

(d) Any such election shall have been properly made only if the Exchange Agent shall have actually received a properly completed Election Form by the Election Deadline. An Election Form shall be deemed properly completed only if accompanied by one or more Certificates (or customary affidavits and, if required by Parent or the Surviving Corporation, the posting by such Person of a bond, in such reasonable amount as the Surviving Corporation may direct, as indemnity against any claim that may be made against it with respect to such Certificate) representing all shares of Company Common Stock covered by such Election Form, together with duly executed transmittal materials included in the Election Form. Any Election Form may be revoked or changed by the Person submitting such Election Form, by written notice received by the Exchange Agent prior to the Election Deadline. In the event an Election Form is revoked prior to the Election Deadline, the shares of Company Common Stock represented by such Election Form shall become No Election Shares and Parent shall cause the Certificates representing such shares of Company Common Stock to be promptly returned without charge to the Person submitting the Election Form upon written request to that effect from the holder who submitted the Election Form, except to the extent (if any) a subsequent election is properly made with respect to any or all of such shares of Company Common Stock. Subject to the terms of this Agreement and of the Election Form, the Exchange Agent shall have reasonable discretion to determine whether any election, revocation or change has been properly or timely made and to disregard immaterial defects in the Election Forms, and any good faith decisions of the Exchange Agent regarding such matters shall be binding and conclusive. None of Parent, Company or the Exchange Agent shall be under any obligation to notify any Person of any defect in an Election Form.

Section 1.6 Dissenting Shares. Notwithstanding anything in this Agreement to the contrary, with respect to each share of Company Common Stock as to which the holder thereof shall have properly complied with the provisions of section 262 of the DGCL as to appraisal rights (each, a "Dissenting Share"), if any, such holder shall be entitled to payment, solely from the Surviving Corporation, of the appraisal value of the Dissenting Shares to the extent permitted by and in accordance with the provisions of section 262 of the DGCL; provided, however, that (i) if any holder of Dissenting Shares, under the circumstances permitted by and in accordance with the DGCL, affirmatively withdraws his demand for appraisal of such Dissenting Shares, (ii) if any holder of Dissenting Shares fails to establish his entitlement to appraisal rights as provided in the DGCL or (iii) if any holder of Dissenting Shares takes or fails to take any action the consequence of which is that such holder is not entitled to payment for his shares under the DGCL, such holder or holders (as the case may be) shall forfeit the right to appraisal of such shares of Company Common Stock and such shares of Company Common Stock shall thereupon cease to constitute Dissenting Shares and if such forfeiture shall occur following the Election Deadline, each such share of Company Common Stock shall thereafter be deemed to have been converted into and to have become, as of the Effective Time, the right to receive, without interest thereon, the Per Share Stock Consideration; provided that Parent shall be entitled to convert each such share into the right to receive the Per Share Cash Consideration or a combination of the Per Share Cash Consideration and Per Share Stock Consideration if (x) Parent shall have received an opinion from McDermott Will & Emery LLP and (y) the Company shall have received an opinion from Wachtell, Lipton, Rosen & Katz, in each case, to the effect that the Merger will not fail to satisfy the continuity of interest requirement under Section 368 of the Code as a result thereof. The Company shall give Parent prompt notice of any demands received by the Company for appraisal of shares of Company Common Stock, and Parent shall have the right to participate in all negotiations and proceedings with respect to such demands. The Company shall not settle, make any payments with respect to, or offer to settle, any claim with respect to Dissenting Shares without the written consent of Parent.

Section 1.7 Stock Options and Equity Awards.

(a) The Board of Directors of the Company shall take such action as is necessary so that at the Effective Time, each outstanding option to purchase shares of Company Common Stock (a "Company Stock Option") and each phantom option to receive cash measured by an increase in value of Company Common Stock over a specified base or exercise price (a "Company Phantom Stock Option") granted under the Company's plans or agreements identified in Section 3.16(a) of the Company Disclosure Schedules as being, to the Company's knowledge, the only employee benefit plans or agreements (including nonemployee director plans) as to which shares of Company Common Stock may be issued upon exercise of an option (collectively the "Company Stock Option Plans"), whether or not vested, shall cease to represent a right to acquire shares of Company Common Stock or a Company Phantom Stock Option with respect to Company Common Stock, and shall thereafter constitute an option to acquire or to be a phantom option with respect to, as the case may be, on the same terms and conditions as were applicable under such Company Stock Option or Company Phantom Stock Option, as applicable, pursuant to the relevant Company Stock Option Plan under which it was issued and the agreement evidencing the grant thereof prior to the Effective Time, including any provisions for acceleration (as such terms and conditions have been interpreted and applied by the Company in accordance with its past practice), the number (rounded down to the nearest whole

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number) of shares of Parent Common Stock determined by multiplying (x) the number of shares of Company Common Stock subject to such Company Stock Option or Company Phantom Stock Option immediately prior to the Effective Time by (y) the Stock Award Exchange Ratio. The exercise price or base price per share of Parent Common Stock subject to any such Company Stock Option or Company Phantom Stock Option at and after the Effective Time shall be an amount (rounded up to the nearest one hundredth of a cent) equal to (A) the exercise price or base price per share of Company Common Stock subject to such Company Stock Option or Company Phantom Stock Option prior to the Effective Time divided by (B) the Stock Award Exchange Ratio. In addition, prior to the Effective Time, the Company shall make any amendments to the terms of such Company Stock Option Plans that are necessary to give effect to the transactions contemplated by this Section 1.7. For purposes of this Section 1.7, the "Stock Award Exchange Ratio" shall mean the sum of (i) the Mixed Election Stock Exchange Ratio plus (ii) the fraction resulting from dividing the Per Share Cash Amount by the closing price per share of the Parent Common Stock on the NYSE on the last trading day immediately preceding the Closing Date.

(b) At the Effective Time each right, award or account, contingent or accrued, to receive shares of Company Common Stock or benefits measured in whole or in part by the value of a number of shares of Company Common Stock, and each award of any kind consisting of shares of Company Common Stock, outstanding as of the Effective Time other than a Company Stock Option or a Company Phantom Stock Option (a "Company Award") granted under any employee incentive or benefit plan, program or agreement or nonemployee director plan maintained by the Company or any Subsidiary on or prior to the date hereof that provides for grants of equity-based awards or equity-based accounts and which are identified on Schedule 3.16 (collectively the "Company Award Plans") whether or not vested, shall cease to represent a right, award or account with respect Company Common Stock and shall thereafter constitute a right, award or account, on the same terms and conditions as were applicable under such Company Award pursuant to the relevant Company Award Plan under which it was issued and the agreement, including any provisions for acceleration (as such terms and conditions have been interpreted and applied by the Company in accordance with its past practice), with respect to the number (rounded to the nearest whole number) of shares of Parent Common Stock determined by multiplying (x) the number of shares of Company Common Stock subject to such Company Award immediately prior to the Effective Time by (y) the Stock Award Exchange Ratio, provided that in the case of any performance shares outstanding as of the Effective Time, such performance shares shall be paid at the Effective Time at 100% of target, except that the 2005 performance share awards shall be paid at the Effective Time at between 100% and 150% of target, as determined in good faith by the Company's Management Development and Compensation Committee pursuant to the terms of the plan and the underlying award agreement. The other terms and conditions of each Company Award, and the plans or agreements under which they were issued, shall continue to apply in accordance with their terms and conditions, including any provisions for acceleration (as such terms and conditions have been interpreted and applied by the Company in accordance with its past practice). The Company represents and warrants that to the Company's knowledge there are as of the date hereof no Company Awards or Company Stock Options other than those reflected in Schedule 3.5.

(c) (i) Parent shall take all corporate action necessary to assume as of the Effective Time the Company's obligations under the Company Stock Options and Company Awards and

reserve for issuance a sufficient number of shares of Parent Common Stock for delivery pursuant to the terms set forth in this Section 1.7. (ii) As soon as practicable after the Effective Time and in any event no later than five days after the Effective Time, Parent shall file with the U.S. Securities and Exchange Commission (the "Commission") a registration statement on an appropriate form or a post-effective amendment to a previously filed registration statement under the Securities Act with respect to the Parent Common Stock subject to options and other equity-based awards described in this Section 1.7 and shall use its reasonable best efforts to maintain the current status of the prospectus contained therein, as well as comply with any applicable state securities or "blue sky" laws, for so long as such options or other equity-based awards remain outstanding.

Section 1.8 Shares Held by Company Affiliates. Anything to the contrary herein notwithstanding, no shares of Parent Common Stock (or certificates therefor) shall be issued in exchange for any Certificate to any "affiliate" of the Company (identified pursuant to Section 7.8) until such Person shall have delivered to Parent duly executed letters as contemplated by Section 7.8. Such Persons shall be subject to the restrictions described in such letters, and such shares (or certificates therefor) shall bear a legend describing such restrictions.

ARTICLE II

EXCHANGE OF CERTIFICATES

Section 2.1 Surrender and Payment.

(a) Prior to the Effective Time, Parent shall appoint Mellon Investor Services LLC or such other exchange agent reasonably acceptable to the Company (the "Exchange Agent") for the purpose of exchanging Certificates representing shares of Company Common Stock and non-certificated shares represented by book entry ("Book-Entry Shares") for the Merger Consideration. Parent will make available to the Exchange Agent, as needed, the Merger Consideration to be delivered in respect of the shares of Company Common Stock. Promptly after the Effective Time, Parent will send, or will cause the Exchange Agent to send, to each holder of record of shares of Company Common Stock as of the Effective Time (other than any holder which has previously and properly surrendered all of its Certificates(s) to the Exchange Agent in accordance with Section 1.5 (each, an "Electing Stockholder")), a letter of transmittal for use in such exchange (which shall specify that the delivery shall be effected, and risk of loss and title shall pass, only upon proper delivery of the Certificates to the Exchange Agent) in such form as the Company and Parent may reasonably agree, for use in effecting delivery of shares of Company Common Stock to the Exchange Agent. Exchange of any Book-Entry Shares shall be effected in accordance with Parent's customary procedures with respect to securities represented by book entry.

(b) Each holder of shares of Company Common Stock that have been converted into a right to receive the Merger Consideration, upon (i) with respect to any Electing Stockholder, completion of the calculations required by Section 1.4(a) or (ii) with respect to any holder that is not an Electing Stockholder, surrender to the Exchange Agent of a Certificate, together with a properly completed letter of transmittal, will be entitled to receive (A) one or more shares of Parent Common Stock (which shall be in non-certificated book-entry form unless a physical

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certificate is requested) representing, in the aggregate, the whole number of shares of Parent Common Stock, if any, that such holder has the right to receive pursuant to Section 1.4 and (B) a check in the amount equal to the cash portion of the Merger Consideration, if any, that such holder has the right to receive pursuant to Section 1.4 and this Article 2, including cash payable in lieu of fractional shares pursuant to Section 2.2 and dividends and other distributions pursuant to Section 2.1(f). No interest shall be paid or accrued on any Merger Consideration, cash in lieu of fractional shares or on any unpaid dividends and distributions payable to holders of Certificates. Until so surrendered, each such Certificate shall, after the Effective Time, represent for all purposes only the right to receive such Merger Consideration.

(c) If any portion of the Merger Consideration is to be registered in the name of a Person other than the Person in whose name the applicable surrendered Certificate is registered, it shall be a condition to the registration thereof that the surrendered Certificate shall be properly endorsed or otherwise be in proper form for transfer and that the Person requesting such delivery of the Merger Consideration shall pay to the Exchange Agent any transfer or other similar Taxes required as a result of such registration in the name of a Person other than the registered holder of such Certificate or establish to the satisfaction of the Exchange Agent that such Tax has been paid or is not payable. For purposes of this Agreement, "Person" means an individual, a corporation, a limited liability company, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

(d) After the Effective Time, there shall be no further registration of transfers of shares of Company Common Stock. If, after the Effective Time, Certificates are presented to the Exchange Agent, the Surviving Corporation or the Parent, they shall be canceled and exchanged for the consideration provided for, and in accordance with the procedures set forth, in this Article 2.

(e) Any portion of the Merger Consideration made available to the Exchange Agent pursuant to Section 2.1(a) that remains unclaimed by the holders of shares of Company Common Stock one year after the Effective Time shall be returned to Parent, upon demand, and any such holder who has not exchanged his shares of Company Common Stock for the Merger Consideration in accordance with this Section 2.1 prior to that time shall thereafter look only to Parent for delivery of the Merger Consideration in respect of such holder's shares. Notwithstanding the foregoing, Parent shall not be liable to any holder of shares for any Merger Consideration delivered to a public official pursuant to applicable abandoned property laws. Any Merger Consideration remaining unclaimed by holders of shares of Company Common Stock three years after the Effective Time (or such earlier date immediately prior to such time as such amounts would otherwise escheat to or become property of any governmental entity) shall, to the extent permitted by applicable law, become the property of Parent free and clear of any claims or interest of any Person previously entitled thereto.

(f) No dividends or other distributions with respect to shares of Parent Common Stock issued in the Merger shall be paid to the holder of any unsurrendered Certificates or Book-Entry Shares until such Certificates or Book-Entry Shares are surrendered as provided in this Section 2.1. Following such surrender, there shall be paid, without interest, to the record holder of the shares of Parent Common Stock issued in exchange therefor (i) at the time of such

surrender, all dividends and other distributions payable in respect of such shares of Parent Common Stock with a record date after the Effective Time and a payment date on or prior to the date of such surrender and not previously paid and (ii) at the appropriate payment date, the dividends or other distributions payable with respect to such shares of Parent Common Stock with a record date after the Effective Time but with a payment date subsequent to such surrender. For purposes of dividends or other distributions in respect of shares of Parent Common Stock, all shares of Parent Common Stock to be issued pursuant to the Merger shall be entitled to dividends pursuant to the immediately preceding sentence as if issued and outstanding as of the Effective Time.

(g) Any portion of the Merger Consideration deposited with the Exchange Agent pursuant to Section 2.1 to pay for Shares for which appraisal rights shall have been perfected shall be returned to Parent, upon demand.

Section 2.2 Fractional Shares.

(a) No fractional shares of Parent Common Stock shall be issued in the Merger, but in lieu thereof each holder of shares of Company Common Stock otherwise entitled to a fractional share of Parent Common Stock will be entitled to receive, from the Exchange Agent in accordance with the provisions of this Section 2.2, a cash payment in lieu of such fractional shares of Parent Common Stock representing such holder's proportionate interest, if any, in the proceeds from the sale by the Exchange Agent in one or more transactions of shares of Parent Common Stock equal to the excess of (x) the aggregate number of shares of Parent Common Stock to be delivered to the Exchange Agent by Parent pursuant to Section 2.1(a) over (y) the aggregate number of whole shares of Parent Common Stock to be distributed to the holders of Certificates pursuant to Section 2.1(b) (such excess being herein called the "Excess Shares"). The parties acknowledge that payment of the cash consideration in lieu of issuing fractional shares was not separately bargained-for consideration but merely represents a mechanical rounding off for purposes of avoiding the expense and inconvenience to Parent that would otherwise be caused by the issuance of fractional shares. As soon as practicable after the Effective Time, the Exchange Agent, as agent for the holders of the Certificates representing shares of Company Common Stock, shall sell the Excess Shares at then prevailing prices on the New York Stock Exchange ("NYSE") in the manner provided in the following paragraph.

(b) The sale of the Excess Shares by the Exchange Agent, as agent for the holders that would otherwise receive fractional shares, shall be executed on the NYSE through one or more member firms of the NYSE and shall be executed in round lots to the extent practicable. The compensation payable to the Exchange Agent and the expenses incurred by the Exchange Agent, in each case, in connection with such sale or sales of the Excess Shares, and all related commissions, transfer taxes and other out-of-pocket transaction costs, will be paid by the Surviving Corporation out of its own funds and will not be paid directly or indirectly by Parent. Until the proceeds of such sale or sales have been distributed to the holders of shares of Company Common Stock, the Exchange Agent shall hold such proceeds in trust for the holders of shares of Company Common Stock (the "Common Shares Trust"). The Exchange Agent shall determine the portion of the Common Shares Trust to which each holder of shares of Company Common Stock shall be entitled, if any, by multiplying the amount of the aggregate proceeds comprising the Common Shares Trust by a fraction, the numerator of which is the

amount of the fractional share interest to which such holder of shares of Company Common Stock would otherwise be entitled and the denominator of which is the aggregate amount of fractional share interests to which all holders of shares of Company Common Stock would' otherwise be entitled.

(c) As soon as practicable after the determination of the amount of cash, if any, to be paid to holders of shares of Company Common Stock in lieu of any fractional shares of Parent Common Stock, the Exchange Agent shall make available such amounts to such holders of shares of Company Common Stock without interest, subject to and in accordance with Section 2.1.

Section 2.3 Lost Certificates. If any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by Parent or the Surviving Corporation, the posting by such Person of a bond, in such reasonable amount as the Surviving Corporation may direct, as indemnity against any claim that may be made against it with respect to such Certificate, the Exchange Agent will issue in exchange for such lost, stolen or destroyed Certificate the Merger Consideration to be paid in respect of the shares of Company Common Stock represented by such Certificate as contemplated by this Article 2.

Section 2.4 Withholding Rights. Each of the Surviving Corporation and Parent shall be entitled to deduct and withhold from the consideration otherwise payable to any Person pursuant to Articles 1 and 2 such amounts as it is required to deduct and withhold with respect to the making of such payment under any provision of federal, state, local or foreign tax law. To the extent that amounts are so deducted or withheld by the Surviving Corporation or Parent, as the case may be, and paid over to the applicable governmental entity, such deducted or withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of the shares of Company Common Stock in respect of which such deduction and withholding was made by the Surviving Corporation or Parent, as the case may be.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to Parent that, except as disclosed in the Company Commission Documents (as hereinafter defined) filed or furnished prior to the date hereof or in the correspondingly numbered section of the disclosure schedules delivered by the Company to Parent simultaneously with the execution of this Agreement (the "Company Disclosure Schedules") (it being agreed that disclosure of any item in any section of the Company Disclosure Schedules shall be deemed disclosure with respect to any other section of this Agreement to which the relevance of such item is reasonably apparent):

Section 3.1 Corporate Existence and Power. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has all corporate powers and all governmental franchises, licenses, permits, authorizations, consents and approvals required to enable it to own, lease or otherwise hold its properties and assets and to carry on its business as now conducted, except for those the absence of which

would not, individually or in the aggregate, be reasonably likely to have a Company Material Adverse Effect (as defined below). The Company is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the character of the property owned or leased by it or the nature of its activities or the ownership or leasing of its properties make such qualification necessary, except for those jurisdictions where the failure to be so qualified would not, individually or in the aggregate, be reasonably likely to have a Company Material Adverse Effect. For purposes of this Agreement, "Companv Material Adverse Effect" means a material adverse effect on the financial condition, business, liabilities, assets or continuing results of operations of the Company and its Subsidiaries, taken as a whole, except to the extent resulting from (x) any changes in general United States or global economic conditions, or (y) any changes affecting the oil and gas industry in general (including changes to commodity prices). The Company has heretofore made available to Parent true and complete copies of the Certificate of Incorporation of the Company, as amended to the date of this Agreement (as so amended, the "Companv Charter"), and the By-laws of the Company, as amended to the date of this Agreement (as so amended, the "Companv Bv-laws").

