# COMMUNCIATIONS COMMITTEE NEWS / TIDBITS

## Chevron Announces its First Solar-to-Hydrogen Production Project in California's Central Valley

Feb. 29, 2024-- Chevron New Energies, a division of Chevron U.S.A. Inc., announced it is developing a 5-megawatt hydrogen production project in California's Central Valley.

The project aims to create lower carbon energy by utilizing solar power, land, and non-potable produced water from Chevron's existing assets at the Lost Hills Oil Field in Kern County. This low carbon intensity (LCI) electrolytic hydrogen will be produced through electrolysis, which is the process of using electricity to split water into hydrogen and oxygen.

Chevron's strategy is to leverage our strengths to safely deliver lower carbon energy to a growing world. Chevron believes in the value of delivering large-scale hydrogen solutions that support a lower carbon world. The facility is designed to produce two tons of LCI hydrogen per day, with the goal of supporting an expanding hydrogen refueling network.

"Hydrogen can play a vital role in our journey toward a lower carbon future," said Austin Knight, vice president for hydrogen at Chevron New Energies. "Chevron already offers lower carbon fuels like sustainable aviation fuel, renewable diesel and others, and this project is expected to expand the portfolio of solutions Chevron could supply to the region.

"I'm excited about the scalability of this solution," Knight continued. "However, our ability to meet growing hydrogen demand and help build hydrogen fueling infrastructure in California to a commercial scale with more widespread adoption will be strongly led by state and federal energy policies that promote new lower carbon energy solutions."

The development of the project is expected to span multiple years, and the start of commercial operations will depend on several factors including flexible and supportive legislative and regulatory energy policies, final engineering design, timely permitting, and obtaining the necessary materials.

"This project will help develop key technical and commercial proof points as Chevron New Energies assesses concepts for future scale-up and new lower carbon intensity hydrogen production opportunities," said Richard Chapman, President and CEO, Kern Economic Development Corporation. "By locating expected production in the Central Valley, we believe the project will be well positioned to meet the demand of customers along an important transportation corridor, as well as having proximity to key California urban markets."

## Chevron Reaffirms Higher Returns, Lower Carbon Objectives

- Raises share buyback guidance to $10 to $20 billion per year
- Expects free cash flow annual growth greater than 10% at $60 Brent
- Updates progress toward targets for lower carbon intensity and new energies growth

Feb. 28, 2023 — At its annual investor meeting today, Chevron Corporation reported on its progress to leverage its strengths to safely deliver lower carbon energy to a growing world.

"Chevron intends to be a leader in both traditional and new energy businesses," said Mike Wirth, chairman and CEO. "We're growing energy supply, lowering carbon intensity, and returning more cash to shareholders." Last month, Chevron increased its dividend per share by 6%, and its Board authorized a new $75 billion share repurchase program.

## Higher Returns

Chevron expects to maintain capital and cost discipline to deliver higher returns while growing energy supplies. In line with these objectives, the company announced it is:

- Maintaining its guidance for annual organic capital expenditures of $13 billion to $15 billion through 2027.
- Affirming its oil and gas production guidance of more than 3% annual growth by 2027.
- Extending its 12% return on capital employed target to 2027 at $60 Brent.

High return production growth supports growing shareholder distributions. The company expects annual free cash flow growth greater than 10% at $60 Brent and is raising its share buyback guidance range to $10 to $20 billion per year. In addition, the company will raise its targeted annual share buyback rate to $17.5 billion starting in the second quarter.

"We have the capital discipline and balance sheet strength to offer a differentiated value proposition," said Pierre Breber, Chevron's CFO. "We're winning back investors with consistent and growing cash returned to shareholders across the commodity price cycle."

Late last year, the company announced a more than 30% increase in its 2023 organic capital expenditure budget relative to 2022 levels.

"Chevron is investing in advantaged assets in the Permian Basin, Gulf of Mexico, Kazakhstan, Australia and elsewhere that we believe drive superior performance," said Nigel Hearne, executive vice president, Oil, Products, and Gas. "We're focused on executing with excellence to grow value across our portfolio."

## Lower Carbon

Chevron updated investors on progress toward achieving its target to reduce the carbon intensity of its oil and gas production to 24 kg per barrel of oil equivalent by 2028, in part through execution of carbon abatement projects. Also, the company provided updates on its new energy business lines with the company halfway to its 2030 renewable fuels target and taking steps to build businesses in carbon capture, offsets, and hydrogen.

