

Chevron Risk Management

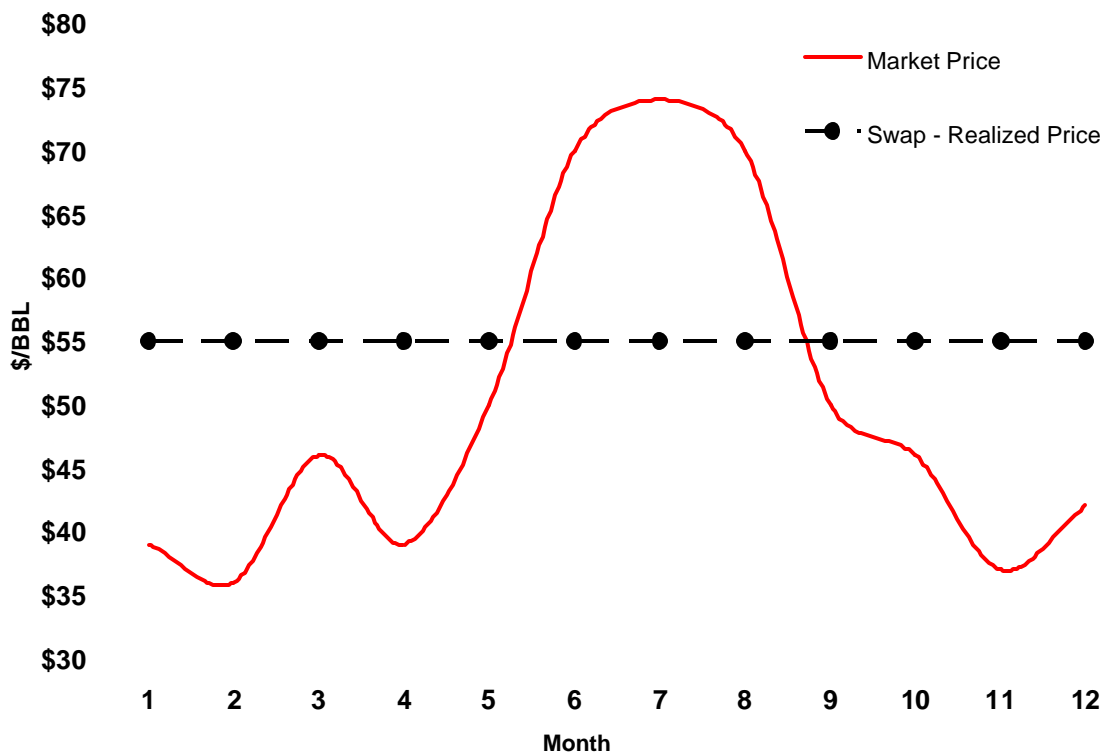
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Chevron offers a number of commodity price risk management products that can be executed in concert with physical deals or structured as separate financial transactions.

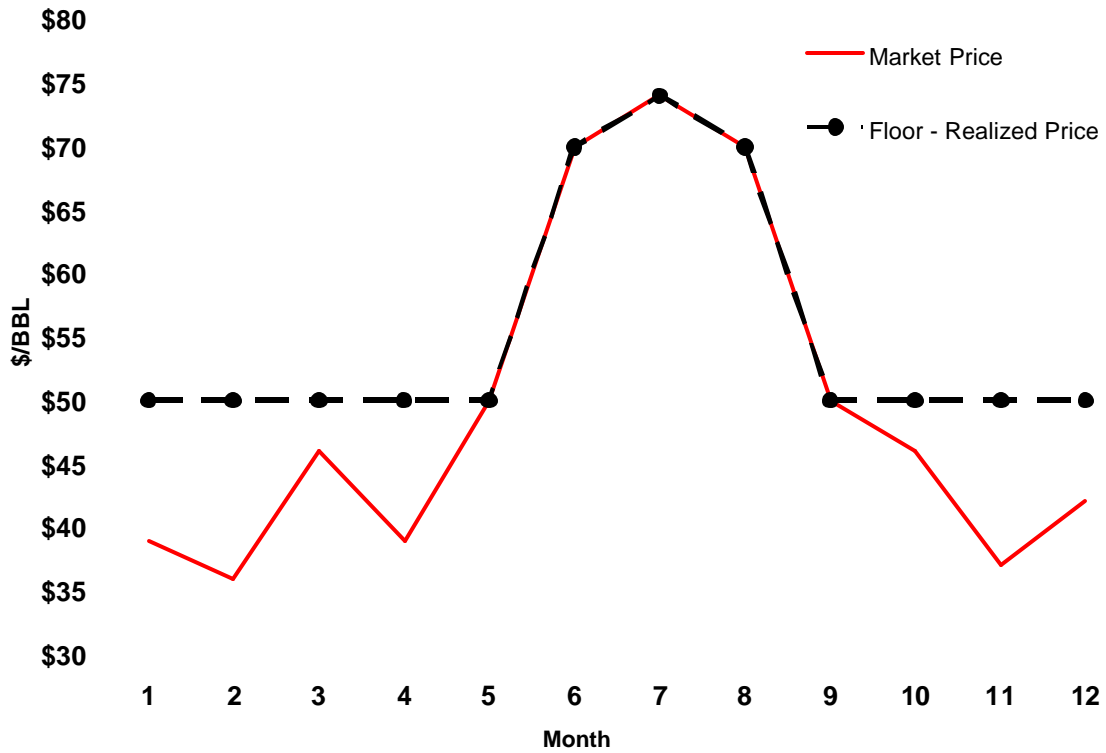
Risk management tools we provide to manage your price exposures include:

1) Fixed Price Swaps (Price Locks): If a producer wants price certainty around production, Chevron can lock up all or a portion of forward production at a fixed price. Certainty around cash flows can help companies undertake capital projects, attain budget targets, and meet obligations to lenders and investors. Prices can be fixed for individual components of commodity price exposure such as: WTI, Inter-month spreads, CMA(Calendar Month Average) Delta Rolls, and **P+** exposures.

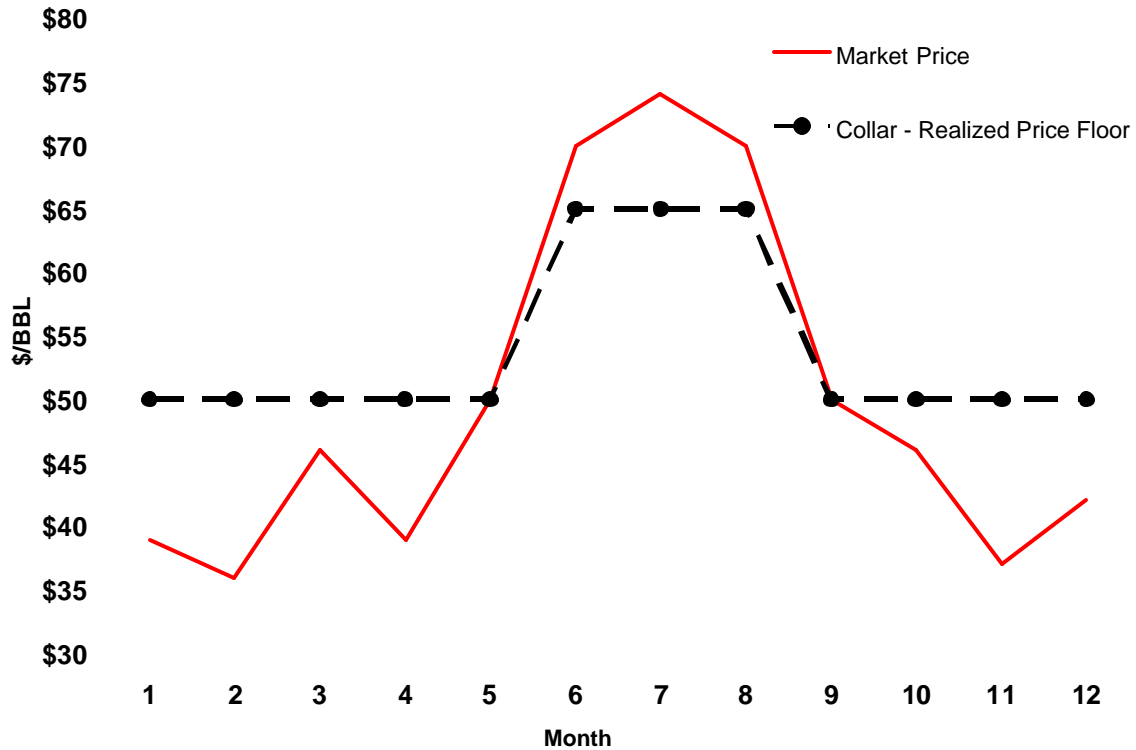


2) Basis Swaps (Grade Differentials): If a Producer desires to fix the differential between their particular grade of crude and another grade of crude, Chevron can structure a basis swap to fix this portion of their exposure. For example, if the Producer wants to sell the MARS/WT1 differential at -\$7.00, Chevron would pay the Producer \$1.50 if the differential widened to -\$8.50. If the differential tightened to -\$6.50, the Producer would receive the -\$7.00 differential.

3) Price Floors (Insurance): Producers may desire a guaranteed minimum price but want to retain upside market exposure. In exchange for a premium, a price floor can be set at a comfortable level selected by the customer. This guarantees a minimum price and retains full participation in upward movements in the market



4) Zero Cost Collars (Price Bands): In some cases the producer does not desire to pay the premium for the floor. Alternatively a price band with a floor (minimum) and a cap (maximum), can be set at no cost. This guarantees the producer a minimum price and allows some upside participation which is bounded by the cap. Structures like this one can be self-financing or even pay money to the producer based on the price band selected.



5) Others: Floating price exposure can be converted to fixed prices or vice versa. Exposures created by a character mismatch in pricing terms, timing, or location can be neutralized with risk management tools such as swaps, floors, caps, and collars. There are infinite combinations of price risk management instruments.

Chevron can use these building blocks to deliver a risk management program which will meet your needs.

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