Section 3.2 Corporate Authorization.

(a) The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby are within the Company's corporate powers and, except for any required approval by the Company's stockholders (the "Companv Stockholder Approval") in connection with the consummation of the Merger, have been duly authorized by allnecessary corporate action. The affirmative vote of holders of a majority of the outstanding shares of Company Common Stock in favor of the approval and adoption of this Agreement and the Merger is the only vote of the holders of any of the Company's capital stock necessary in connection with consummation of the Merger. Assuming due authorization, execution and delivery of this Agreement by Parent and Merger Subsidiary this Agreement constitutes a valid and binding agreement of the Company enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights, and to general equity principles.

(b) The Company's Board of Directors, at a meeting duly called and held on or prior to the date hereof, has (i) determined that this Agreement and the transactions contemplated hereby (including the Merger) are fair to and in the best interests of the Company's stockholders, (ii) approved and adopted this Agreement and the transactions contemplated hereby (including the Merger), and (iii) resolved (subject to Section 5.2) to recommend the approval and adoption of this Agreement and the Merger by its stockholders.

Section 3.3 Governmental Authorization. The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby require no action by or in respect of, or filing with, any governmental body, agency, official or authority other than (a) the filing of a certificate of merger in accordance with the DGCL, (b) compliance with any applicable requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), (c) compliance with any applicable requirements of Council Regulation (EC) No. 139/2004 of 20 January 2004 on the control of concentrations between undertakings (published in the Official Journal of the European Union on

January 29, 2004 at L 24/1) (the "EC Merger Regulation"), (d) compliance with any applicable requirements of laws, rules and regulations in other foreign jurisdictions governing antitrust or merger control matters, (e) compliance with any applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "Exchange Act"), (f) compliance with any applicable requirements of the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "Securities Act"); (g) the appropriate filings and approvals under the rules of the NYSE; and (h) other actions or filings which if not taken or made would not, individually or in the aggregate, be reasonably likely to have a Company Material Adverse Effect.

Section 3.4 Non-Contravention. The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby do not and will not, assuming compliance with the matters referred to in Sections 3.2 and 3.3, (a) contravene or conflict with the Company Charter or the Company By-Laws or the organizational documents of any Company Subsidiary, (b) contravene or conflict with or constitute a violation of any provision of any law, regulation, judgment, injunction, order or decree binding upon or applicable to the Company or any of its Subsidiaries, (c) constitute a default (or an event which with notice or the passage of time would become a default) under or give rise to a material right of termination, cancellation or acceleration of any right or obligation of the Company or any of its Subsidiaries or to a loss of any material benefit to which the Company or any of its Subsidiaries is entitled under any provision of any agreement, contract or other instrument binding upon the Company or any of its Subsidiaries or any license, franchise, permit or other similar authorization held by the Company or any of its Subsidiaries, or (d) result in the creation or imposition of any Lien on any asset of the Company or any of its Subsidiaries, except for such contraventions, conflicts or violations referred to in clause (b) or defaults, rights of termination, cancellation or acceleration, or losses or Liens referred to in clause (c) or (d) that would not, individually or in the aggregate, be reasonably likely to have a Company Material Adverse Effect. For purposes of this Agreement, "Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset other than any such mortgage, lien, pledge, charge, security interest or encumbrance (i) for Taxes (as defined in Section 3.15) not yet due or being contested in good faith (and for which adequate accruals or reserves have been established on the Parent Balance Sheet or the Company Balance Sheet, as the case may be) or (ii) which is a carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like lien arising in the ordinary course of business.

Section 3.5 Capitalization. The authorized capital stock of the Company consists of 750,000,000 shares of common stock, par value $1.00 per share (the "Company Common Stock") and 100,000,000 shares of preferred stock, par value $0.10 per share (the "Company Preferred Stock", and together with the Company Common Stock, the "Company Capital Stock"). As of March 31, 2005, there were outstanding (i) 271,654,896 shares of Company Common Stock, (ii) no shares of Series B Junior Participating Preferred Stock (all of which are reserved for issuance in accordance with the Rights Agreement (as amended, the "Company Rights Agreement") dated as of January 5, 2000, as amended, between the Company and Mellon Investor Services LLC (formerly known as ChaseMellon Shareholder Services, L.L.C.), as Rights Agent, pursuant to which the Company has issued rights to purchase Series B Junior Participating Preferred Stock ("Companv Rights")) and no other shares of capital stock or other voting securities of the Company were then outstanding. All outstanding shares of Company

Capital Stock have been duly authorized, validly issued, and are fully paid and nonassessable. As of March 31,2005, there were outstanding (A) Company Awards (other than shares of restricted stock or other awards included in the number of shares of Company Common Stock outstanding set forth above) with respect to 983,963 shares of Company Common Stock and (B) Company Stock Options to purchase 6,278,458 shares of Company Common Stock. Except as set forth in this Section 3.5 and except for changes since the close of business on March 31, 2005 resulting from the exercise of employee stock options outstanding on such date, or the payment or redemption of other stock-based awards outstanding on such date or other securities issued as permitted by Section 5.1, there are outstanding (a) no shares of capital stock or other voting securities of the Company, (b) no Company Awards and (c) except for the Company Rights, (1) no options, warrants or other rights to acquire from the Company any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of the Company, and (2) no preemptive or similar rights, subscription or other rights, convertible securities, agreements, arrangements or commitments of any character, relating to the capital stock of the Company, obligating the Company to issue, transfer or sell any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of the Company or obligating the Company to grant, extend or enter into any such option, warrant, subscription or other right, convertible security, agreement, arrangement or commitment (the items in the foregoing subclauses (a), (b) and (c) being referred to collectively as "Company Securities"). Except as required by the terms of any Company Stock Options or Company Awards as permitted by Section 5.1(e), there are no outstanding obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any Company Securities.

Section 3.6 Subsidiaries.

(a) Each Subsidiary of the Company is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, has all powers and all governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted, except for those the absence of which would not, individually or in the aggregate, be reasonably likely to have a Company Material Adverse Effect. For purposes of this Agreement, the term "Subsidiary" when used with respect to any Person means any other Person, whether incorporated or unincorporated, of which (i) more than fifty percent of the voting securities or other ownership interests or (ii) securities or other interests having by their terms ordinary voting power to elect more than fifty percent of the board of directors or others performing similar functions with respect to such corporation or other organization, is directly owned or controlled by such Person or by any one or more of its Subsidiaries. Each Subsidiary of the Company is duly qualified to do business and is in good standing in each jurisdiction where the character of the property owned or leased by it or the nature of its activities makes such qualification necessary, except for those jurisdictions where failure to be so qualified would not, individually or in the aggregate, be reasonably likely to have a Company Material Adverse Effect. All "significant subsidiaries," as such term is defined in Section 1-02 of Regulation S-X under the Exchange Act of the Company and all entities listed on Exhibit 21 to the Company 10-K (collectively, "Significant Subsidiaries") and their respective jurisdictions of incorporation are identified in Section 3.6(a) of the Company Disclosure Schedules.

(b) Except for directors' qualifying shares, all of the outstanding capital stock of, or other ownership interests in, each Significant Subsidiary of the Company is owned by the

Company, directly or indirectly, free and clear of any material Lien and free of any other material limitation or restriction (including any restriction on the right to vote, sell or otherwise dispose of such capital stock or other ownership interests). There are no outstanding (i) securities of the Company or any of its Significant Subsidiaries convertible into or exchangeable for shares of capital stock or other voting securities or ownership interests in any Significant Subsidiary of the Company or (ii) options, warrants or other rights to acquire from the Company or any of its Significant Subsidiaries any capital stock, voting securities or other ownership interests in, or any securities convertible into or exchangeable for any capital stock, voting securities or ownership interests in, any Significant Subsidiary of the Company, and no preemptive or similar rights, subscription or other rights, convertible securities, agreements, arrangements or commitments of any character, relating to the capital stock of any Significant Subsidiary of the Company, obligating the Company or any of its Significant Subsidiaries to issue, transfer or sell, any capital stock, voting securities or other ownership interests in, or any securities convertible into or exchangeable for any capital stock, voting securities or ownership interests in, any Significant Subsidiary of the Company or obligating the Company or any Significant Subsidiary of the Company to grant, extend or enter into any such option, warrant, subscription or other right, convertible security, agreement, arrangement or commitment (the items in the foregoing subclauses 3.6(b)(i) and (ii) being referred to collectively as "Company Subsidiary Securities"). There are no outstanding obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any outstanding Company Subsidiary Securities. No Subsidiary of the Company is, or since January 1,2003 has been, subject to any requirement to file periodic reports under the Exchange Act.

Section 3.7 Commission Filings.

(a) The Company has made available to Parent (i) its annual reports on Form IO-K for its fiscal years ended December 31,2003 and 2004, (ii) its quarterly reports on Form 10-Q for its fiscal quarters ended after December 31, 2004, (iii) its proxy or information statements relating to meetings of, or actions taken without a meeting by, the stockholders of the Company held since December 31, 2003, and (iv) all of its other reports, statements, schedules and registration statements filed with the Commission since December 31, 2003 (the documents referred to in this Section 3.7(a) being referred to collectively as the "Company Commission Documents"). The Company's annual report on Form 10-K for its fiscal year ended December 31,2004 is referred to herein as the "Company 10-K."

(b) As of its filing date, each Company Commission Document complied as to form in all material respects with the applicable requirements of the Exchange Act, the Securities Act and the Sarbanes-Oxley Act of 2002 and the rules and regulations thereunder.

(c) As of its filing date, each Company Commission Document filed pursuant to the Exchange Act did not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(d) Each registration statement, as amended or supplemented, if applicable, filed by the Company since January 1,2003 pursuant to the Securities Act as of the date such statement or amendment became effective did not contain any untrue statement of a material fact or omit to

state any material fact required to be stated therein or necessary to make the statements therein not misleading.

(e) The Company has timely filed with or furnished to the Commission all forms, reports, schedules, registration statements, proxy statements and other documents required to be filed with or furnished to the Commission by the Company since January 1,2003.

Section 3.8 Financial Statements. The audited consolidated financial statements and unaudited consolidated interim financial statements of the Company (including any related notes and schedules) included in its annual reports on Form 10-K and the quarterly reports on Form 10-Q referred to in Section 3.7 present fairly, in all material respects, the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates thereof and the consolidated results of their operations and their cash flows for the periods then ended (subject to normal year-end adjustments and the absence of notes in the case of any unaudited interim financial statements), in each case in conformity with United States generally accepted accounting principles ("GAAP") applied on a consistent basis (except as may be indicated in the notes thereto). For purposes of this Agreement, "Company Balance Sheet" means the consolidated balance sheet of the Company as of December 31,2004 set forth in the Company 10-K and "Companv Balance Sheet Date" means December 31,2004.

Section 3.9 Disclosure Documents.

(a) Neither the proxy statement of the Company (the "Company Proxy Statement") to be filed with the Commission in connection with the Merger, nor any amendment or supplement thereto, will, at the date the Company Proxy Statement or any such amendment or supplement is first mailed to stockholders of the Company or at the time such stockholders vote on the adoption and approval of this Agreement and the transactions contemplated hereby, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company Proxy Statement, including all amendments or supplements thereto, will, when filed, comply as to form in all material respects with the requirements of the Exchange Act. Notwithstanding the foregoing, no representation or warranty is made by the Company in this Section 3.9 with respect to statements made or incorporated by reference therein based on information supplied by Parent or Merger Subsidiary for inclusion or incorporation by reference in the Company Proxy Statement.

(b) None of the information supplied or to be supplied by the Company for inclusion or incorporation by reference in the Form S-4 (as defined in Section 4.8(a)) or any amendment or supplement thereto will, at the time the Form S-4 or any such amendment or supplement becomes effective under the Securities Act or at the Effective Time, as the case may be, contain any untrue statement of a material fact or omit to state a material fact required to be included in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 3.10 Controls and Procedures.

(a) Each of the principal executive officer and the principal financial officer of the Company (or each former principal executive officer and former principal financial officer of the Company, as applicable) has made all certifications required under Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 and the related rules and regulations promulgated thereunder and under the Exchange Act (collectively, the "Sarbanes-Oxley Act") with respect to Company Commission Documents, and the Company has delivered to Parent a summary of any disclosure made by management to the Company's auditors and audit committee since January 1,2003 referred to in such certifications. For purposes of the preceding sentence, "principal executive officer" and "principal financial officer" shall have the meanings given to such terms in the Sarbanes-Oxley Act.

(b) The Company has (i) designed and maintained disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) to ensure that material information required to be disclosed by the Company in the reports it files or furnishes under the Exchange Act is communicated to its management by others within those entities as appropriate to allow timely decisions regarding required disclosure, (ii) disclosed, based on its most recent evaluation, to its auditors and the audit committee of its Board of Directors (A) any significant deficiencies or material weaknesses in the design or operation of internal controls over financial reporting which could adversely affect its ability to record, process, summarize and report financial data and (B) any fraud, whether or not material, that involves management or other employees who have a significant role in its internal controls over financial reporting and (iii) identified for the Company's auditors any material weaknesses in internal controls. The Company has provided to Parent true and correct copies of any of the foregoing disclosures to the auditors or audit committee that have been made in writing from January 1,2003 through the date hereof, and will promptly provide to Parent true and correct copies of any such disclosure that is made after the date hereof.

(c) The Company has designed and maintains a system of internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) sufficient to provide reasonable assurance concerning the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, including reasonable assurance (i) that transactions are executed in accordance with management's general or specific authorizations and recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability and (ii) regarding prevention or timely detection of any unauthorized acquisition, use or disposition of assets that could have a material effect on the Company's financial statements. The Company's management, with the participation of the Company's principal executive and financial officers, has completed an assessment of the effectiveness of the Company's internal controls over financial reporting in compliance with the requirements of Section 404 of the Sarbanes-Oxley Act for the year ended December 31, 2004, and such assessment concluded that such internal controls were effective using the framework specified in the Company IO-K.

(d) No personal loan or other extension of credit by the Company or any Subsidiary to any of its or their executive officers or directors has been made or modified (other than as permitted by Section 13 of the Exchange Act and Section 402 of the Sarbanes-Oxley Act) since July 31,2002.

(e) Since January 1,2003, (i) neither the Company nor any of its Subsidiaries nor, to the Company's knowledge, any director, officer, employee, auditor, accountant or representative of the Company or any of its Subsidiaries has received any written complaint, allegation, assertion, or claim that the Company or any of its Subsidiaries has engaged in improper or illegal accounting or auditing practices or maintains improper or inadequate internal accounting controls and (ii) no attorney representing the Company or any of its Subsidiaries, whether or not employed by the Company or any of its Subsidiaries, has reported evidence of a material violation of U.S. federal or state securities laws, a material breach of fiduciary duty or similar material violation by the Company, any of its Subsidiaries or any of their respective officers, director, employees or agents to any officer of the Company, the Board of Directors of the Company or any member or committee thereof. For purposes of this Agreement, "knowledge" of any Person means the actual knowledge of any officer (as such term is defined in Rule 16a-1(f) under the Exchange Act) of such Person.

Section 3.11 Absence of Certain Changes. From the Company Balance Sheet Date to the date hereof, the Company and its Subsidiaries have conducted their business in the ordinary course of business, consistent with past practice, and there has not been:

(a) any event, occurrence, change or development of a state of circumstances or facts which, individually or in the aggregate, has had, or would be reasonably likely to have, a Company Material Adverse Effect;

(b) any declaration, setting aside or payment of any dividend or other distribution with respect to any shares of capital stock of the Company (other than the Company's regular quarterly cash dividend and dividends or distributions by any direct or indirect wholly-owned Subsidiary to the Company or any wholly-owned Subsidiary of the Company, and except for dividends or distributions by other Subsidiaries of the Company for which the portion of such dividends or distributions not payable to a direct or indirect wholly-owned Subsidiary of the Company did not exceed $10,000,000 in value in the aggregate for all such dividends and distributions), or any repurchase, redemption or other acquisition by the Company or any of its wholly-owned Subsidiaries of any outstanding shares of capital stock or other securities of, or other ownership interests in, the Company or any of its Significant Subsidiaries (other than (i) any such repurchases prior to the date hereof pursuant to the Company's publicly announced stock buyback program or, after the date hereof, as permitted under Section 5.1(e) or pursuant to the terms of Company Stock Options and Company Awards, in each case subject to Section 7.4), and (ii) any such transaction solely among the Company and its wholly-owned Subsidiaries or solely among the Company's wholly-owned Subsidiaries;

(c) any amendment of any material term of any outstanding security of the Company or any of its Significant Subsidiaries (other than wholly-owned Subsidiaries);

(d) to the knowledge of the Company's Management Committee, any transaction or commitment made, or any contract, agreement or settlement entered into, by (or judgment, order or decree affecting) the Company or any of its Subsidiaries relating to its assets or business (including the acquisition or disposition of any assets) or any relinquishment by the Company or any of its Subsidiaries of any contract or other

right, in either case, material to the Company and its Subsidiaries taken as a whole, other than transactions, commitments, contracts, agreements or settlements (including without limitation settlements of litigation and tax proceedings) in the ordinary course of business consistent with past practice, those expressly permitted by this Agreement, or as agreed to in writing by Parent;

(e) any change in any method of financial accounting or financial accounting practice (other than any change for tax purposes) by the Company or any of its Subsidiaries, except for any such change which is not material or which is required by reason of a concurrent change in GAAP or applicable law;

(f) any (i) grant of any severance or termination pay to (or amendment to any such existing arrangement with) any director, officer or employee of the Company or any of its Subsidiaries, other than in accordance with existing plans and policies, (ii) entering into of any employment, deferred compensation or other similar agreement (or any amendment to any such existing agreement) with any director, officer or employee of the Company or any of its Subsidiaries, other than in accordance with existing plans and policies, (iii) increase in benefits payable under any existing severance or termination pay policies or employment agreements or (iv) increase in (or amendments to the terms of) compensation, bonus or other benefits payable to directors, officers or employees of the Company or any of its Subsidiaries, other than increases made in the ordinary course of business with respect to employees other than executives; or

(g) any (i) Tax election made or changed, (ii) Tax audit settled, or (iii) amended Tax Return filed, in each case, that is reasonably likely to result in an increase to a Tax liability, which increase is material to the Company and its Subsidiaries, taken as a whole.