"We intend to be a leader delivering lower carbon solutions to our customers in hard-to-abate sectors," said Jeff Gustavson, president of Chevron New Energies. "We believe we have unique capabilities, well-positioned assets and long-standing customer relationships to safely deliver higher returns and lower carbon."

# Chevron Ranked as One of the Best Employers in 2023

*Forbes* and *Newsweek* listed Chevron as one of 2023's best workplaces. It was among two oil and gas companies to receive recognition for LGBTQ+ workplace inclusion. Chevron was also singled out for its wider diversity efforts.

The kudos came after the media outlets worked with research firms to evaluate factors like working conditions, diversity, compensation and development potential.

## Forbes Ranking

In *Forbes'* fifth annual list of "America's Best Employers by State", Chevron placed among the best companies as the:

- Only oil and gas company to make the cut in California.
- Highest-ranking oil and gas company in Louisiana.
- Highest-ranking oil and gas company in Texas.

## Newsweek Rankings

**Greatest Workplace (4/5) -** In the first of several *Newsweek* category recognitions, the outlet named Chevron one of the top 1,000 companies in the United States. The articles below hint at why that might be:

- At chevron, mental health programs matter.
- Workplace culture is the secret to success.

## Parents and Families (4.5/5)

Chevron was named among the top companies that excel in supporting work-life balance, including for new parents and families.

"The work-life balance working for this company is so amazing," said Vanessa Fruge, process engineer, when discussing how Chevron accommodated her during her pregnancy. "They really promote the fact that if you're happy at home, then you can be happy at work. That's what I love most about working with a company that can accommodate me in all stages of my life."

The company also:

- Strives to support breastfeeding moms.
- Helps parents who've taken a career break rejoin the workforce.

**Job Starters (4.5/5) -** Training, mentorship and loyalty are among the criteria that job seekers consider when researching career moves.

Those new to the workforce can note that Chevron was named among this year's top workplaces for job starters.

The company has previously been named:

- A top company for workers without a degree.
- A top 10 employer for Gen Z college grads.

**LGBTQ+ (5/5) -** Chevron was among two oil and gas companies named on the "America's Greatest Workplaces for LGBTQ+ 2023" list. It has been:

- Championing for the rights of its LGBTQ+ employees for 30 years.
- Recognized by the Human Rights Campaign for 17 consecutive years for LGBTQ+ workplace inclusion.

**Diversity (4.5/5) -** A new category, this year's "America's Greatest Workplaces for Diversity 2023", considers factors like veteran support and inclusivity.

Learn how Chevron is:

- Helping Latino leadership and culture thrive.
- Making disability inclusion a priority.
- Energizing its workforce with a neurodiversity program.

## Veteran Support

A separate *Forbes* ranking recognized Chevron as one of the best employers for veterans.

The ranking was based on a survey of 8,500 veterans, polled on topics like career advancement opportunities and support transitioning into a civilian career.

Learn how veterans are:

- Working around the globe in the energy industry.
- Taking lessons they learned during their service and applying them to their jobs.

## What We're Saying

"I'm honored that Chevron has been recognized by both *Forbes* and *Newsweek* as a top workplace. Our commitment to engaging the full potential of our people to deliver the future of energy is at the core of everything we do. We do this because our business succeeds best when our employees feel engaged and empowered, and we look forward to building on this momentum for years to come."
**Rhonda Morris**, Vice President and Chief Human Resources Officer

# 'We Have to Do Both,' Chevron CEO on Energy in Coming Years

Worldwide demand for oil and gas is expected to grow through the decade's end, Chevron's top executive said during a round of recent interviews.

"We don't control demand," Mike Wirth, the company's Chairman and CEO, told *CNBC's* Brian Sullivan. "We supply demand. And so, we will grow our oil and gas business over the next five years."

Chevron is growing its traditional energy business while investing in technologies to meet the demand for new lower carbon energies, Wirth added.

## Why it Matters

The world is already witnessing a record need for energy, with last year's oil demand setting a record and this year's demand tracking to top it.

Oil and gas are projected to remain a substantial part of the world's energy mix to 2050, across a wide range of future scenarios published by industry experts including IEA, OPEC, EIA and others.

## Lower Carbon Ambitions

During an appearance at the Council on Foreign Relations CEO Speaker series, Wirth said Chevron is making progress toward its lower carbon ambitions.

He detailed how the company is:

- Working toward reaching its upstream methane-intensity target by 2028 and has reduced the methane intensity of its oil and gas operations by more than 50% since 2016.
- The second-largest producer of renewable fuels in the U.S.
- Investing in a hydrogen project that enables utility- and industrial-scale storage of renewable energy.