Section 3.12 No Default. Neither the Company nor any of its Subsidiaries is in default or violation (and no event has occurred which, with notice or the lapse of time or both, would constitute a default or violation) of any term, condition or provision of (i) its certificate of incorporation, by-laws or the comparable charter or organizational documents, (ii) any loan or credit agreement, note, bond, mortgage, indenture, lease or other agreement, instrument, permit, concession, franchise or license to which the Company or any of its Subsidiaries is now a party or by which the Company or any of its Subsidiaries or any of their respective properties or assets is bound or (iii) any permit, license, order, writ, injunction, decree, statute, rule or regulation applicable to the Company or any of its Subsidiaries, except in the case of (ii) and (iii) for defaults or violations which in the aggregate would not reasonably be expected to result in a Company Material Adverse Effect.

Section 3.13 No Undisclosed Material Liabilities. As of the date hereof, there are no material liabilities of the Company or any Subsidiary of the Company of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, other than:

(a) liabilities disclosed or provided for in the Company Balance Sheet or in the notes thereto;

(b) liabilities incurred since the Company Balance Sheet Date in the ordinary course of business consistent with past practice and which, individually or in the aggregate, would not be reasonably likely to have a Company Material Adverse Effect;

(c) liabilities disclosed in the Company Commission Documents filed prior to the date of this Agreement;

(d) liabilities or obligations that have been discharged or paid in full in the ordinary course of business; and

(e) liabilities under this Agreement.

Section 3.14 Litigation. There is no action, suit, investigation or proceeding pending against, or, to the knowledge of the Company, threatened against or affecting, the Company or any of its Subsidiaries or any of their respective properties or any of their respective officers or directors before any court or arbitrator or any governmental body, agency or official except as would not, individually or in the aggregate, be reasonably likely to have a Company Material Adverse Effect.

Section 3.15 Taxes. Except as set forth in the Company Balance Sheet (including the notes thereto) and except as would not, individually or in the aggregate, be reasonably likely to have a Company Material Adverse Effect, (i) all Company Tax Returns required to be filed with any taxing authority by, or with respect to, the Company and its Subsidiaries have been filed in accordance with all applicable laws; (ii) the Company and its Subsidiaries have timely paid all Taxes shown as due and payable on the Company Tax Returns that have been so filed, and, as of the time of filing, the Company Tax Returns correctly reflected the facts regarding the income, business, assets, operations, activities and the status of the Company and its Subsidiaries (other than, in the case of clause (i) or clause (ii) hereof, with respect to Taxes and Tax Returns for which the position has been taken in good faith and for which adequate reserves are reflected on the Company Balance Sheet, as adjusted for operations in the ordinary course of business since the date of the Company Balance Sheet); (iii) the Company and its Subsidiaries have made provision for all Taxes payable by the Company and its Subsidiaries for which no Company Tax Return has yet been filed; (iv) the charges, accruals and reserves for Taxes with respect to the Company and its Subsidiaries reflected on the Company Balance Sheet are adequate under GAAP to cover the Tax liabilities accruing through the date thereof; (v) there is no action, suit, proceeding, audit or claim now proposed or pending against or with respect to the Company or any of its Subsidiaries in respect of any Tax where there is a reasonable possibility of an adverse determination; (vi) to the best of the Company's knowledge and belief, neither the Company nor any of its Subsidiaries is liable for any Tax imposed on any entity other than such Person, except as the result of the application of Treas. Reg. section 1.1502-6 (and any comparable provision of the tax laws of any state, local or foreign jurisdiction) to the affiliated group of which the Company or any of its Subsidiaries is or was the common parent; and (vii) neither the Company nor any Company Subsidiary has constituted either a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock qualifying or intended to qualify for tax-free treatment under Section 355 of the Code in the two years prior to the date of this Agreement. For purposes of this Agreement, "Taxes" shall mean any and all taxes, charges, fees, levies or other assessments, including, without limitation, all net

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income, gross income, gross receipts, excise, stamp, real or personal property, ad valorem, withholding, social security (or similar), unemployment, occupation, use, production, service, service use, license, net worth, payroll, franchise, severance, transfer, recording, employment, premium, windfall profits, environmental (including taxes under Section 59A of the Code), customs duties, capital stock, profits, disability, sales, registration, value added, alternative or add-on minimum, estimated or other taxes, assessments or charges imposed by any federal, state, local or foreign governmental entity and any interest, penalties, or additions to tax attributable thereto. For purposes of this Agreement, "Tax Returns" shall mean any return, report, form or similar statement required to be filed with respect to any Tax (including any attached schedules), including, without limitation, any information return, claim for refund, amended return or declaration of estimated Tax.

Section 3.16 Employee Benefit Plans: Employment.

(a) The Company has provided Parent with a list (set forth in Section 3.16(a) of the Company Disclosure Schedules) identifying each material "employee benefit plan", as defined in section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), each material employment, consulting, severance, change in control or similar contract, plan, funding arrangement or policy applicable to any director, former director, employee or former employee of the Company or any Company Subsidiary, and each material plan, funding vehicle or arrangement (written or oral), providing for compensation, bonuses, profit-sharing, stock option or other stock-related rights or other forms of incentive or deferred compensation, vacation benefits, insurance coverage (including any self-insured arrangements), health or medical benefits, death benefits, disability benefits, workers' compensation, supplemental unemployment benefits, severance benefits, change in control benefits and post-employment or retirement benefits (including compensation, pension, health, medical or life insurance benefits) which is maintained, administered or contributed to by the Company or its subsidiaries) and covers any employee or director or former employee or director of the Company or any of its Subsidiaries; provided. however, that such list need not include any Company Benefit Plan that constitutes a Foreign Company Benefit Plan (as defined below). The material plans, agreements or arrangements of the Company and its Subsidiaries referred to in the first sentence of this paragraph (a) (excluding any such plan that is a "multiemployer plan," as defined in section 3(37) of ERISA, but including Foreign Company Benefit Plans) are referred to collectively herein as the "Company Benefit Plans." "Foreign Company Benefit Plan" means any Company Benefit Plan primarily maintained for the benefit of employees and former employees in jurisdictions other than the United States. To the extent practicable, the Company shall provide and deliver to Parent a list of Foreign Company Benefit Plans as soon as practicable following the date hereof.

(b) The Company has made available to Parent true, complete and correct copies of (i) each Company Benefit Plan (or, in the case of any unwritten Company Benefit Plan, a description thereof) and any amendments thereto, (ii) the most recent annual report on Form 5500 and Schedule B thereto (including any related actuarial valuation report) filed with the Internal Revenue Service with respect to each Company Benefit Plan (if any such report was required), and (iii) the most recent summary plan description for each Company Benefit Plan for which such summary plan description is required.

(c) Each Company Benefit Plan has been established and maintained in material compliance with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations (including, but not limited to, the extent applicable, ERISA and the Code) which are applicable to such Plan.

(d) (i) Neither the Company nor any other entity which is a member of a controlled group of entities (within the meaning of Sections 414(b), (c), (m) or (o) of the Code) of which the Company is a member (each, an "ERISA Affiliate") has incurred a material liability under Title IV of ERISA or Section 412 of the Code that has not been satisfied in full, and no reasonably foreseeable condition exists that presents a material risk to the Company or any ERISA Affiliate of incurring any such liability; and (ii) all material insurance premiums with respect to Company Benefit Plans, including premiums to the Pension Benefit Guaranty Corporation, have been paid when due.

(e) All "employee pension benefit plans" (as defined in Section 3(2) of ERISA) that are Company Benefit Plans ("Company Pension Plan") intended to be qualified under Section 401(a) of the Code have been the subject of "GUST II" determination letters from the Internal Revenue Service to the effect that such Company Pension Plans are qualified and exempt from Federal income taxes under Sections 401(a) and 501(a), respectively, of the Code. No Company Benefit Plan is a "multiemployer plan," as defined in Section 3(37) of ERISA.

(f) Other than (i) any provision that delays the effective date of such amendment or termination or (ii) any benefit under a Company Benefit Plan disclosed on Section 3.16(g) of the Company Disclosure Schedules that arises solely as a result of the transactions contemplated by this Agreement or (iii) any employment agreement to which the Company or any of its Subsidiaries is a party, each Company Benefit Plan that is an "employee welfare benefit plan" (as defined in Section 3(1) of ERISA) (including any such plan covering retirees or other former employees) may be freely amended or terminated by the Company, any ERISA Affiliate or any successor thereto on or at any time after the Effective Time.

(g) Set forth on Section 3.16(g) of the Company Disclosure Schedules is, based on the assumptions set forth therein, (i) a good faith estimate of a reasonable amount subject to Section 280G of the Code, including any tax gross-up, that could be paid to each of the 65 most-highly compensated employees of the Company and its Subsidiaries under all employment, severance and termination agreements, other compensation arrangements and Company Benefit Plans currently in effect as a result of the transactions contemplated by this Agreement, and (ii) the estimated cost to the Company and its Subsidiaries of making such payments, including any tax gross-ups with respect to such employees.

(h) The consummation of the transactions contemplated by this Agreement will not, either alone or in combination with another event, (A) entitle any current or former employee, consultant or officer of the Company or any its Subsidiaries to severance pay, unemployment compensation or any other payment, except as expressly provided in this Agreement or as required by applicable Law, or (B) accelerate the time of payment or vesting, increase the amount of compensation due any such employee, consultant or officer or trigger any other material obligation pursuant to any Company Benefit Plan, except as expressly provided in this Agreement. Section 3.16 of the Company Disclosure Schedules lists all the agreements,

arrangements and other instruments which give rise to an obligation to make or set aside amounts payable to or on behalf of the officers of the Company and its Subsidiaries as a result of the transactions contemplated by this Agreement and/or any subsequent employment termination, true and complete copies of which have been previously provided to Parent.

(i) There has been no amendment to, written interpretation or announcement (whether or not written) by the Company or any of its Subsidiaries relating to, or change in, employee participation or coverage under, or any adoption of, any Company Benefit Plan (other than a Foreign Company Benefit Plan) which would increase materially the expense of maintaining such Company Benefit Plan above the level of expense incurred in respect thereof for the 12 months ended on the Company Balance Sheet Date.

(j) Except as would not, individually or in the aggregate, be reasonably likely to have a Company Material Adverse Effect, the Company and its Subsidiaries are in material compliance with all collective bargaining agreements and all applicable federal, state and local laws, rules and regulations respecting employment, employment practices, labor, occupational safety and health, and wages and hours, including Section **8** of the National Labor Relations Act and all civil rights and anti-discrimination laws, rules and regulations (collectively, "Anti-Discrimination Laws"). Except as would not, individually or in the aggregate, be reasonably likely to have a Company Material Adverse Effect, no work stoppage, slowdown or labor strike against the Company or any of its Subsidiaries is pending or threatened, nor is the Company or any of its Subsidiaries involved in or threatened with material labor disputes, grievances or litigation relating to labor matters, including with respect to Anti-Discrimination Laws.

(k) No Company Benefit Plan provides a gross-up for any Taxes which may be imposed for failure to comply with the requirements of section 409A of the Code.

Section 3.17 Compliance with Laws. To the Company's knowledge, neither the Company nor any of its Subsidiaries is in violation of, or, since January 1, 2002, has violated, any applicable provisions of any laws, statutes, ordinances or regulations except for any violations that, individually or in the aggregate, would not be reasonably likely to have a Company Material Adverse Effect.

Section 3.18 Certain Business Practices. To the knowledge of the Company's Management Committee, since January 1,2002, neither the Company nor any of its Subsidiaries nor any director, officer, employee or agent of the Company or any of its Subsidiaries has (a) used any funds for unlawful contributions, gifts, entertainment, or other unlawful expenses relating to political activity or (b) made any unlawful payment to any government official or employee or to any political party or campaign or violated any provision of the Foreign Corrupt Practices Act of 1977, as amended.

Section 3.19 Environmental Matters.

(a) Except as set forth in the Company Commission Documents filed prior to the date hereof and with such exceptions as, individually or in the aggregate, would not be reasonably likely to have a Company Material Adverse Effect, (i) no notice, notification, demand, request for information, citation, summons, complaint or order has been received by, and no

investigation, action, claim, suit, proceeding or review is pending or, to the knowledge of the Company, threatened by any Person against the Company or any of its Subsidiaries, and no penalty has been assessed against the Company or any of its Subsidiaries, in each case, with respect to any matters arising out of any Environmental Law; (ii) the Company and its Subsidiaries are in compliance with all Environmental Laws; (iii) there are no liabilities of the Company or any of its Subsidiaries arising out of any Environmental Law, whether accrued, contingent, absolute, or determined, and, to the knowledge of the Company, there is no existing condition, situation or set of circumstances which would reasonably be expected to result in such a liability; and (iv) there has been no material environmental investigation, study, audit, test, review or other analysis conducted since January 1,2005 of which the Company has knowledge in relation to any current or prior business of the Company or any of its Subsidiaries or any property or facility now or previously owned, leased or operated by the Company or any of its Subsidiaries which has not been delivered to Parent prior to the date hereof.

(b) For purposes of this Section 3.19, the term "Environmental Laws" means federal, state, local and foreign statutes, laws (including, without limitation, common law), judicial decisions, regulations, ordinances, rules, judgments, orders, codes, injunctions, permits, governmental agreements or governmental restrictions relating to relating to: (A) the protection, investigation or restoration of the environment or natural resources, (B) the handling, use, presence, disposal, Release or threatened Release of any Hazardous Substance or (C) noise, odor, indoor air, employee exposure, electromagnetic fields, wetlands, pollution, contamination or any injury or threat of injury to persons or property relating to any Hazardous Substance. As used herein, the term "Hazardous Substance" means any "hazardous substance" and any "pollutant or contaminant" as those terms are defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA"); any "hazardous waste" as that term is defined in the Resource Conservation and Recovery Act ("RCRA"); and any "hazardous material" as that term is defined in the Hazardous Materials Transportation Act (49 U.S.C. § 1801 et seq.), as amended (including as those terms are further defined, construed, or otherwise used in rules, regulations, standards, orders, guidelines, directives, and publications issued pursuant to, or otherwise in implementation of, said Laws); and including, without limitation, any petroleum product or byproduct, solvent, flammable or explosive material, radioactive material, asbestos, lead paint, polychlorinated biphenyls (or PCBs), dioxins, dibenzofurans, heavy metals, radon gas, mold, mold spores, and mycotoxins. As used herein, the term "Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, placing, discarding, abandonment, or disposing into the environment (including the placing, discarding or abandonment of any barrel, container or other receptacle containing any Hazardous Substance or other material).

Section 3.20 Title to Properties. Except in each case as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, each of the Company and each of its Subsidiaries has good title to, or valid leasehold or other ownership interests or rights in, all its material properties and assets except: (i) for such interest or rights as are no longer used or useful in the conduct of its businesses or as have been disposed of in the ordinary course of business, and (ii) for defects in title, easements, restrictive covenants and similar encumbrances or impediments that, in the aggregate, do not and will not interfere with its ability to conduct its business as currently conducted. As of the date of this Agreement, none of the properties and assets of the Company or any of its Subsidiaries are subject to any Liens that,

in the aggregate, interfere with the ability of the Company and the Company Subsidiaries to conduct business as currently conducted to an extent that have had or would reasonably be expected to have a Company Material Adverse Effect.

Section 3.21 Hvdrocarbon Contracts.

(a) Except in each case as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect; (i) the Hydrocarbon Contracts are in full force and effect in accordance with their respective terms';(ii) all royalties, rentals and other payments due thereunder have been properly and timely paid; (iii) there are currently pending no written requests or demands for payments, adjustments of payments or performance pursuant thereto; (iv) none of the Company or any of its Subsidiaries is in breach of any of its obligations under any Hydrocarbon Contracts; and (v) to the knowledge of the Company, no other party to any Hydrocarbon Contract is in breach of any of its obligations thereunder. The term "Hvdrocarbon Contract" means a material Hydrocarbon production sharing contract, lease or license, permit or other similar agreement or right permitting the Company or any of its Subsidiaries to explore for, develop, use, produce, sever, process, operate and occupy Hydrocarbon interests and associated fixtures or structures for a specified period of time. The term "Hvdrocarbon Contract" also includes any farm-out or farm-in agreement, operating agreement, unit agreement, pooling or communitization agreement, declaration or order, joint venture, option or acquisition agreement, any oil and gas production, sales, marketing, transportation, exchange and processing contract and agreement, or any other contract affecting the ownership or operation of properties held for exploration or production of Hydrocarbons, or the disposition of the Hydrocarbons produced therefrom, in each case to which the Company or any of its Subsidiaries is a party. The term "Hvdrocarbons" means any of oil, bitumen and products derived therefrom, synthetic crude oil, petroleum, natural gas, natural gas liquids, coal bed methane, and any and all other substances produced in association with any of the foregoing, whether liquid, solid or gaseous.

(b) Except in each case as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (i) the Company and its Subsidiaries have filed with the applicable government authorities all applications and obtained all licenses, permits and other authorizations required for operations under the Hydrocarbon Contracts, and (ii) the Company and its Subsidiaries have complied with all rules and regulations of any applicable government authority with respect to operations under the Hydrocarbon Contracts.

Section 3.22 Material Contracts. Except for this Agreement and except as set forth in the Company Commission Documents, as of the date hereof, neither the Company nor any of its Subsidiaries is a party to or bound by any "material contract" (as such term is defined in item 601(b)(10) of Regulation S-K of the Commission) (all contracts of the type described in this Section 3.22 being referred to herein as "Companv Material Contracts").

Section 3.23 Intellectual Property.

(a) Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (i) the Company and its Subsidiaries possess the valid right to use, license and enforce all patents, trademarks, trade names, service marks,

Internet domain names, copyrights, applications for any of the foregoing, computer software programs or applications, geophysical data, trade secrets, know-how, data and other proprietary rights (collectively, "Intellectual Property") that are used in the conduct of the business of the Company and its Subsidiaries as currently conducted (collectively, the "Company Intellectual Property"); (ii) to the knowledge of the Company, the conduct of the business of the Company and its Subsidiaries and use of the Company Intellectual Property does not infringe upon or otherwise violate any Intellectual Property rights of any other Person; (iii) to the knowledge of the Company, no third party is challenging, infringing or otherwise violating any right of the Company and its Subsidiaries in the Company Intellectual Property; (iv) neither the Company nor any of its Subsidiaries has received written notice of any pending claim, order or proceeding with respect to any alleged or potential infringement or other violation of Intellectual Property rights of any other Person or with respect to any Company Intellectual Property; and (v) to the knowledge of the Company, no Company Intellectual Property is being used or enforced by the Company or any of its Subsidiaries in a manner that would reasonably be expected to result in the abandonment, cancellation or unenforceability of any Company Intellectual Property; provided, however, that for purposes of this Section 3.23 only, Company Intellectual Property shall not include RFG Patents. For purposes of this Agreement, the term "RFG Patents" shall mean United States Patent Nos. 5,288,393; 5,593,567; 5,653,866; 5,837,126 and 6,030,521 and any reissues, divisionals, reexaminations, continuations or continuations-in-part or foreign counterparts of such United States Patents.

(b) As of the date hereof, the Company and its Subsidiaries have not entered into any contractual arrangement that would limit Parent's or the Company's or their respective Subsidiaries' freedom to license, cross-license or otherwise dispose of the RFG Patents, except for the nine (9) licensing agreements the Company or its Subsidiaries have heretofore entered into with motor gasoline refiners, blenders and importers under the RFG Patents, as identified in the Company 10-K.

Section 3.24 Confidentiality and Other Agreements.

(a) None of the confidentiality agreements or standstill agreements the Company has entered into with any third party (or any agent thereof) that is in effect on the date hereof contains any exclusivity or standstill provisions that are or will be binding on the Company, any of its Subsidiaries or, after the Effective Time, Parent or any of its Subsidiaries.

(b) Neither the Company nor any of its Subsidiaries is a party to any agreement that would expressly and materially limit the ability of Parent or any Subsidiary of Parent, after the Effective Time, to compete in or conduct any line of business or compete with any Person or in any geographic area or during any period of time.

Section 3.25 Brokers: Financial Advisors. No broker, investment banker, financial advisor or other Person, other than Morgan Stanley (the "Financial Advisor") (the terms of the engagement having been heretofore provided to Parent), and the fees and expenses of which will be paid by the Company, is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the Merger as a result of being engaged by the Company or any Subsidiary or affiliate of the Company.

Section 3.26 Opinion of Financial Advisor. The Company has received the opinion of the Financial Advisor, dated the date of this Agreement, to the effect that, as of such date, the consideration to be received in the Merger by the holders of the shares of Company Common Stock is fair to the Company's stockholders from a financial point of view.

Section 3.27 Takeover Statutes. The Board of Directors of the Company has taken the necessary action to render section 203 of the DGCL, any other potentially applicable antitakeover or similar statute or regulation and the provisions of Article SEVENTH of the Company Charter inapplicable to this Agreement and the transactions contemplated hereby.

Section 3.28 Stockholder Rights Plan. The Board of Directors of the Company has resolved to, and the Company promptly after execution of this Agreement will, take all action necessary to render the rights issued pursuant to the terms of the Company Rights Agreement inapplicable to the Merger and this Agreement and the other transactions contemplated hereby.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUBSIDIARY

Parent and Merger Subsidiary represent and warrant to the Company that, except as disclosed in the Parent Commission Documents (as hereinafter defined) filed or furnished prior to the date hereof or in the correspondingly numbered section of the disclosure schedules delivered by Parent to the Company simultaneously with the execution of this Agreement (the "Parent Disclosure Schedules") (it being agreed that disclosure of any item in any section of the Parent Disclosure Schedules shall be deemed disclosure with respect to any other section of this Agreement to which the relevance of such item is reasonably apparent):

Section 4.1 Corporate Existence and Power. Each of Parent and Merger Subsidiary is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has all corporate powers and all governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted, except for those the absence of which would not, individually or in the aggregate be reasonably likely to have a Parent Material Adverse Effect. Parent is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the character of the property owned or leased by it or the nature of its activities makes such qualification necessary, except for those jurisdictions where the failure to be so qualified would not, individually or in the aggregate, be reasonably likely to have a Parent Material Adverse Effect. For purposes of this Agreement, the term "Parent Material Adverse Effect" means a material adverse effect on the financial condition, business, liabilities, assets or continuing results of operations of Parent and its Subsidiaries, taken as a whole, except to the extent resulting from (x) any changes in general United States or global economic conditions, or (y) any changes affecting the oil and gas industry in general (including changes to commodity prices). Since the date of its incorporation, Merger Subsidiary has not engaged in any activities other than in connection with or as contemplated by this Agreement. Parent has heretofore delivered to the Company true and complete copies of Parent's and Merger Subsidiary's certificate of incorporation and by-laws as currently in effect.

Section 4.2 Corporate Authorization.

(a) The execution, delivery and performance by Parent and Merger Subsidiary of this Agreement and the consummation by Parent and Merger Subsidiary of the transactions contemplated hereby are within the corporate powers of Parent and Merger Subsidiary and have been duly authorized by all necessary corporate action. Assuming due authorization, execution and delivery of this Agreement by the Company, this Agreement constitutes a valid and binding agreement of each of Parent and Merger Subsidiary, enforceable against such party in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles. The shares of Parent Common Stock issued pursuant to the Merger, when issued in accordance with the terms hereof, will be duly authorized, validly issued, fully paid and nonassessable and not subject to preemptive rights.

(b) Parent's Board of Directors, at a meeting duly called and held on or prior to the date hereof, has (i) determined that the transactions contemplated hereby (including the Merger) are fair to and in the best interests of Parent's stockholders and (ii) approved the execution of this Agreement and the transactions contemplated hereby (including the Merger).

Section 4.3 Governmental Authorization. The execution, delivery and performance by Parent and Merger Subsidiary of this Agreement and the consummation by Parent and Merger Subsidiary of the transactions contemplated hereby require no action by or in respect of, or filing with, any governmental body, agency, official or authority other than (a) the filing of a certificate of merger in accordance with the DGCL, (b) compliance with any applicable requirements of the HSR Act, (c) compliance with any applicable requirements of the EC Merger Regulation, (d) compliance with any applicable requirements of laws, rules and regulations in other foreign jurisdictions governing antitrust or merger control matters, (e) compliance with any applicable requirements of the Exchange Act, (f) compliance with any applicable requirements of the Securities Act, (g) the appropriate filings and approvals under the rules of the NYSE and (h) other actions or filings which if not taken or made would not, individually or in the aggregate, be reasonably likely to have a Parent Material Adverse Effect or prevent or materially delay Parent's and Merger Subsidiary's consummation of the Merger.

Section 4.4 Non-Contravention. The execution, delivery and performance by Parent and Merger Subsidiary of this Agreement and the consummation by Parent and Merger Subsidiary of the transactions contemplated hereby do not and will not, assuming compliance with the matters referred to in Sections 4.2 and 4.3, (a) contravene or conflict with the certificate of incorporation or by-laws of Parent or Merger Subsidiary, (b) contravene or conflict with or constitute a violation of any provision of any law, regulation, judgment, injunction, order or decree binding upon or applicable to Parent or any of its Subsidiaries, (c) constitute a default under or give rise to any material right of termination, cancellation or acceleration of any right or obligation of Parent or any of its Subsidiaries or to a loss of any material benefit to which Parent or any of its Subsidiaries is entitled under any provision of any agreement, contract or other instrument binding upon Parent or any of its Subsidiaries or any license, franchise, permit or other similar authorization held by Parent or any of its Subsidiaries or (d) result in the creation or imposition of any Lien on any asset of Parent or any of its Subsidiaries, except for such contraventions, conflicts or violations referred to in clause (b) or defaults, rights of termination,

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cancellation or acceleration, or losses or Liens referred to in clause (c) or (d) that would not, individually or in the aggregate, be reasonably likely to have a Parent Material Adverse Effect. The approval of the stockholders of Parent is not required by applicable law or the rules of the NYSE to effect the transactions contemplated by this Agreement.

Section 4.5 Capitalization. The authorized capital stock of Parent consists of 4,000,000,000 shares of common stock, par value $0.75 per share ("Parent Common Stock"), and 100,000,000 shares of preferred stock, par value $1.00 per share (of which 5,000,000 are designated Series A Participating Preferred Stock, and the remaining shares of such preferred stock are not subject to any designation). As of the close of business on December 31,2004, there were outstanding 2,274,032,014 shares of Parent Common Stock, no shares of Series A Participating Preferred Stock, and no other shares of capital stock or other voting securities of Parent. All outstanding shares of capital stock of Parent have been duly authorized and validly issued and are fully paid and nonassessable. As of December 31, 2004, there were outstanding (i) options to purchase 54,352,000 shares of Parent Common Stock and (ii) other stock-based awards (other than shares of restricted stock or other equity based awards included in the number of shares of Parent Common Stock outstanding set forth above) with respect to 200,747 shares of Parent Common Stock. Except as set forth in this Section 4.5 and except for changes since the close of business on December 31,2004 resulting from the exercise of employee stock options outstanding on such date or the payment or redemption of other stock-based awards outstanding on such date and except for the shares to be issued in connection with the Merger, there are outstanding (a) no shares of capital stock or other voting securities of Parent, and (b) except for securities issuable pursuant to employee benefit plans or arrangements, including options issued pursuant to Parent stock option plans and awards payable in Parent Common Stock, (i) no options, warrants or other rights to acquire from Parent any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of Parent, and (ii) no preemptive or similar rights, subscription or other rights, convertible securities, agreements, arrangements, or commitments of any character, relating to the capital stock of Parent, obligating Parent to issue, transfer or sell any capital stock, voting security or securities convertible into or exchangeable for capital stock or voting securities of Parent or obligating Parent to grant, extend or enter into any such option, warrant, subscription or other right, convertible security, agreement, arrangement or commitment (the items in the foregoing subclauses (a) and (b) being referred to collectively as "Parent Securities"). Except as required by the terms of any employee or director options or other stock based awards, there are no outstanding obligations of Parent or any of its Subsidiaries to repurchase, redeem or otherwise acquire any Parent Securities.

Section 4.6 Commission Filings.

(a) Parent has made available to the Company (i) its annual reports on Form 10-K for its fiscal years ended December 31,2003 and 2004, (ii) its quarterly reports on Form 10-Q for its fiscal quarters ended after December 31, 2004, (iii) its proxy or information statements relating to meetings of, or actions taken without a meeting by, the stockholders of Parent held since December 31,2003, and (iv) all of its other reports, statements, schedules and registration statements filed with the Commission since December 31, 2003 (the documents referred to in this Section 4.6(a) being referred to collectively as the "Parent Commission Documents").

Parent's annual report on Form 10-K for its fiscal year ended December 31, 2004 is referred to herein as the "Parent 10-K."

(b) As of its filing date, each Parent Commission Document complied as to form in all material respects with the applicable requirements of the Exchange Act, the Securities Act and the Sarbanes-Oxley Act.

(c) As of its filing date, each Parent Commission Document filed pursuant to the Exchange Act did not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(d) Each registration statement, as amended or supplemented, if applicable, filed by Parent since January 1,2003 pursuant to the Securities Act as of the date such statement or amendment became effective did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

(e) Parent has timely filed with or furnished to the Commission all forms, reports, schedules, registration statements, proxy statements and other documents required to be filed with or furnished to the Commission by Parent since January 1,2003.

Section 4.7 Financial Statements. The audited consolidated financial statements and unaudited consolidated interim financial statements of Parent (including any related notes and schedules) included in the annual reports on Form 10-K and the quarterly reports on Form 10-Q referred to in Section 4.6 present fairly, in all material respects, the consolidated financial position of Parent and its Subsidiaries as of the dates thereof and the consolidated results of their operations and their cash flows for the periods then ended (subject to normal year-end adjustments and the absence of notes in the case of any unaudited interim financial statements), in each case in conformity with GAAP applied on a consistent basis (except as may be indicated in the notes thereto). For purposes of this Agreement, "Parent Balance Sheet" means the consolidated balance sheet of Parent as of December 31,2004 set forth in the Parent 10-K and "Parent Balance Sheet Date" means December 31, 2004.

Section 4.8 Disclosure Documents.

(a) The Registration Statement on Form S-4 of Parent (the "Form S-4") to be filed under the Securities Act relating to the issuance of Parent Common Stock in the Merger, and any amendments or supplements thereto, will, when filed, subject to the last sentence of Section 4.8(b), comply as to form in all material respects with the applicable requirements of the Securities Act and the Exchange Act.

(b) Neither the Form S-4 nor any amendment or supplement thereto will at the time it becomes effective under the Securities Act or at the Effective Time contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. Notwithstanding the foregoing, no representation or warranty is made by Parent in this Section 4.8 with respect to statements made or incorporated

by reference therein based on information supplied by the Company for inclusion or incorporation by reference in the Form S-4.

(c) None of the information supplied or to be supplied by Parent for inclusion or incorporation by reference in the Company Proxy Statement or any amendment or supplement thereto will, at the date the Company Proxy Statement or any amendment or supplement thereto is first mailed to stockholders of Company or at the time such stockholders vote on the adoption and approval of this Agreement and the transactions contemplated hereby, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 4.9 Controls and Procedures.

(a) Each of the principal executive officer and the principal financial officer of Parent (or each former principal executive officer and former principal financial officer of Parent, as applicable) has made all certifications required under Sections 302 and 906 of the Sarbanes-Oxley Act with respect to Parent Commission Documents, and Parent has delivered to the Company a summary of any disclosure made by management to Parent's auditors and audit committee since January 1,2003 referred to in such certifications. For purposes of the preceding sentence, "principal executive officer" and "principal financial officer" shall have the meanings given to such terms in the Sarbanes-Oxley Act.

(b) Parent has (i) designed and maintained disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) to ensure that material information required to be disclosed by Parent in the reports it files or furnishes under the Exchange Act is communicated to its management by others within those entities as appropriate to allow timely decisions regarding required disclosure, (ii) disclosed, based on its most recent evaluation, to its auditors and the audit committee of its Board of Directors (A) any significant deficiencies or material weaknesses in the design or operation of internal controls over financial reporting which could adversely affect its ability to record, process, summarize and report financial data and (B) any fraud, whether or not material, that involves management or other employees who have a significant role in its internal controls over financial reporting and (iii) identified for Parent's auditors any material weaknesses in internal controls. Parent has provided to the Company true and correct copies of any of the foregoing disclosures to the auditors or audit committee that have been made in writing from January 1,2003 through the date hereof, and will promptly provide to the Company true and correct copies of any such disclosure that is made after the date hereof.

(c) Parent has designed and maintains a system of internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) sufficient to provide reasonable assurance concerning the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, including reasonable assurance (i) that transactions are executed in accordance with management's general or specific authorizations and recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability and (ii) regarding prevention or timely detection of any unauthorized acquisition, use or disposition of assets that could have a material effect on Parent's financial statements. Parent's management, with the participation of

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Parent's principal executive and financial officers, has completed an assessment of the effectiveness of Parent's internal controls over financial reporting in compliance with the requirements of Section 404 of the Sarbanes-Oxley Act for the year ended December 31, 2004, and such assessment concluded that such internal controls were effective using the framework specified in the Parent IO-K.

(d) No personal loan or other extension of credit by Parent or any Subsidiary to any of its or their executive officers or directors has been made or modified (other than as permitted by Section 13 of the Exchange Act and Section 402 of the Sarbanes-Oxley Act) since July 31, 2002.

(e) Since January 1,2003, (i) neither Parent nor any of its Subsidiaries nor, to Parent's knowledge, any director, officer, employee, auditor, accountant or representative of Parent or any of its Subsidiaries has received any written complaint, allegation, assertion, or claim that Parent or any of its Subsidiaries has engaged in improper or illegal accounting or auditing practices or maintains improper or inadequate internal accounting controls and (ii) no attorney representing Parent or any of its Subsidiaries, whether or not employed by Parent or any of its Subsidiaries, has reported evidence of a material violation of U.S. federal or state securities laws, a material breach of fiduciary duty or similar material violation by Parent, any of its Subsidiaries or any of their respective officers, directors, employees or agents to any officer of Parent, the Board of Directors of Parent or any member or committee thereof.

Section 4.10 Absence of Certain Changes. Since the Parent Balance Sheet Date, Parent and its Subsidiaries have conducted their business in the ordinary course of business, consistent with past practice and there has not been:

(a) any event, occurrence, change or development of a state of circumstances or facts which, individually or in the aggregate, has had, or would be reasonably likely to have, a Parent Material Adverse Effect; or

(b) any declaration, setting aside or payment of any dividend or other distribution with respect to any shares of capital stock of Parent (other than regular quarterly cash dividends payable by Parent (x) consistent with past practice (including periodic dividend increases consistent with past practice) and (y) that are not special dividends), or any repurchase, redemption or other acquisition by Parent or any of its wholly-owned Subsidiaries of any outstanding shares of capital stock or other equity securities of, or other ownership interests in, Parent or any of its Significant Subsidiaries (other than (i) any such repurchases prior to the date hereof pursuant to Parent's publicly announced stock buyback program or, after the date hereof, or pursuant to the terms of employee and director stock options and (ii) any such transaction solely among Parent and its wholly-owned Subsidiaries or solely among Parent's wholly-owned Subsidiaries);

(c) any change prior to the date hereof in any method of financial accounting or financial accounting practice by Parent or any of its Subsidiaries, except for any such change which is not material or which is required by reason of a concurrent change in GAAP or by applicable law; or

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(d) any (i) Tax election made or changed, (ii) Tax audit settled, or (iii) amended Tax Return filed, in each case, that is reasonably likely to result in an increase to a Tax liability, which increase is material to Parent and its Subsidiaries, taken as a whole.

Section 4.11 No Undisclosed Material Liabilities. As of the date hereof, there are no material liabilities of Parent or any Subsidiary of Parent of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, other than:

(a) liabilities disclosed or provided for in the Parent Balance Sheet or in the notes thereto;

(b) liabilities incurred since the Parent Balance Sheet Date in the ordinary course of business consistent with past practice and which, individually or in the aggregate, would not be reasonably likely to have a Parent Material Adverse Effect;

(c) liabilities disclosed in the Parent Commission Documents filed prior to the date of this Agreement;

(d) liabilities or obligations that have been discharged or paid in full in the ordinary course of business; and

(e) liabilities under this Agreement.

Section 4.12 Litigation. There is no action, suit, investigation or proceeding pending against, or to the knowledge of Parent threatened against or affecting, Parent or any of its Subsidiaries or any of their respective properties or any of their respective officers or directors before any court or arbitrator or any governmental body, agency or official except as would not, individually or in the aggregate, be reasonably likely to have a Parent Material Adverse Effect.

Section 4.13 Compliance with Laws. To Parent's knowledge, neither Parent nor any of its Subsidiaries is in violation of, or has since January 1,2003 violated, any applicable provisions of any laws, statutes, ordinances or regulations except for any violations that, individually or in the aggregate, have not had, and would not be reasonably likely to have, a Parent Material Adverse Effect.

Section 4.14 Tax Treatment. Neither Parent nor any of its Subsidiaries has taken or agreed to take any action or is aware of any fact or circumstance that would prevent or impede, or would be reasonably likely to prevent or impede, the Merger from qualifying as a reorganization under Section 368(a) of the Code.

Section 4.15 Capitalization of Merger Subsidiary. The authorized capital stock of Merger Subsidiary consists solely of 1,000 shares of Common Stock, par value $0.01 per share, all of which are validly issued and outstanding. All of the issued and outstanding capital stock of Merger Subsidiary is, and at the Effective Time will be, owned by Parent. Merger Subsidiary has not conducted any business prior to the date hereof and has, and prior to the Effective Time will have, no assets, liabilities or obligations of any nature other than those incident to its

formation and pursuant to this Agreement and the Merger and the other transactions contemplated by this Agreement.