## The Bigger Picture

Wirth advised policymakers to not exclude one energy source in favor of another, as many solutions will be needed.

"There are three things that really matter when you talk about energy: affordability, reliability and the environment," he said during an interview with Daniel Yergin, vice chairman of S&P Global. "If you have an energy policy that focuses on only one of those, you can create unintended consequences and have something that is not sustainable."

Wirth added that solutions must be scalable and enacted with speed. "If we can't scale them up, they can't make a difference," he said. "And then if you get solutions that work on scale, we need to do it with some speed, and that's where capital markets come in and you harness private investment."

## Keeping the Lights On

Separately, at the *Wall Street Journal's* CEO Summit, Wirth underscored the important role companies like Chevron play in helping supply both traditional energy and lower carbon solutions.

“We have to be able to do both,” he said. “One of the big challenges for an energy company like ours is we’ve got a big business today that meets the needs of the world, and we’ve got customers and economies around the world that depend on what we do to keep the lights on and the trains going.

## Chevron Reports Fourth Quarter 2023 Results

- Reported earnings of $2.3 billion; adjusted earnings of $6.5 billion
- Record $26.3 billion cash returned to shareholders in 2023
- Record annual worldwide and U.S. production
- Announced an 8 percent increase in quarterly dividend to $1.63/share

Feb. 2, 2024-- Chevron Corporation reported earnings of $2.3 billion ($1.22 per share - diluted) for fourth quarter 2023, compared with $6.4 billion ($3.33 per share - diluted) in fourth quarter 2022. Included in the current quarter were $1.8 billion of U.S. upstream impairment charges and $1.9 billion of decommissioning obligations from previously sold assets in the U.S. Gulf of Mexico. Foreign currency effects decreased earnings by $479 million. Adjusted earnings of $6.5 billion ($3.45 per share - diluted) in fourth quarter 2023 compared to adjusted earnings of $7.9 billion ($4.09 per share - diluted) in fourth quarter 2022.

**Earnings Summary**

| | Three months ended December 31 | |
|---|---|---|
| Millions of dollars | 2023 | 2022 |
| Earnings by business segment | | |
| Upstream | $1,586 | $5,485 |
| Downstream | 1,147 | 1,771 |
| All Other | (474) | (903) |
| Total | $ 2,259 | $6,353 |

“In 2023, we returned more cash to shareholders and produced more oil and natural gas than any year in the company’s history,” said Mike Wirth, Chevron’s chairman and chief executive officer. Cash returned to shareholders totaled over $26 billion for the year, 18 percent higher than last year’s record total, and annual worldwide net oil-equivalent production increased to over 3.1 million barrels of oil-equivalent per day, led by 14 percent growth in the United States.

“We also strengthened our portfolio with traditional and new energy acquisitions to help meet the growing demand for affordable, reliable, and ever-cleaner energy,” Wirth concluded. In 2023, the company completed several acquisitions, including PDC Energy, Inc. and a majority stake in ACES Delta, LLC, and signed an agreement to acquire Hess Corporation.

**2023 Financial Highlights**

- Reported earnings declined compared to last year primarily due to lower upstream realizations, losses from decommissioning obligations for previously sold assets in the U.S. Gulf of Mexico, higher U.S. upstream impairment charges mainly in California and lower margins on refined product sales.
- Worldwide and U.S. net oil-equivalent production set annual records. Worldwide production was up 4 percent from a year ago primarily due to the acquisition of PDC Energy, Inc. (PDC) and growth in the Permian Basin, which was up 10 percent over 2022.
- Added approximately 980 million barrels of net oil-equivalent proved reserves in 2023, which are subject to final reviews, that equate to 86 percent of net oil equivalent production for the year. The largest net additions were from acquisitions in the United States, and extensions and discoveries in the Permian Basin. The largest net reductions were from revisions in the Permian

Basin, east Texas and California.

- Capex in 2023 was up 32 percent from last year primarily due to higher investments in the United States, including about $450 million invested in PDC assets post- acquisition and approximately $650 million of inorganic spend, mainly due to the acquisition of a majority stake in ACES Delta, LLC. Capex excludes the acquisition cost of PDC.
- Cash flow from operations was lower than a year ago mainly due to lower commodity prices and lower margins on refined product sales. Over the past three years, the company has generated over $110 billion in cash flow from operations and nearly $80 billion of free cash flow.
- Eliminated over $4 billion of debt, including all debt assumed in the PDC acquisition, resulting in a net debt ratio of 7.3 percent.
- The company returned a record $26.3 billion of cash to shareholders during 2023, including dividends of $11.3 billion (3 percent higher than 2022) and share repurchases of $14.9 billion (32 percent higher than last year).
- The company's Board of Directors declared an 8 percent increase in the quarterly dividend to one dollar and sixty-three cents ($1.63) per share, payable March 11, 2024, to all holders of common stock as shown on the transfer records of the corporation at the close of business on February 16, 2024.