ARTICLE V

COVENANTS OF THE COMPANY

Company agrees that:

Section 5.1 Conduct of the Company. From the date of this Agreement until the Effective Time, the Company and its Subsidiaries shall conduct their business in the ordinary course consistent with past practice and in a manner not involving the entry by the Company or its Subsidiaries into businesses that are materially different from the businesses of the Company and its Subsidiaries on the date hereof, and shall use their commercially reasonable efforts to preserve intact their business organizations and relationships with third parties. Without limiting the generality of the foregoing, except with the prior written consent of Parent, as expressly permitted by this Agreement or as set forth in Section 5.1 of the Company Disclosure Schedules, from the date hereof until the Effective Time:

(a) the Company will not, and will not permit any of its Subsidiaries to, adopt or propose any change in its certificate of incorporation or by-laws, or amend or waive any provision of the Company Rights Agreement;

(b) the Company will not, and will not permit any Subsidiary of the Company to, adopt a plan or agreement of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of the Company or any of its Subsidiaries;

(c) the Company will not, and will not permit any Subsidiary of the Company to, issue, sell, transfer, pledge, dispose of or encumber any shares of, or securities convertible into or exchangeable for, or options, warrants, calls, commitments or rights of any kind to acquire, any shares of capital stock of any class or series of the Company or its Subsidiaries other than (i) issuances pursuant to the exercise of convertible securities outstanding on the date hereof or issuances pursuant to stock based awards or options that are outstanding on the date hereof and are reflected in Section 3.5 or are granted in accordance with clause 5.1(c), (ii) if the Effective Time occurs in 2006, grants to be made in 2006 in accordance with the Company's customary schedule in accordance with past practice and (iii) grants made to directors of the Company and newly hired and promoted employees in the ordinary course of business in accordance with past practice;

(d) the Company will not, and will not permit any Subsidiary of the Company to, (i) split, combine, subdivide or reclassify its outstanding shares of capital stock, or (ii) declare, set aside or pay any dividend or other distribution payable in cash, stock or property with respect to its capital stock other than (x) regular quarterly cash dividends payable by the Company or such Subsidiary consistent with past practice, but not including any special dividend or (y) dividends paid by any Subsidiary of the Company to the Company or any wholly-owned Subsidiary of the Company;

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(e) the Company will not, and will not permit any Subsidiary of the Company to, redeem, purchase or otherwise acquire directly or indirectly any of the Company's or any Subsidiary's capital stock, except for repurchases, redemptions or acquisitions (x) required by the terms of its capital stock or any securities outstanding on the date hereof, (y) required by or in connection with the respective terms, as of the date hereof, of any Company Stock Option Plan or any dividend reinvestment plan as in effect on the date hereof in the ordinary course of the operations of such plan consistent with past practice and only to the extent consistent with Section 7.4 or (z) effected in the ordinary course consistent with past practice and only to the extent consistent with Section 7.4;

(f) the Company will not amend the terms (including the terms relating to accelerating the vesting or lapse of repurchase rights or obligations) of any outstanding options to purchase shares of Company Common Stock or of any outstanding restricted stock, stock units or stock appreciation rights (which, it is understood, will not limit the administration of the relevant plans in accordance with past practices and interpretations of the Company's Board and the Company's Compensation Committee to the extent consistent with Section 7.4);

(g) except **(A)** as consistent with the capital budgets set forth in Section 5.1(g) of the Company Disclosure Schedules or (B) if the Effective Time occurs in 2006, with respect to capital expenditures in future periods that are not covered by such capital budgets, as based on a reasonable extrapolation of permissible expenditures for the capital budgets set forth in Section 5.1(g) of the Company Disclosure Schedules, the Company will not, and will not permit any Subsidiary of the Company to, make or authorize any capital expenditure in excess of *$50* million;

(h) the Company will not, and will not permit any Subsidiary of the Company to, (1) increase the compensation or benefits of any director, officer or employee, except for normal increases in the ordinary course of business consistent with past practice or as required under applicable law or any Company Benefit Plan existing on the date hereof, or (2)(i) enter into, (ii) adopt, (iii) extend or renew (with respect to clause (iii) only, for a term in excess of one year) (or waive or amend any performance or vesting criteria or accelerate funding under) any employment, change in control, severance, bonus, profit sharing, retirement, restricted stock, stock option, deferred compensation or other director, executive or employee benefit plan, policy, agreement or arrangement except as required by applicable law or the terms of an agreement or arrangement existing on the date hereof or, with respect to individual non-U.S. payroll employees, in the ordinary course of business consistent with past practice or as required by applicable law;

(i) the Company will not, and will not permit any of its Subsidiaries to, acquire a material amount of assets or property (as measured with respect to the consolidated assets of the Company and its Subsidiaries taken as a whole) of any other Person (other than the Company or a wholly-owned Subsidiary of the Company), except in the ordinary course of business consistent with past practice;

(j) except as expressly permitted by Section 7.1, the Company will not, and will not permit any of its Subsidiaries to, sell, lease, license, encumber (including by the

grant of any option thereon) or otherwise dispose of any material assets or property except pursuant to existing contracts or commitments or except in the ordinary course of business consistent with past practice and in no event in an amount exceeding $50 million in the aggregate;

(k) the Company will not, and will not permit any of its Subsidiaries to, incur any indebtedness for borrowed money (other than (i) any such indebtedness among the Company and its wholly-owned Subsidiaries or among the Company's wholly-owned Subsidiaries or (ii) additional short-term debt not to exceed $500,000,000 in the aggregate) or guarantee or assume any such indebtedness of another Person, issue or sell any debt securities or warrants or other rights to acquire any debt securities of the Company or any of its Subsidiaries, guarantee any such indebtedness of another Person, enter into any "keep well" or other agreement to maintain any financial condition of another Person or enter into any arrangement having the economic effect of any of the foregoing, in each case other than in the ordinary course of business, consistent with past practice;

(l) the Company will not, and will not permit any of its Subsidiaries to, (i) modify, amend, terminate or waive any material rights under any Company Material Contract or (ii) enter into any agreement that would constitute a Company Material Contract if entered into as of the date of this Agreement other than (with respect to clause (ii)) in the ordinary course of business, consistent with past practice;

(m) the Company will not, and will not permit any of its Subsidiaries to, settle or compromise any claim, demand, lawsuit or state or federal regulatory proceeding, whether now pending or hereafter made or brought, or waive, release or assign any rights or claims, in any such case in an amount in excess of $20 million or that is otherwise qualitatively material to the Company, provided that Parent will not unreasonably withhold its consent to any such settlement or compromise;

(n) except for any such change which is not material or which is required by reason of a concurrent change in GAAP or applicable law, the Company will not, and will not permit any Subsidiary of the Company to, change any method of financial accounting or financial accounting practice (other than any change for tax purposes) used by it;

(o) the Company will not, and will not permit any Subsidiary of the Company to, enter into any material joint venture, partnership or other similar arrangement or make any loan, capital contribution or advance to or investment in any other Person (other than the Company or any wholly-owned Subsidiary of the Company) other than in the ordinary course of business, consistent with past practice or in an amount not exceeding $10 million;

(p) the Company will not, and will not permit any of its Subsidiaries to, take any action which would limit Parent's or the Company's freedom to license, cross-license or otherwise dispose of any Company Intellectual Property;

(q) the Company will not amend or waive any provisions of any standstill agreement;

(r) except as required by Law, the Company will not (i) make or change any Tax election, (ii) settle any Tax audit or (iii) file any amended Tax Return, in each case, that is reasonably likely to result in an increase to a Tax liability, which increase is material to the Company and its Subsidiaries, taken as a whole;

(s) except as contemplated by Section 7.1, the Company will not, and will not permit any of its Subsidiaries to, enter into any agreement that limits (other than in an insignificant manner) the ability of the Company or any Subsidiary of the Company, or would limit (other than in an insignificant manner) the ability of Parent or any Subsidiary of Parent after the Effective Time, to compete in or conduct any line of business or compete with any Person in any geographic area or during any period, it being understood that any restriction that by its terms does not extend more than six (6) months beyond the Effective Time shall be deemed to be insignificant;

(t) the Company will not, and will not permit any of its Subsidiaries to, take any action that would prevent, materially delay or materially impede the consummation of the Merger; and

(u) the Company will not, and will not permit any of its Subsidiaries to, agree or commit to do any of the foregoing.

Section 5.2 Company Stockholder Meeting; Proxy Material.

(a) Except as permitted by Section 5.2(b) below, the Board of Directors of the Company shall recommend approval and adoption of this Agreement and the Merger by the Company's stockholders, and unless permitted by Section 5.2(b), neither the Board of Directors of the Company nor any committee thereof shall (i) withdraw, modify or qualify, or propose publicly to withdraw, modify or qualify, in any manner adverse to Parent, the approval of this Agreement, the Merger or the Company Recommendation (as defined in Section 5.2(f) below) (any of the foregoing, a "Change in the Company Recommendation"), or (ii) approve or recommend, or propose publicly to approve or recommend, any Acquisition Proposal. For purposes of this Agreement, a Change in the Company Recommendation shall include any approval or recommendation (or public proposal to approve or recommend), by the Board of Directors of the Company or any committee thereof of an Acquisition Proposal, or any failure by the Company's Board of Directors to recommend against an Acquisition Proposal.

(b) The Board of Directors of the Company shall be permitted not to recommend to the Company's stockholders that they give the Company Stockholder Approval or to withdraw or modify in a manner adverse to Parent the Company Recommendation, only if and to the extent that all of the following conditions are met: (v) the Company Stockholder Approval has not been obtained; (w) the Board of Directors of the Company determines in good faith, after consulting with outside legal counsel, that failure to so withdraw or modify the Company Recommendation would be inconsistent with the directors' exercise of their fiduciary duties to stockholders under applicable law; (x) before taking any such action, the Company promptly

gives Parent written notice advising Parent of the decision of the Board of Directors of the Company to take such action, including the reasons therefor and, in the event that such decision relates to an Acquisition Proposal, such notice specifies the material terms and conditions of such Acquisition Proposal and identifies the Person making such Acquisition Proposal (and the Company will also promptly give Parent such a notice with respect to any subsequent change in such proposal) and the Company has given Parent at least three (3) Business Days after delivery of each such notice to propose revisions to the terms of this Agreement (or to make another proposal) in response to such Acquisition Proposal and has negotiated in good faith with Parent with respect to such proposed revisions or other proposal, if any, (y) if such withdrawal or modification relates to an Acquisition Proposal received by the Company or made directly to the Company's stockholders, such Acquisition Proposal constitutes a Superior Proposal (as defined in Section 7.9(b)); and (z) the Company has complied with its obligations set forth in Section 7.9; provided, however, that notwithstanding any Change in the Company Recommendation, the Company shall nevertheless submit this Agreement and the Merger to the stockholders of the Company for the purpose of obtaining the Company Stockholder Approval at the Company Stockholder Meeting and nothing contained herein shall be deemed to relieve the Company of such obligation, unless Parent otherwise directs the Company in writing or this Agreement shall have been terminated in accordance with its terms prior to the Company Stockholder Meeting.

(c) As promptly as practicable following the date of this Agreement, Parent and the Company shall prepare, and Parent shall file with the Commission, the Form S-4, in which the Company Proxy Statement will be included as a prospectus. Each of Parent and the Company shall use all reasonable efforts to have the Form S-4 declared effective under the Securities Act, and for the Company Proxy Statement to be cleared by the Commission and its staff under the Exchange Act, as promptly as practicable after such filing. Without limiting any other provision herein, the Form S-4 and the Company Proxy Statement will contain such information and disclosure reasonably requested by either Parent or the Company so that the Form S-4 conforms in form and substance to the requirements of the Securities Act and the Company Proxy Statement conforms in form and substance to the requirements of the Exchange Act. The Company shall use its reasonable best efforts to cause the Company Proxy Statement to be mailed to holders of Company Common Stock as promptly as practicable after the Form S-4 is declared effective.

(d) If at any time prior to the Effective Time there shall occur (i) any event with respect to the Company or any of its Subsidiaries, or with respect to other information supplied by Company for inclusion in the Form S-4 or the Proxy Statement, or (ii) any event with respect to Parent, or with respect to information supplied by Parent for inclusion in the Form S-4 or the Company Proxy Statement, in either case, which event is required to be described in an amendment of or a supplement to the Form S-4 or the Company Proxy Statement, such event shall be so described, and such amendment or supplement shall be promptly filed with the Commission and, as required by Law, disseminated to the stockholders of the Company.

(e) Each of the Company and Parent shall (i) promptly notify the other of the receipt of any comments from the Commission or its staff or any other applicable government official and of any requests by the Commission or its staff or any other applicable government official for amendments or supplements to any of the filings with the Commission in connection with the

Merger and other transactions contemplated hereby or for additional information and (ii) promptly supply the other with copies of all correspondence between the Company or any of its representatives, or Parent or any of its representatives, as the case may be, on the one hand, and the Commission or its staff or any other applicable government official, on the other hand, with respect thereto. The Company and Parent shall use their respective reasonable best efforts to respond to any comments of the Commission or its staff with respect to the Form S-4 and the Company Proxy Statement as promptly as practicable. The Company and Parent shall cooperate with each other and provide to each other all information necessary in order to prepare the Form S-4 and the Company Proxy Statement as expeditiously as practicable, and each of them shall provide promptly to the other party any information that such party may obtain that could necessitate an amendment or supplement to any such document.

(f) The Company shall, as promptly as practicable after the Form S-4 is declared effective under the Securities Act, duly call, give notice of, convene and hold a meeting of its stockholders (the "Companv Stockholder Meetinn") for the purpose of obtaining the Company Stockholder Approval, and the Company Board shall recommend to the Company's stockholders the approval and adoption of this Agreement, the Merger and the other transactions contemplated hereby (the "Company Recommendation") and shall include such recommendation in the Company Proxy Statement; provided, however, that the Company Board shall not be required to make such Company Recommendation to the extent that it effects a Change in the Company Recommendation in accordance with Section 5.2(b). Without limiting the generality of the foregoing, the Company agrees that its obligations pursuant to the first sentence of this Section 5.2(f) or its other obligations under this Section 5.2 shall not be affected by the commencement, public proposal, public disclosure or communication to the Company or its representatives of any Acquisition Proposal. The Company shall use its best efforts to hold the Company Stockholder Meeting as soon as practicable after the Form S-4 becomes effective and (subject to any Change in the Company Recommendation expressly permitted by Section 5.2(b)) to obtain the Company Stockholder Approval. The Company shall otherwise coordinate and cooperate with Parent with respect to the timing of the Company Stockholder Meeting and will otherwise comply with all legal requirements applicable to the Company Stockholder Meeting.

Section 5.3 Resignation of Companv Directors. In order to fulfill the requirements of Section 1.3, the Company shall (i) cause each director of the Company to deliver a written resignation to the Company effective at the Effective Time and (ii) cause the vacancies resulting from such resignations to be filled by Persons who are directors of Merger Subsidiary immediately prior to the Effective Time.

Section 5.4 Other Actions. As provided in Article VII, the Company and Parent shall cooperate with each other to lift any injunctions or remove any other impediment to the consummation of the transactions contemplated herein.

ARTICLE VI

COVENANTS OF PARENT

Parent agrees that:

Section 6.1 Obligations of Merger Subsidiary. Parent will take all action necessary to cause Merger Subsidiary to perform its obligations under this Agreement and to consummate the Merger on the terms and conditions set forth in this Agreement.

Section 6.2 Director and Officer Liability.

(a) For six years after the Effective Time, Parent shall cause the Surviving Corporation to indemnify and hold harmless, to the greatest extent permitted by law as of the date of this Agreement, the individuals who on or prior to the Effective Time were officers, directors and employees of the Company or its Subsidiaries (collectively, the "Indemnitees") with respect to all acts or omissions by them in their capacities as such or taken at the request of the Company or any of its Subsidiaries at any time prior to the Effective Time. Parent shall cause the Surviving Corporation to honor all indemnification agreements with Indemnitees (including under the Company's by-laws) in effect as of the date hereof in accordance with the terms thereof. The Company has disclosed to Parent all such indemnification agreements prior to the date hereof.

(b) For six years after the Effective Time, Parent shall procure the provision of officers' and directors' liability insurance in respect of acts or omissions occurring prior to the Effective Time covering each such Person currently covered by the Company's officers' and directors' liability insurance policy on terms with respect to coverage and in amounts no less favorable than those of such policy in effect on the date hereof; provided, that if the annual aggregate premiums for such insurance at any time during such period shall exceed 300% of the per annum rate of premium paid by the Company and its Subsidiaries as of the date hereof for such insurance, then Parent shall, or shall cause its Subsidiaries to, provide only such coverage as shall then be available at an annual premium equal to 300% of such rate.

(c) The obligations of Parent under this Section 6.2 shall not be terminated or modified in such a manner as to adversely affect any Indemnitee to whom this Section 6.2 applies without the consent of such affected Indemnitee (it being expressly agreed that the Indemnitees to whom this Section 6.2 applies shall be third party beneficiaries of this Section 6.2).

Section 6.3 Form S-4. Subject to the terms and conditions of this Agreement, Parent shall prepare and file with the Commission under the Securities Act the Form S-4, and shall use its reasonable best efforts to cause the Form S-4 to be declared effective by the Commission a sufficient time prior to the Company Stockholder Meeting to allow the Company to mail the Company Proxy Statement to the Company stockholders, as required by the rules and regulations of the Commission, prior to the Company Stockholder Meeting. Parent shall take any action required to be taken under foreign or state securities or Blue Sky laws in connection with the issuance of Parent Common Stock in connection with the Merger.

Section 6.4 Stock Exchange Listing. Parent shall use its reasonable best efforts to cause the shares of Parent Common Stock to be issued in connection with the Merger to be listed on the NYSE, subject to official notice of issuance.

Section 6.5 Employee Benefits.

(a) From and after the Effective Time, Parent shall cause the Surviving Corporation to honor in accordance with their terms all benefits and obligations, subject to Section 6.5(b) hereof, under the Company Benefit Plans, each as in effect on the date hereof (or as amended to the extent permitted by Section 5.1), to the extent that entitlements or rights, actual or contingent (whether such entitlements or rights are vested as of the Effective Time or become vested or payable only upon the occurrence of a further event, including a discretionary determination) exist in respect thereof as of the Effective Time. Parent and the Company hereby agree that the consummation of the Merger shall constitute a "Change in Control" for purpose of any employee arrangement and all other Company Benefit Plans, pursuant to the terms of such plans in effect on the date hereof. No provision of this Section 6.5(a) shall be construed as a limitation on the right of Parent to amend or terminate any Company Benefit Plans which the Company would otherwise have under the terrns of such Company Benefit Plan, and no provision of this Section 6.5(a) shall be construed to create a right in any employee or beneficiary of such employee under a Company Benefit Plan that such employee or beneficiary would not otherwise have under the terms of such plan; provided, however, that Parent agrees that it will respect deferrals of salary, bonus or other compensation in place prior to the Effective Time pursuant to the Company Benefit Plans.

(b) Following the Effective Time, Parent shall continue to provide to individuals who are employed by the Company and the Company Subsidiaries as of the Effective Time who remain employed with Parent or any Subsidiary of Parent ("Affected Employees"), for so long as such Affected Employees remain employed by Parent or any Subsidiary of Parent, compensation and employee benefits (i) pursuant to the Company's or the Company Subsidiaries' compensation and employee benefit plans, programs, policies and arrangements as provided to such employees immediately prior to the Effective Time or (ii) pursuant to compensation and employee benefit plans, programs, policies or arrangements maintained by Parent or any Subsidiary of Parent providing coverage and benefits, which, in the aggregate, are no less favorable than those provided to employees of Parent in positions comparable to positions held by Affected Employees of Parent and its Subsidiaries from time to time after the Effective Time. Following the Effective Time, Parent shall continue to provide to former employees of the Company or its Company Subsidiaries (and to employees of the Company or its Company Subsidiaries whose employment terminates prior to the Effective Time) ("Affected Retirees") post-retirement benefits (other than pensions) (i) pursuant to the Company Benefit Plans applicable to such Affected Retirees, each as in effect on the date of this Agreement, or (ii) pursuant to employee benefit plans, programs, policies or arrangements maintained by Parent or any Subsidiary of Parent providing post-retirement coverage and benefits (other than pensions), which, in the aggregate, are no less favorable than those provided from time to time after the Effective Time to former employees of Parent that served in positions comparable to positions that were held by Affected Retirees of Parent and its Subsidiaries.

(c) Parent will, or will cause the Surviving Corporation to, give Affected Employees full credit for purposes of eligibility, vesting and benefit accrual (including benefit accrual under any defined benefit pension plans, provided that a participant's benefit under any such defined benefit pension plan may be offset by such participant's benefit accrued through the Effective Time under the Unocal Corporation Retirement Plan) under any employee benefit plans or

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arrangements maintained by Parent or any Subsidiary of Parent for such Affected Employees' service with the Company or any Subsidiary to the same extent recognized by the Company immediately prior to the Effective Time.

(d) Parent will, or will cause the Surviving Corporation to, (i) waive all limitations as to preexisting conditions, exclusions and waiting periods with respect to participation and coverage requirements applicable to the Affected Employees under any welfare benefit plans that such employees may be eligible to participate in after the Effective Time, other than limitations or waiting periods that are already in effect with respect to such employees and that have not been satisfied as of the Effective Time under any welfare plan maintained for the Affected Employees immediately prior to the Effective Time, and (ii) provide each Affected Employee with credit for any co-payments and deductibles paid prior to the Effective Time in satisfying any applicable deductible or out-of-pocket requirements under any welfare plans that such employees are eligible to participate in after the Effective Time.

(e) If the Effective Time occurs in 2005, following the payment of pro rata bonuses under the annual bonus plan for 2005 as provided under, and in accordance with the terms of such bonus plan (the "2005 Pro Rata Bonus"), Parent will cause the Company to (A) maintain a bonus plan for the remainder of 2005 on the same terms and conditions and pursuant to the same targets and performance measures as were in effect for the 2005 calendar year and (B) pay bonuses within two and a half months following the end of the 2005 calendar year in an amount equal to the excess, if any, of (i) the annual bonus which would have been earned by the participants for the entire 2005 calendar year under the bonus plan described in clause (A) of this Section 6.5(e) (without reference to the 2005 Pro Rata Bonus) over (ii) the 2005 Pro Rata Bonus. If the Effective Time occurs in 2006, the Company shall be permitted prior to the Effective Time to establish a bonus plan for 2006, based upon targets and goals substantially similar to those established for 2005. In addition, in the event the Effective Time occurs in 2006, participants in the 2006 bonus plan will be paid a pro rata bonus for 2006 (the "2006 Pro Rata Bonus") in accordance with the terms of the Company's annual bonus plan, and total bonuses for 2006 will be calculated based upon the excess of actual bonus earned for 2006 over the 2006 Pro Rata Bonus in the same manner as total bonuses for 2005 would have been calculated as described above had the Effective Time occurred in 2005. Company performance in respect of calculations made under the bonus plans and the Company Plans for the calendar years 2005 and 2006 shall be calculated without taking into account any expenses or costs associated with or arising as a result of transactions contemplated by this Agreement or any nonrecurring charges that would not reasonably be expected to have been incurred had the transactions contemplated by this Agreement not occurred, and if the Effective Time occurs prior to payment of 2005 calendar year bonuses, shall not be subject to negative discretion by the administrator for the Bonus Plan. In no event will the 2005 Pro Rata Bonus or the 2006 Pro Rata Bonus for any employee exceed 150% of the target amount for such employee for such year.

ARTICLE VII

COVENANTS OF PARENT AND THE COMPANY

The parties hereto agree that:

Section 7.1 Best Efforts.

(a) Subject to Sections 5.2, 7.1(b) and 7.1(c), the Company and Parent shall each cooperate with the other and use (and shall cause their respective Subsidiaries to use) their respective best efforts to promptly (i) take or cause to be taken all necessary actions, and do or cause to be done all things, necessary, proper or advisable under this Agreement and applicable laws to consummate and make effective the Merger and the other transactions contemplated by this Agreement as soon as practicable, including, without limitation, preparing and filing promptly and fully all documentation to effect all necessary filings, notices, petitions, statements, registrations, submissions of information, applications and other documents and (ii) obtain as soon as practicable all approvals, consents, registrations, permits, authorizations and other confirmations required to be obtained from any third party necessary, proper or advisable to consummate the Merger and the other transactions contemplated by this Agreement. Subject to applicable laws relating to the exchange of information, the Company and Parent shall have the right to review in advance, and to the extent practicable each will consult the other on any filing made with, or written materials submitted to, any third party and/or any governmental authority in connection with the Merger and the other transactions contemplated by this Agreement. The Company and Parent shall provide the other party with the opportunity to participate in any meeting with any governmental entity in respect of any filing, investigation or other inquiry in connection with the transactions contemplated hereby; provided that Parent will lead all such processes; provided further that the foregoing shall not limit in any respect any party's obligations under this Agreement. Prior to the Effective Time, Parent shall not, and shall not permit any of its Subsidiaries to, enter into or agree to enter into any agreement for the acquisition of any business or Person which acquisition would reasonably be expected to materially impair Parent's ability to consummate the transactions contemplated hereby.

(b) Without limiting Section 7.1(a), Parent and the Company shall, subject to Section 7:1(c), as applicable:

(i) each use its best efforts to avoid the entry of, or to have vacated or terminated, any decree, order, or judgment that would restrain, prevent or delay the Closing, on or before the End Date (as defined in Section 9.1(b)(i)), including without limitation defending through litigation on the merits any claim asserted in any court by any Person; and

(ii) each use its best efforts to avoid or eliminate each and every impediment under any antitrust, competition or trade regulation law that may be asserted by any governmental authority with respect to the Merger (collectively, "Antitrust Laws") so as to enable the Closing to occur as soon as reasonably possible (and in any event no later than the End Date), including, without limitation, (x) proposing, negotiating, committing to and effecting, by consent decree, hold separate order, or otherwise, the sale, divestiture or disposition of such businesses, product lines or assets of Parent, the Company and their respective Subsidiaries and (y) otherwise taking or committing to take actions that after the Closing Date would limit Parent or its Subsidiaries' freedom of action with respect to, or its or their ability to retain, one or more of the businesses, product lines or assets of Parent, the Company and their respective Subsidiaries, in each case as may be required in order to avoid the entry of, or to effect the dissolution of, any injunction, temporary

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restraining order, or other order in any suit or proceeding, which would otherwise have the effect of preventing or materially delaying the Closing. Parent and, if requested by Parent, the Company shall agree to divest, sell, dispose of, hold separate, or otherwise take or commit to take any action that limits its freedom of action with respect to, or Parent or Parent's Subsidiaries' ability to retain, any of the businesses, product lines or assets of Parent, the Company or any of their respective Subsidiaries, provided that any such action is conditioned upon the consummation of the Merger. The Company agrees and acknowledges that, notwithstanding anything to the contrary in this Section 7.1, in connection with any filing or submission required, action to be taken or commitment to be made by Parent, the Company or any of their respective Subsidiaries to consummate the Merger or other transactions contemplated by this Agreement, neither the Company nor any of the Company's Subsidiaries shall, without Parent's prior written consent, sell, divest, or dispose of any assets, license any Company Intellectual Property, commit to any sale, divestiture or disposal of businesses, product lines or assets of the Company and the Company's Subsidiaries or any license of Company Intellectual Property or take any other action or commit to take any action that would limit the Company's, Parent's or any of their respective Subsidiaries' freedom of action with respect to, or their ability to retain any of, their businesses, product lines or assets or Company Intellectual Property; provided that the foregoing shall not relieve any party of its obligations under this Agreement.

(c) Notwithstanding anything else contained herein, the provisions of this Section 7.1 shall not be construed to require Parent or any of Parent's Subsidiaries to undertake any efforts or to take any action if such efforts or action would, or would reasonably be expected to, result in a Substantial Detriment. "Substantial Detriment" shall mean changes or effects which would, individually or in the aggregate (and after giving effect to any reasonably expected proceeds of any divestiture or sale of assets), result in, or be reasonably likely to result in, a Company Material Adverse Effect, at or after the Effective Time; provided that any requirement to divest or hold separate, or limit the operation of, any division, Subsidiary, interest, business, product line, asset or property relating to the operations conducted by Parent and its Subsidiaries prior to the Effective Time shall be deemed to result in a Substantial Detriment if such action with respect to a comparable amount of assets or businesses of the Company and its Subsidiaries would be reasonably likely, in the aggregate, to have a Company Material Adverse Effect, at or after the Effective Time.

Section 7.2 Certain Filings. The Company and Parent shall cooperate with one another (a) in determining whether any action by or in respect of, or filing with, any governmental body, agency or official, or authority is required, or any actions, consents, approvals or waivers are required to be obtained from parties to any material contracts, in connection with the consummation of the transactions contemplated by this Agreement and (b) in seeking any such actions, consents, approvals or waivers or making any such filings, furnishing information required in connection therewith or with the Company Proxy Statement or the Form S-4 and seeking timely to obtain any such actions, consents, approvals or waivers.

Section 7.3 Access to Information. From the date of this Agreement until the Effective Time, to the extent permitted by applicable law, the Company and Parent will, during normal business hours and upon reasonable request give the other party, its counsel, financial

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advisors, auditors and other authorized representatives complete access at all reasonable times to the offices, properties, books and records of such party and its Subsidiaries, furnish to the other party, its counsel, financial advisors, auditors and other authorized representatives such financial and operating data and other information as such Persons may reasonably request and will instruct its own employees, counsel and financial advisors to cooperate with the other party in its investigation of the business of the Company or Parent, as the case may be; provided, that such investigation shall not disrupt the Company's or Parent's operations; and, provided further that no such investigation shall affect any representation or warranty given by either party hereunder. All information obtained by Parent or the Company pursuant to this Section 7.3 shall be kept confidential in accordance with, and shall otherwise be subject to the terms of, the Confidentiality Agreement dated as of February 11, 2005 between Parent and the Company (the "Confidentiality Agreement").

Section 7.4 Tax Treatment. Neither Parent nor the Company shall, nor shall they permit their Subsidiaries to, take any action, and Parent and the Company shall not, and shall ensure that its Subsidiaries do not, fail to take any action which action or failure to act would prevent or impede, or would be reasonably likely to prevent or impede, the Merger from qualifying as a reorganization under Section 368(a) of the Code.

Section 7.5 Public Announcements. Parent and the Company will consult with each other before issuing any press release or making any public statement with respect to this Agreement and the transactions contemplated hereby and shall not issue any press release or make any public statement without the prior consent of the other party, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, any press release or public statement as may be required by applicable law or any listing agreement with any national securities exchange may be issued prior to such consultation, if the party making the release or statement has used its reasonable best efforts to consult with the other party.

Section 7.6 Further Assurances. At and after the Effective Time, the officers and directors of the Surviving Corporation will be authorized to execute and deliver, in the name and on behalf of the Company or Merger Subsidiary, any deeds, bills of sale, assignments or assurances and to take any other actions and do any other things, in the name and on behalf of the Company or Merger Subsidiary, reasonably necessary to vest, perfect or confirm of record or otherwise in the Surviving Corporation any and all right, title and interest in, to and under any of the rights, properties or assets of the Company acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger.

Section 7.7 Notices of Certain Events.

(a) Each of the Company and Parent shall promptly notify the other Party of:

(i) Any written notice or other written communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;

(ii) Any notice or other written communication from any governmental or regulatory agency or authority in connection with the transactions contemplated by this Agreement; and

(iii) Any actions, suits, claims, investigations or proceedings (A) commenced or (B) to the best of its knowledge, threatened against, relating to or involving or otherwise affecting such party or any of its Subsidiaries which relate to the consummation of the transactions contemplated by this Agreement.

provided, however, that no such notification (and no other notification required to be given by the Company under any other Section of this Agreement) shall affect the representations, warranties, covenants or agreements of the parties or the conditions to the obligations of the parties under this Agreement.

Section 7.8 Affiliates.

(a) Not less than forty-five **(45)** days prior to the Effective Time, the Company (i) shall deliver to Parent a letter identifying all Persons who, in the Company's opinion, may be, as of the Effective Time, its "affiliates" for purposes of Rule 145 under the Securities Act, and (ii) shall use its reasonable best efforts to cause each Person who is identified as an "affiliate" of it in such letter to deliver to Parent, as promptly as practicable but in no event later than thirty (30) days prior to the Effective Time, a signed agreement substantially in the form attached as Exhibit A (an "Affiliate Agreement"). The Company shall notify Parent from time to time after the delivery of the letter described above of any Person not identified on such letter who then is, or may be, such an "affiliate" and use its reasonable best efforts to cause each additional Person who is identified as an "affiliate" to execute an Affiliate Agreement.

(b) Neither Parent or the Company shall register, or allow its transfer agent to register, on its books, any transfer of any shares of Parent Common Stock or Company Common Stock of any affiliate of the Company who has not provided an executed Affiliate Agreement in accordance with this Section 7.8 unless the transfer is made in compliance with the foregoing.

Section 7.9 No Solicitation.

(a) The Company and its Subsidiaries will not, and the Company will direct and use its reasonable best efforts to cause its and its Subsidiaries' respective officers, directors, employees, investment bankers, consultants, attorneys, accountants, agents and other representatives not to, directly or indirectly, take any action to solicit, initiate, or knowingly encourage or facilitate the making of any Acquisition Proposal (including without limitation by amending, or granting any waiver under, the Company Rights Agreement, as applicable) or any inquiry with respect thereto or engage in discussions or negotiations with any Person with respect thereto (except to notify such Person of the existence of the provisions of this Section 7.9), or disclose any nonpublic information or afford access to properties, books or records to, any Person that has made, or to the Company's knowledge is considering making, any Acquisition Proposal, or approve or recommend, or propose to approve or recommend, or execute or enter into any letter of intent, agreement in principle, merger agreement, option agreement, acquisition agreement or other similar agreement relating to an Acquisition Proposal,

or propose publicly or agree to do any of the foregoing relating to an Acquisition Proposal. Nothing contained in this Agreement shall prevent the Board of Directors of the Company from (i) complying with Rule 14e-2 under the Exchange Act with regard to an Acquisition Proposal or (ii) making any disclosure if, in the good faith judgment of the Company's Board of Directors, after consultation with outside counsel, failure so to disclose would be inconsistent with the directors' exercise of their fiduciary obligations to the Company's stockholders under applicable law; provided, however, that any such disclosure that relates to an Acquisition Proposal shall be deemed to be a Change in the Company Recommendation unless the Company's Board of Directors reaffirms the Company Recommendation in such disclosure. Notwithstanding anything to the contrary in this Agreement, prior to (but not after) the date of the Company Stockholder Approval, the Company may, directly or indirectly through its advisors, agents or other intermediaries (A) furnish information and access, but only in response to a request for information or access, to any Person making an Acquisition Proposal to the Board of Directors of the Company after the date hereof which was not solicited, initiated or knowingly encouraged by the Company or any of its affiliates or any director, employee, representative or agent of the Company or any of its Subsidiaries (including, without limitation, any investment banker, attorney or accountant retained by the Company or any of its Subsidiaries) on or after the date hereof (and to such Person's advisors, agents and intermediaries) and (B) may participate in discussions and negotiate with such Person concerning any such unsolicited Acquisition Proposal, if and only if, in any such case set forth in clause (A) or (B) of this sentence, (i) the Board of Directors of the Company concludes in good faith, after (x) receipt of the advice of a financial advisor of nationally recognized reputation and outside legal counsel, that there is a reasonable likelihood that such Acquisition Proposal will result in a Superior Proposal and (y) taking into account any revisions to the terms of the Merger or this Agreement proposed by Parent after being notified pursuant to Section 5.2(b), that doing so is necessary for the Company's Board of Directors to comply with its fiduciary duties to the Company's stockholders under applicable law, (ii) the Company complies with all of its obligations under Section 5.2 and Section 7.9(b) below, and (iii) the Board of Directors of the Company receives from the Person making such an Acquisition Proposal an executed confidentiality agreement the material terms of which, as they relate to confidentiality, are (without regard to the terms of such Acquisition Proposal) in all material respects (x) no less favorable to the Company and (y) no less restrictive to the Person making such Acquisition Proposal than those contained in the Confidentiality Agreement and any information provided to such Person has previously been provided to Parent or is provided to Parent promptly after its provision to such Person.

(b) In the event the Company receives an Acquisition Proposal, any indication of which the Company has knowledge that any Person is considering making an Acquisition Proposal, or any request for nonpublic information relating to the Company or any Subsidiary of the Company or for access to the properties, books or records of the Company or any Subsidiary of the Company by any Person that has made, or to the Company's knowledge may be considering making, an Acquisition Proposal, the Company will (A) promptly (and in no event later than twenty-four (24) hours after receipt of any Acquisition Proposal) notify (which notice shall be provided orally and in writing and shall identify the Person making such Acquisition Proposal or request and set forth the material terms thereof) Parent thereof and (B) will keep Parent reasonably and promptly informed of the status and material terms of (including with respect to changes to the status or material terms of) any such Acquisition Proposal or request. The Company (x) shall, and shall cause its Subsidiaries to, immediately cease and cause to be

terminated and shall use reasonable best efforts to cause its and their officers, directors, employees, investment bankers, consultants, attorneys, accountants, agents and other representatives to, immediately cease and cause to be terminated, all discussions and negotiations, if any, that have taken place prior to the date hereof with any Persons with respect to any Acquisition Proposal and (y) shall promptly request each Person, if any, that has executed a confidentiality agreement within the nine (9) months prior to the date hereof in connection with its consideration of any Acquisition Proposal to return or destroy all confidential information heretofore furnished to such Person by or on behalf of it or any of its Subsidiaries.