**2023 Business Highlights**

- Completed the acquisition of PDC, enhancing the company's strong presence in the DJ and Permian Basins in the United States.
- Completed the acquisition of a majority stake in ACES Delta, LLC, which is developing a green hydrogen production and storage hub in Utah.
- Achieved first oil at the Mad Dog 2 project in the Gulf of Mexico.
- Achieved first natural gas production from the Gorgon Stage 2 development in Australia.
- Achieved mechanical completion on the Future Growth Project at the company's 50 percent-owned affiliate, Tengizchevroil.
- Converted the diesel hydrotreater at the El Segundo, California refinery to process either 100 percent renewable or traditional feedstocks.
- Reached final investment decision to construct a third gathering pipeline that is expected to increase natural gas production capacity at the Leviathan reservoir, offshore Israel.
- Expanded the Bayou Bend carbon capture and sequestration hub on the U.S. Gulf Coast through an acquisition of nearly 100,000 acres.
- Received approvals to extend Block 0 concession in Angola through 2050.
- Received approval to extend licenses with PetroBoscan, S.A. and PetroIndependiente, S.A. in Venezuela through 2041.
- Acquired 73 exploration blocks in the Gulf of Mexico (GOM) lease sale 259 and submitted winning bids on 28 blocks in GOM lease sale 261, subject to final government approval.
- Announced a definitive agreement to acquire Hess Corporation, which is expected to strengthen Chevron's long-term performance by adding world-class assets and people.

**Upstream**

- U.S. upstream reported a loss in the fourth quarter 2023. The results were lower than the year-ago period primarily due to charges associated with decommissioning obligations for previously sold assets in the U.S. Gulf of Mexico, higher impairment charges mainly from assets in California, and lower realizations. These items were partially offset by higher sales volumes, including from production post-closing of the PDC acquisition.
  - U.S. net oil-equivalent production was up 34 percent from fourth quarter 2022 and set a new quarterly record, primarily due to the acquisition of PDC, which added 266,000 oil- equivalent barrels per day during the quarter, and higher production in the Permian Basin.
  - International upstream earnings in the fourth quarter 2023 were higher than a year ago primarily due to the absence of fourth quarter 2022 write-off and impairment charges, and lower operating expenses, partially offset by lower realizations.
  - Net oil-equivalent production during the quarter was down 25,000 barrels per day from a year

earlier primarily due to normal field declines.

**Downstream**

- U.S. downstream earnings in fourth quarter 2023 were lower compared to last year primarily due to lower margins on refined product sales.
- Refinery crude oil inputs during the quarter increased 4 percent from the year-ago period as the company processed more crude oil in place of other feedstocks.
- Refined product sales in fourth quarter 2023 were up 5 percent from the year-ago period, primarily due to higher demand for jet fuel.
- International downstream earnings during the quarter were higher compared to a year ago primarily due to lower unfavorable foreign currency effects.
- Refinery crude oil inputs in fourth quarter 2023 decreased 4 percent from the year-ago period as refinery runs decreased due to planned shutdowns.
- Refined product sales during the quarter were flat compared to fourth quarter last year.

**All Other**

- Consists of worldwide cash management and debt financing activities, corporate administrative functions, insurance operations, real estate activities and technology companies.

Net charges in fourth quarter 2023 decreased compared to a year ago primarily due to lower employee benefit costs and favorable tax items.

## Other articles in this edition of Tidbits are:

- Mark Ross to Retire as President of Chevron Shipping Company, Succeeded by Barbara Pickering
- Form 10-K Annual Report - Human Capital Management and Hess Acquisition
- HBCU Students Shine at National Innovation Summit
- Chevron Direct Investment Fund Ltd. Confirms Kazakh Investments
- Chevron and City of Santa Paula Complete Donation of Historic Union Oil Company of California Headquarters and $2 Million Grant
- Chevron Exec: California Policy Would Deter Energy Production

If one of these piques your interest, you will find the full article in *TIDBITS*.  We have a link to it in our navigation bar.