For purposes of this Agreement, "Acsuisition Proposal" means any bona fide written offer or proposal for, or any bona fide written indication of interest in, any (i) direct or indirect acquisition or purchase of any business or assets of the Company or any of its Subsidiaries that, individually or in the aggregate, constitutes 20% or more of the net revenues, net income or assets of the Company and its Subsidiaries, taken as a whole, (ii) direct or indirect acquisition or purchase of 20% or more of any class of equity securities of the Company or any of its Subsidiaries whose business constitutes 20% or more of the net revenues, net income or assets of the Company and its Subsidiaries, taken as a whole, (iii) tender offer or exchange offer that, if consummated, would result in any Person beneficially owning 20% or more of any class of equity securities of the Company or any of its Subsidiaries whose business constitutes 20% or more the net revenues, net income or assets of the Company and its Subsidiaries, taken as a whole, or (iv) merger, consolidation, business combination, joint venture, partnership, recapitalization, liquidation, dissolution or similar transaction involving the Company or any of its Subsidiaries whose business constitutes 20% or more of the net revenue, net income or assets of the Company and its Subsidiaries, taken as a whole, other than the transactions contemplated by this Agreement. For purposes of this Agreement, "Superior Proposal" means any bona fide written Acquisition Proposal for or in respect of at least a majority of the outstanding shares of Company Common Stock or all or substantially all of the Company's and its Subsidiaries' assets (i) on terms that the Board of Directors of the Company determines in its good faith judgment (after consultation with, and taking into account the advice of, a financial advisor of nationally recognized reputation and outside legal counsel, taking into account all the terms and conditions of such Acquisition Proposal, including any break-up fees, expense reimbursement provisions and conditions to consummation, as well as any revisions to the terms of the Merger or this Agreement proposed by Parent after being notified pursuant to Section 5.2(b)) are more favorable to the Company and its stockholders than the Merger and the other transactions contemplated hereby and (ii) that constitutes a transaction that is reasonably likely to be consummated on the terms so proposed, taking into account all legal, financial, regulatory and other aspects of such proposal.

(c) The Company agrees that it will take the necessary steps promptly to inform its Subsidiaries and its officers, directors, investment bankers, consultants, attorneys, accountants, agents and other representatives of the obligations undertaken in this Section 7.9.

Section 7.10 Takeover Statutes. If any anti-takeover or similar statute or regulation is or may become applicable to the transactions contemplated hereby, each of the parties and its Board of Directors shall grant such approvals and take all such actions as are legally permissible so that the transactions contemplated hereby may be consummated as promptly as practicable on

the terms contemplated hereby and otherwise act to eliminate or minimize the effects of any such statute or regulation on the transactions contemplated hereby.

Section 7.11 Section 16(b). Parent shall take all such steps as may be reasonably necessary to cause the transactions contemplated hereby and any other dispositions of equity securities of the Company (including derivative securities) or acquisitions of Parent equity securities (including derivative securities) in connection with this Agreement by each individual who (a) is a director or officer of the Company or (b) at the Effective Time will become a director or officer of Parent, to be exempt under Rule 16b-3 promulgated under the Exchange Act.

ARTICLE VIII

CONDITIONS TO THE MERGER

Section 8.1 Conditions to the Obligations of Each Party. The obligations of the Company, Parent and Merger Subsidiary to consummate the Merger are subject to the satisfaction (or, to the extent legally permissible, waiver) of the following conditions:

(a) this Agreement and the Merger shall have been approved and adopted by the stockholders of the Company in accordance with DGCL;

(b) any applicable waiting period under the HSR Act relating to the Merger shall have expired;

(c) any applicable approval by the European Commission of the transactions contemplated by this Agreement shall have been obtained pursuant to the EC Merger Regulation;

(d) no provision of any applicable law or regulation and no judgment, injunction, order or decree shall prohibit or enjoin the consummation of the Merger;

(e) the Form S-4 shall have been declared effective under the Securities Act and no stop order suspending the effectiveness of the Form S-4 shall be in effect and no proceedings for such purpose shall be pending before or threatened by the Commission;

(f) the shares of Parent Common Stock to be issued in the Merger shall have been approved for listing on the NYSE, subject to official notice of issuance;

(g) neither the U.S. Federal Trade Commission nor the Antitrust Division of the U.S. Department of Justice, as the case may be, shall have, as a condition to its approval of the Merger and the other transactions contemplated by this Agreement, required Parent to take any action which, individually or in the aggregate, would result in, or be reasonably likely to result in, a Substantial Detriment;

(h) there shall not be instituted or pending any action or proceeding by any governmental authority (whether domestic, foreign or supranational) before any court or governmental authority or agency, domestic, foreign or supranational, seeking to

(i) restrain, prohibit or otherwise interfere with the ownership or operation by Parent or any Subsidiary of Parent of all or any material portion of the business of the Company or any of its Subsidiaries or of Parent or any of its Subsidiaries or to compel Parent or any Subsidiary of Parent to dispose of or hold separate all or any portion of the businesses, product lines or assets of the Company or any of its Subsidiaries or of Parent or any of its Subsidiaries, (ii) impose or confirm limitations on the ability of Parent or any Subsidiary of Parent effectively to exercise full rights of ownership of the shares of Company Common Stock (or shares of stock of the Surviving Corporation) including, without limitation, the right to vote any shares of Company Common Stock (or shares of stock of the Surviving Corporation) on any matters properly presented to stockholders or (iii) require divestiture by Parent or any Subsidiary of Parent of any shares of Company Common Stock (or shares of stock of the Surviving Corporation), if any such matter referred to in subclauses (i), (ii) and (iii) hereof, individually or in the aggregate, would result in, or would be reasonably likely to result in, a Substantial Detriment;

(i) there shall not be any statute, rule, regulation, injunction, order or decree, enacted, enforced, promulgated, entered, issued or deemed applicable to the Merger and the other transactions contemplated hereby (or in the case of any statute, rule or regulation, awaiting signature or reasonably expected to become law), by any court, government or governmental authority or agency or legislative body, domestic, foreign or supranational, which, individually or in the aggregate, would result in, or would be reasonably likely to result in, a Substantial Detriment; and

(j) all required approvals or consents of any governmental authority (whether domestic, foreign or supranational) in connection with the Merger and the consummation of the other transactions contemplated hereby shall have been obtained (and all relevant statutory, regulatory or other governmental waiting periods, whether domestic, foreign or supranational, shall have expired) unless the failure to receive any such approval or consent would not be reasonably expected to result in a Substantial Detriment and all such approvals and consents which have been obtained shall be on terms which, individually or in the aggregate, would not be reasonably likely to result in, a Substantial Detriment.

Section 8.2 Conditions to the Obligations of Parent and Merger Subsidiary. The obligations of Parent and Merger Subsidiary to consummate the Merger are subject to the satisfaction (or, to the extent legally permissible, waiver) of the following further conditions:

(a) (i) The Company shall have performed in all material respects all of its obligations hereunder required to be performed by it as of or prior to the Closing Date, (ii) (A) the representations and warranties of the Company set forth in this Agreement which are qualified by a "Company Material Adverse Effect" qualification shall be true and correct in all respects as so qualified at and as of the date of this Agreement and at and as of the Closing Date as though made at and as of the Closing Date and (B) the representations and warranties of the Company set forth in this Agreement which are not qualified by a "Company Material Adverse Effect" qualification shall be true and correct at and as of the date of this Agreement and at and as of the Closing Date as though made at and as of the Closing Date, except for such failures to be true and correct as would not, in the aggregate, reasonably be expected to have a Company

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Material Adverse Effect; provided. however, that, with respect to clauses (A) and (B) hereof, representations and warranties that are made as of a particular date or period shall be true and correct (in the manner set forth in clauses (A) or (B), as applicable), only as of such date or period;

(b) Parent shall have received an opinion of McDermott Will & Emery LLP (or such other counsel reasonably acceptable to Parent), on the basis of representations and assumptions set forth or referred to in such opinion, dated as of the Closing Date, to the effect that the Merger will be treated for federal income tax purposes as a reorganization qualifying under the provisions of Section 368(a) of the Code. In rendering such opinion, such counsel shall be entitled to receive and rely upon representations of officers of Parent, the Company or others reasonably requested by counsel; and

(c) since the date of this Agreement, there shall not have been any event, occurrence, development or state of circumstances which, individually or in the aggregate, would be reasonably likely to have a Company Material Adverse Effect.

Section 8.3 Conditions to the Obligations of the Company. The obligation of the Company to consummate the Merger is subject to the satisfaction (or, to the extent legally permissible, waiver) of the following further conditions:

(a) (i) Parent shall have performed in all material respects all of its obligations hereunder required to be performed by it as of or prior to the Closing Date, (ii) (A) the representations and warranties of Parent and Merger Subsidiary set forth in this Agreement which are qualified by a "Parent Material Adverse Effect" qualification shall be true and correct in all respects as so qualified at and as of the date of this Agreement and at and as of the Closing Date as though made at and as of the Closing Date and (B) the representations and warranties of Parent and 'MergerSubsidiary set forth in this Agreement which are not qualified by a "Parent Material Adverse Effect" qualification shall be true and correct at and as of the date of this Agreement and at and as of the Closing Date as though made at and as of the Closing Date, except for such failures to be true and correct as would not, in the aggregate, reasonably be expected to have a Parent Material Adverse Effect; provided. however, .that, with respect to clauses (A) and (B) hereof, representations and warranties that are made as of a particular date or period shall be true and correct (in the manner set forth in clauses (A) or (B), as applicable), only as of such date or period;

(b) the Company shall have received an opinion of Wachtell, Lipton, Rosen & Katz (or such other counsel reasonably acceptable to the Company), on the basis of representations and assumptions set forth or referred to in such opinion, dated as of the Closing Date, to the effect that the Merger will be treated for federal income tax purposes as a reorganization qualifying under the provisions of Section 368(a) of the Code. In rendering such opinion, such counsel shall be entitled to rely upon representations of officers of Parent, the Company or others reasonably requested by counsel; and

(c) since the date of this Agreement, there shall not have been any event, occurrence, development or state of circumstances which, individually or in the aggregate, would be reasonably likely to have a Parent Material Adverse Effect.

ARTICLE IX

TERMINATION

Section 9.1 Termination. This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time (notwithstanding the obtaining of the Company Stockholder Approval):

(a) by mutual written consent of the Company and Parent;

(b) by either the Company or Parent;

(i) if the Merger has not been consummated by December 31,2005 (the "End Date"); provided, however, that if (x) the Effective Time has not occurred by such date by reason of nonsatisfaction of any of the conditions set forth in Sections 8.1(b), 8.1(c), 8.1(g), 8.1(h), 8.1(i) or 8.1(j) and (y) all other conditions in Article 8 have theretofore been satisfied or (to the extent legally permissible) waived or are then capable of being satisfied, the End Date will be August 31, 2006; provided further that the right to terminate this Agreement under this Section 9.1(b)(i) shall not be available to any party whose failure to fulfill any obligation under this Agreement has caused or resulted in the failure of the Effective Time to occur on or before the End Date; or

(ii) if the Company Stockholder Approval shall not have been obtained by reason of the failure to obtain the required vote at a duly held meeting of stockholders or any adjournment thereof;

(c) by either the Company or Parent, if there shall be any law or regulation that makes consummation of the Merger illegal or otherwise prohibited or if any judgment, injunction, order or decree enjoining Parent or the Company from consummating the Merger is entered and such judgment, injunction, order or decree shall become final and nonappealable; provided that the party seeking to terminate this Agreement pursuant to this Section 9.1(c) shall have complied with its obligations in Section 7.1 hereof;

(d) by Parent, if (i) the Board of Directors of the Company shall have failed to recommend its approval or recommendation of this Agreement or the Merger or there has otherwise been a Change in the Company Recommendation, whether or not permitted by the terms hereof, or the Company shall be in breach of its obligation to call and hold the Company Stockholder Meeting or to prepare, obtain Commission clearance for and mail the Proxy Statement in accordance with Section 5.2 or otherwise comply with such Section (or the Board of Directors of the Company or any committee thereof shall resolve to do any of the foregoing) or (ii) the Company shall have materially breached its obligations in Section 7.9 hereof to the material detriment of Parent; or

(e) by either Parent or the Company, if there shall have been a breach by the other of any of its representations, warranties, covenants or obligations contained in this Agreement, which breach would result in the failure to satisfy one or more of the

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conditions set forth in Section 8.2(a) (in the case of a breach by the Company) or Section 8.3(a) (in the case of a breach by Parent), and in any such case such breach shall be incapable of being cured or, if capable of being cured, shall not have been cured within 30 days after written notice thereof shall have been received by the party alleged to be in breach.

The party desiring to terminate this Agreement pursuant to clause (b), (c), (d) or (e) of this Section 9.1 shall give written notice of such termination to the other party in accordance with Section 10.1, specifying the provision hereof pursuant to which such termination is effected.

Section 9.2 Effect of Termination. If this Agreement is terminated pursuant to Section 9.1, this Agreement shall become void and of no effect with no liability on the part of any party hereto, except that (a) the agreements contained in this Section 9.2, in Section 10.4 and 10.5 hereof and in the Confidentiality Agreement shall survive the termination hereof and (b) no such termination shall relieve any party of any liability or damages resulting from any willful breach by that party of this Agreement.

ARTICLE X

MISCELLANEOUS

Section 10.1 Notices. All notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given,

if to Parent or Merger Subsidiary, to:

ChevronTexaco Corporation
6001 Bollinger Canyon Road
San Ramon, California 94583
Facsimile No.: (925) 842-1230
Attention: David J. O'Reilly, Chairman of the Board and Chief Executive Officer
Charles A. James, Vice President and General Counsel

and

Pillsbury Winthrop Shaw Pittman LLP
50 Fremont Street
San Francisco, California 94105
Facsimile No.: (415) 983-1200
Attention: Alfred L. Pepin, Jr.
Robert A. James
Terry M. Kee

if to the Company, to:

Unocal Corporation
2141 Rosecrans Avenue, Suite 4000
El Segundo, California 90245
Facsimile No.: (310) 726-7815
Attention: Samuel H. Gillespie III, Senior Vice President, Chief Legal Officer & General Counsel/Law

with copies to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Telecopy: (212) 403 2000
Attention: Daniel A. Neff
David C. Karp

or such other address or facsimile number as such party may hereafter specify for the purpose by notice to the other parties hereto. Each such notice, request or other communication shall be effective (a) if given by facsimile, when such facsimile is transmitted to the facsimile number specified in this Section 10.1 and the appropriate facsimile confirmation is received or (b) if given by any other means, when delivered at the address specified in this Section 10.1.

Section 10.2 Non-Survival of Representations and Warranties. The representations and warranties contained herein and in any certificate or other writing delivered pursuant hereto shall not survive the Effective Time or the termination of this Agreement.

Section 10.3 Amendments: No Waivers.

(a) Any provision of this Agreement (including the Exhibits and Schedules hereto) may be amended or waived prior to the Effective Time if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by the Company, Parent and Merger Subsidiary, or in the case of a waiver, by the party against whom the waiver is to be effective; provided that after the adoption of this Agreement by the stockholders of the Company, no such amendment or waiver shall, without the further approval of such stockholders, alter or change (i) the amount or kind of consideration to be received in exchange for any shares of capital stock of the Company or (ii) any term of the certificate of incorporation of Parent.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 10.4 Expenses. Except as otherwise specified in Section 10.5 or as otherwise agreed to in writing by the parties, all costs and expenses incurred in connection with this

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Agreement and the transactions contemplated by this Agreement shall be paid by the party incurring such cost or expense, except that those expenses incurred in connection with printing, mailing and filing the Registration Statement and all fees paid in respect of HSR in connection with the Merger shall be borne by Parent.

Section 10.5 Company Termination Fee. If:

(i) Parent shall terminate this Agreement pursuant to Section 9.1(d); or

(ii) either the Company or Parent shall terminate this Agreement pursuant to Section 9.1(b)(ii) and prior to the Company Stockholder Meeting but after the date hereof an Acquisition Proposal shall have been made known to the Company (including any of its agents or representatives) and communicated publicly or to any substantial number of stockholders of the Company or shall have been made directly to the stockholders of the Company by any Person or any Person shall have publicly announced an intention (whether or not conditional) to make an Acquisition Proposal; or

(iii) after the date hereof, an Acquisition Proposal by any Person shall have been made known to the Company (including any of its agents or representatives) and communicated publicly or to any substantial number of stockholders of the Company or shall have been made directly to the stockholders of the Company by any Person, or any Person shall have publicly announced an intention (whether or not conditional) to make an Acquisition Proposal, and thereafter this Agreement is terminated pursuant to Section 9.1(b)(i) and the Company Stockholder Approval shall not theretofore have been obtained;

then in any case as described in clause (i), (ii), or (iii) the Company shall pay to Parent (by wire transfer of immediately available funds) (x) $250,000,000 not later than the date of termination of this Agreement and (y) an additional $250,000,000 if and not later than the date an Acquisition Proposal is consummated or a definitive agreement is entered into by the Company providing for any Acquisition Proposal, as long as such Acquisition Proposal is consummated or such definitive agreement is executed within 12 months after the date of termination of this Agreement; provided. however, that for the purpose of this clause (y), all references in the definition of Acquisition Proposal to 20% shall instead refer to 50%. The Company acknowledges that the agreements contained in this Section 10.5 are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, Parent would not enter into this Agreement. Accordingly, if the Company fails to pay timely any amount due pursuant to this Section 10.5 and, in order to obtain such payment, Parent commences a suit which results in a judgment against the Company for the amount payable to Parent pursuant to this Section 10.5, the Company shall pay to Parent its costs and expenses (including attorneys' fees and expenses) in connection with such suit, together with interest on the amount so payable at the rate on six (6)-month United States Treasury obligations (as of the date such payment was required to be made pursuant to this Agreement) plus three percent (3%).

Section 10.6 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided that no party may assign, delegate or otherwise transfer any of its rights or

obligations under this Agreement without the consent of the other parties hereto except that Merger Subsidiary may transfer or assign, in whole or from time to time in part, to one or more of its affiliates, its rights under this Agreement, but any such transfer or assignment will not relieve Merger Subsidiary of its obligations hereunder.

Section 10.7 Governing; Law. This Agreement shall be construed in accordance with and governed by the law of the State of Delaware, without regard to principles of conflicts of law.

Section 10.8 Enforcement; Jurisdiction. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, for which monetary damages would not be an adequate remedy, and accordingly, each party agrees that the other party shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof, this being in addition to any other remedy to which the parties are entitled at law or in equity. Any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby or thereby may be brought in any federal or state court located in the State of Delaware, and each of the parties hereby consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 10.1 shall be deemed effective service of process on such party.

Section 10.9 Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 10.10 Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received counterparts hereof signed by all of the other parties hereto.

Section 10.11 Entire Agreement. This Agreement (including the Exhibits and Schedules hereto), constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter hereof and thereof. Except as provided in Section 6.2(c), no provision of this Agreement or any other agreement contemplated hereby is intended to confer on any Person other than the parties hereto any rights or remedies.

Section 10.12 Captions. The captions herein are included for convenience of reference only and shall be ignoredin the construction or interpretation hereof.

Section 10.13 Severabilitv. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

UNOCAL CORPORATION

By: Charles R Williamson
Name: CHARLES R. WILLIAMSON
Title: CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

CHEVRONTEXACO CORPORATION

By: David J. O'Reilly
Name: DAVID J. O'REILLY
Title: CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

BLUE MERGER SUB INC.

By: David J. O'Reilly
Name: DAVID J. O'REILLY
Title: PRESIDENT

EXHIBIT A:

FORM OF CERTIFICATE OF INCORPORATION OF MERGER SUBSIDIARY

* * *

CERTIFICATE OF INCORPORATION

OF

BLUE MERGER SUB INC.

* * *

ARTICLE I

The name of the corporation is Blue Merger Sub Inc.

ARTICLE II

The address of its registered office in the State of Delaware is 271 1 Centerville Road, Suite 400, in the City of Wilmington, County of New Castle, State of Delaware. The name of its registered agent at such address is Corporation Service Company.

ARTICLE III

The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

ARTICLE IV

The total number of shares of all classes of capital stock that the corporation shall have authority to issue is 1,000 shares of common stock, par value $0.01 per share.

ARTICLE V

In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware:

A. The Board of Directors is expressly authorized to adopt, amend or repeal the By-laws of the corporation, provided, however, that the By-laws may only be amended in accordance with the provisions thereof.

B. Elections of directors need not be by written ballot unless the By-laws of the corporation shall so provide.

C. The books of the corporation may be kept at such place within or without the State of Delaware as the By-laws of the corporation may provide or as may be designated from time to time by the Board of Directors.

ARTICLE VI

A director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to the corporation or its stockholders; (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (3) under Section 174 of the Delaware General Corporation Law; or (4) for any transaction from which the director derived an improper personal benefit.

If the Delaware General Corporation Law hereafter is amended to further eliminate or limit the liability of directors, then the liability of a director of the corporation, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted by the amended Delaware General Corporation Law.

ARTICLE VII

Except as otherwise provided in this Certificate of Incorporation, the corporation reserves the right to amend or repeal any provision ,rescind or amend in any respect any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon a stockholder herein are granted subject to this reservation.

EXHIBIT B

FORM OF AFFILIATE'S RULE 145 LETTER

* * *

[Address to:

ChevronTexaco Corporation
6001 Bollinger Canyon Road
San Ramon, California 94583
Attention: Lydia Beebe]

The undersigned is a holder of shares of common stock, par value $1.00 per share ("Company Common Stock"), of Unocal Corporation (the "Company") and will receive shares of common stock, par value $0.75 per share (the "Parent Common Stock") of ChevronTexaco Corporation ("Parent"), in connection with the merger (the "Merger") of the Company with and into Blue Merger Sub Inc., a Delaware corporation and a wholly-owned subsidiary of Parent. The undersigned acknowledges that the undersigned may be deemed an "affiliate" of the Company within the meaning of Rule 145 ("Rule 145") promulgated under the Securities Act of 1933, as amended (the "Act"), although nothing contained herein should be construed as an admission of such fact.

If, in fact, the undersigned were an affiliate under the Act, the undersigned's ability to sell, assign or transfer the Parent Common Stock received in exchange for Company Common Stock pursuant to the Merger might be restricted unless the securities involved in such transaction were registered under the Act or an exemption from such registration were available. The undersigned understands that such exemptions are limited and the undersigned has obtained advice of counsel as to the nature and conditions of such exemptions, including information with respect to the applicability to the sale of such securities of Rules 144 and 145(d) promulgated under the Act.

The undersigned hereby covenants with Parent that the undersigned will not offer to sell, assign, transfer or otherwise dispose of any of the Parent Common Stock received in exchange for shares of Company Common Stock pursuant to the Merger except (i) pursuant to an effective Registration Statement under the Act, (ii) in compliance with Rule 145 under the Act (as such rule may be amended from time to time) or (iii) in a transaction which does not require registration under the Act. In the event of a sale or other disposition by the undersigned of Parent Common Stock pursuant to Rule 145, the undersigned will supply Parent with evidence of compliance with such Rule, in the form of a letter in the form of Annex I hereto, or an opinion, in form and substance reasonably acceptable to Parent, from independent counsel or a "no-action" letter or interpretive letter from the staff of the SEC. The undersigned understands that Parent may instruct its transfer agent to withhold the transfer of any securities disposed of by the undersigned except in compliance with this letter, but that upon receipt of evidence of such compliance the transfer agent shall effectuate the transfer of the Parent Common Stock sold.

The undersigned acknowledges and agrees that, unless the transfer by the undersigned of Parent Common Stock issued to the undersigned as a result of the Merger has been registered

under the Act or such transfer is made in conformity with the provisions of Rule 145(d) under the Act, the following legend may be placed on certificates representing such shares of Parent Common Stock received by the undersigned in the Merger or held by a transferee thereof:

> "THE SHARES REPRESENTED BY THIS CERTIFICATE WERE ISSUED IN A TRANSACTION TO WHICH RULE 145 UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), APPLIES. THE SHARES MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT IN COMPLIANCE WITH THE REQUIREMENTS OF RULE 145 OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER, OR IN ACCORDANCE WITH AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, THE ACT."

It is understood and agreed that the legend set forth above shall be removed by delivery of substitute certificates without such legend and/or any stop transfer instructions will be lifted if **(A)** one year (or such other period as may be required by Rule 145(d)(2) or any successor thereto) shall have elapsed from the date on which the undersigned acquired the Parent Common Stock received in the Merger and the provisions of Rule 145(d)(2) (or any successor thereto) are then available to the undersigned, (B) two years (or such other period as may be required by Rule 145(d)(3) or any successor thereto) shall have elapsed from the date the undersigned acquired the Parent Common Stock received in the Merger and the provisions of Rule 145(d)(3) (or any successor thereto) are then available to the undersigned or (C) the undersigned shall have delivered to Parent a copy of a "no-action" letter or interpretative letter from the staff of the SEC, or an opinion of counsel in form and substance reasonably satisfactory to Parent, to the effect that such legend is not required for purposes of the Act.

Execution of this letter should not be considered an admission on the part of the undersigned of "affiliate" status as described in the first paragraph of this letter agreement, or as a waiver of any rights the undersigned may have to object to any claim that the undersigned is such an affiliate on or after the date of this letter.

The undersigned acknowledges that the undersigned has carefully read this letter and understands the requirements hereof and the limitations imposed upon the distribution, sale, transfer or other disposition of Parent Common Stock.

This letter agreement shall be governed by and construed in accordance with the laws of the State of Delaware. This letter agreement may be executed in counterparts, all of which when so executed shall constitute one agreement, notwithstanding that all of the signatories are not signatories to the original or the same counterpart.

Very truly yours,

By:
Name:

Accepted this ____ day of
,2005.

CHEVRONTEXACO CORPORATION

By:
Name:
Title:

Annex I

[Name] [Date]

On , the undersigned sold the securities of ChevronTexaco Corporation, a Delaware corporation ("Parent"), described below in the space provided for that purpose (the "Securities"). The Securities were received by the undersigned in connection with the merger of Unocal Corporation, a Delaware corporation, with and into Blue Merger Sub Inc., a Delaware corporation.

Based upon the most recent report or statement filed by Parent with the Securities and Exchange Commission, the Securities sold by the undersigned were within the prescribed limitations set forth in paragraph (e) of Rule 144 promulgated under the Securities Act of 1933, as amended (the "Securities Act").

The undersigned hereby represents that the Securities were sold in "brokers' transactions" within the meaning of Section 4(4) of the Securities Act or in transactions directly with a "market maker" as that term is defined in Section 3(a)(38) of the Securities Exchange Act of 1934, as amended. The undersigned further represents that the undersigned has not solicited or arranged for the solicitation of orders to buy the Securities, and that the undersigned has not made any payment in connection with the offer or sale of the Securities to any person other than to the broker who executed the order in respect of such sale.

Very truly yours,

Description of the Securities:

ATTACHMENT 7.12

CMI09-00880

MONTGOMERY & ANDREWS
PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW

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Santa Fe, New Mexico 87504-2307

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325 Paseo de Peralta
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Telephone (505) 982-3873
Telecopy (505) 982-4289

March 12, 2007

BY HAND DELIVERY

Bill Brancard, Director
Mining and Minerals Division
Energy, Minerals & Natural Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505

Re: Molycorp, Inc.—Mining Act Permit No. TA001RE—Replacement of Third Party Guarantee

Dear Mr. Brancard:

As you are aware, Molycorp, Inc. ("Molycorp") is proposing to substitute a guarantee from Chevron Corporation ("Chevron") for the current Unocal Corporation ("Unocal") guarantee. The purpose of this letter is to explain why Chevron is qualified under the New Mexico Mining Act and regulations to provide a third party guarantee for Molycorp.

Chevron has previously submitted the proposed form of guarantee, along with documentation that it satisfies the financial soundness test to qualify as a guarantor under 19.10.12.1208 NMAC. Additionally, the Mining and Minerals Division of the New Mexico Energy, Minerals and Natural Resources Department ("MMD") previously determined that the amount of the Unocal guarantee, which is the same amount as the Chevron guarantee, is less than 75% of the total required Molycorp financial assurance. Therefore, this letter will address the requirement in 19.10.12.108.G.1(b) NMAC that "[a] third party guarantee may not include any type of self-guarantee or self-insurance."

As explained below, neither Chevron nor Molycorp "exercise[] dominion and control over the other so pervasive as to render one a mere instrumentality of the other," and therefore, MMD may not reject the proposed guarantee as a form of self-guarantee under the rules.

CMI09-00881

A. Molycorp's Corporate Relationship With Chevron.

In a December 9, 2005 letter to you, Mr. Sharrer described Unocal Corporation's ("Unocal") merger with Chevron and Molycorp's post-merger corporate relationship to Chevron. The relationship described in the letter has not changed. Molycorp is a wholly owned subsidiary of Union Oil Company of California, which is wholly owned subsidiary of Unocal Corporation "(Unocal"). After Unocal's merger with Chevron, effective August 10, 2005, Unocal became a wholly owned subsidiary of Chevron. Thus, Molycorp is an indirect subsidiary of Chevron.

Molycorp and Chevron have separate and distinct Boards of Directors and Officers. Thus, while Chevron is the ultimate beneficial owner of Molycorp's stock, Molycorp remains an independent entity.

B. The Relationship Between Molycorp and Chevron Meets State Requirements for Third Party Guarantees.

Under New Mexico law, a parent corporation and its subsidiary will be treated as independent corporations except under extraordinary circumstances. *Scott v. AZL Resources, Inc.*, 107 N.M. 118, 121, 753 P.2d 897, 900 (1988); *Scott Graphics, Inc. v. Mahaney*, 89 N.M. 208, 211, 549 P.2d 623, 626 (Ct. App.), *cert. denied*, 89 N.M. 322; 551 P.2d 1469 (1976). Three requirements must be met before a court will determine such circumstances exist: 1) the subsidiary is the "instrumentality" of the parent; 2) the subsidiary is used to perpetrate a fraud or other improper purpose; and 3) injury resulted from the conduct that led to affirmative answers to the question posed in the first two prongs of the test. *AZL Resources*, 107 N.M. at 121; 753 P.2d at 900; *Harlow v. Fibron Corp.*, 100 N.M. 379, 382, 671 P.2d 40, 43 (Ct. App.), *cert. denied*, 100 N.M. 439, 671 P.2d 1150 (1983).

1. Instrumentality

The "instrumentality" element of the test, also referred to as the "alter ego doctrine," requires proof that the subsidiary "was operated not in a legitimate fashion to serve the valid goals and purposes of that corporation but it functioned instead under the domination and control and for the purposes of that corporation but it functioned instead under the domination and control and for the purposes of some dominant party." *AZL Resources*, 107 N.M. at 121; 753 P.2d at 900. In determining whether a subsidiary corporation is the alter ego of its parent, New

Mexico courts consider the following factors: (a) the parent corporation owns all or a majority of the capital stock of the subsidiary; (b) the parent and subsidiary corporations have common directors or officers; (c) the parent corporation finances the subsidiary; (d) the parent corporation causes the subsidiary's incorporation; (e) the subsidiary has grossly inadequate capital; (f) the parent corporation pays the salaries or expenses or losses of the subsidiary; (g) the subsidiary has substantially no business except with the parent corporation or no assets except those conveyed to it by the parent corporation; (h) the parent refers to the subsidiary as a department or division; (i) the directors or officers of the subsidiary do not act independently in the interest of the subsidiary but take direction from the parent; and (j) the formal legal requirements of the subsidiary as a separate and independent corporation are not observed. *Cruttenden v. Mantura*, 97 N.M. 432, 434-35; 640 P.2d 932, 934-35 (1982).

As applied to the relationship between Molycorp and Chevron, it is clear that both remain separate and distinct corporate entities. Chevron did not cause the incorporation of Molycorp; there is no evidence that Molycorp is inadequately capitalized; Chevron does not pay the salaries, expenses, or losses of Molycorp; Molycorp has business that does not derive from Chevron; Chevron does not refer to Molycorp as a department or division; Molycorp's directors and officers act independently in the interest of Molycorp; and all of the formal and legal requirements are followed to maintain Molycorp's status as an independent entity. These factors, when taken with the presumption New Mexico provides in favor of treating subsidiaries as independent businesses, lead to the conclusion that Molycorp is not a mere instrumentality of Chevron.

2. Fraud or Improper Purpose

There is no allegation, concern, or evidence that Molycorp or Chevron have acted fraudulently in any way with regards to the third party guarantee described in this letter or in relation to any other matter.

3. Proximate Cause

Finally, the corporate existence of a subsidiary will not be disregarded unless "some knowing or cooperative effort" between the parent corporation and the subsidiary caused injury or damage to the party seeking to hold the parent responsible for the obligations or liabilities of its subsidiary. *Garcia. V. Coffman*, 124 N.M. 12, 17 (Ct. App. 1997), *cert. denied*, 123 N.M. 626 (1997). That situation does not exist here.

For the reasons stated above, the third party guarantee from Chevron is permissible under the law and regulations of the State of New Mexico.

Sincerely,

Louis W. Rose

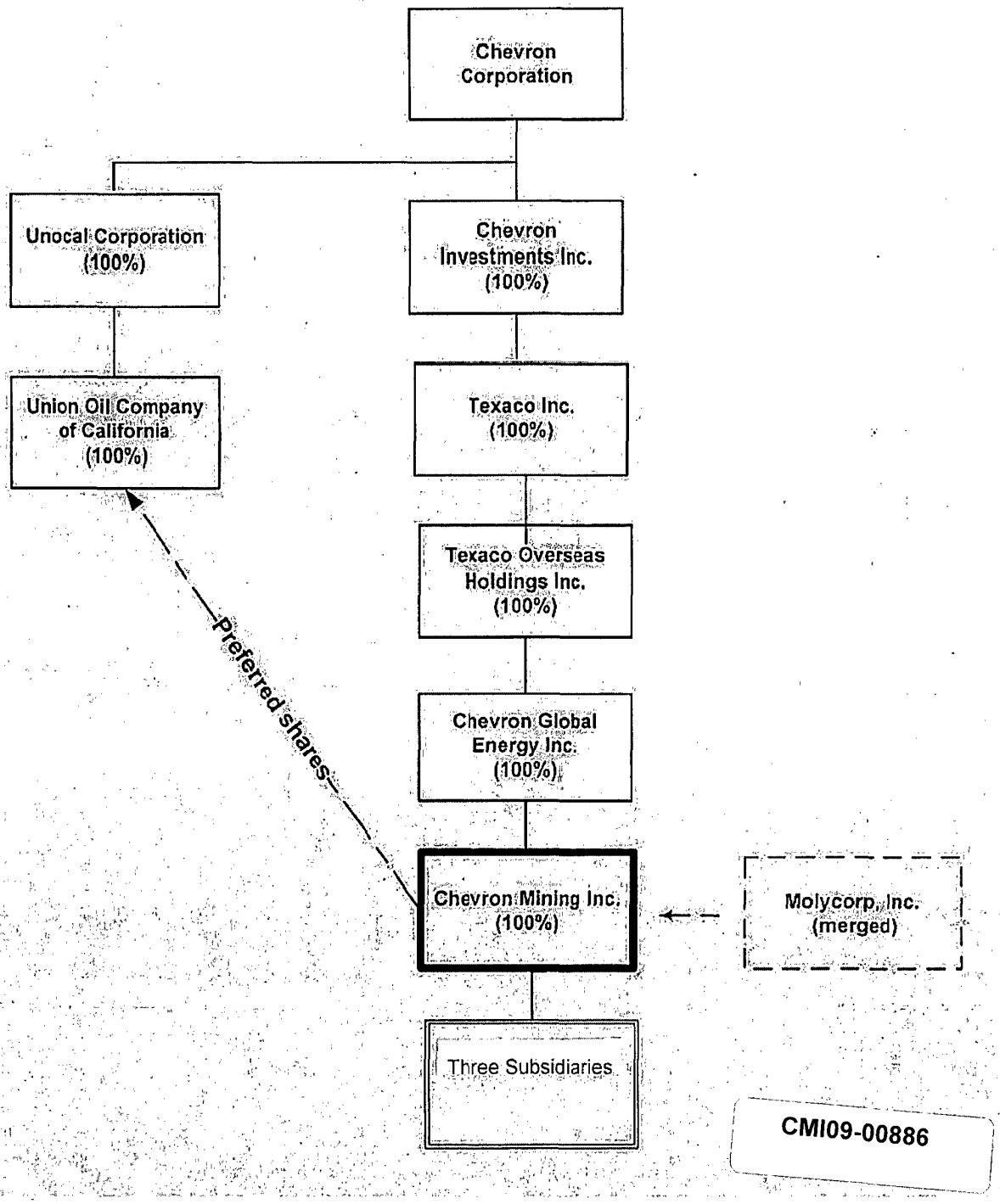
LWR
#12301-0301
cc: Anne Wagner
Ted Apodaca, Esq.
Tannis L. Fox, Esq.

CMI09-00884

ATTACHMENT 7.13

CHEVRON MINING RESTRUCTURING

Molycorp, Inc. is merged into Chevron Mining Inc. effective 11:59 p.m. on August 31, 2007



CMI09-00886