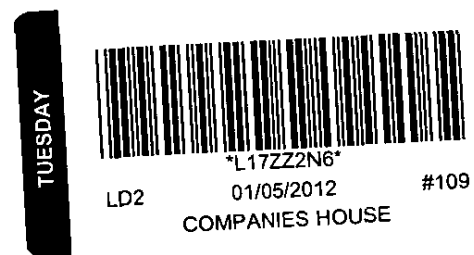


CHEVRON ENERGY LIMITED
(formerly Chevron Europe Finance Limited)

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2011



The company's registered number is 5300877

CHEVRON ENERGY LIMITED (FORMERLY CHEVRON EUROPE FINANCE LIMITED)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and the audited financial statements of the company for the year ended 31 December 2011

Principal activities

The company's name was changed from Chevron Europe Finance Limited to Chevron Energy Limited on 7 March 2012

The company is a finance company, providing loan financing to other Chevron Group entities. The company is also a holding company for certain operating companies in the UK of the Chevron Group of companies

Business review

The results for the company show a pre-tax profit of \$486,913,000 (2010 \$678,832,000) for the year, this decrease of \$191,919,000 was mainly due to a reduction in both dividends received of \$186,000,000 and interest received of \$5,920,000. The company reported operating losses of \$171,000 (2010 loss of \$172,000), an increase of \$1,000

Principal risks and uncertainties

The key business risk and uncertainty affecting the management of the business and the execution of the company strategy is the risk that the performance of subsidiary companies will result in dividends not being received

Key performance indicators

The company's directors believe that analysis using key performance indicators is not necessary or appropriate for an understanding of the development, performance, or position of the business of Chevron Energy Limited

Future developments

It is the intention of the directors that the business will continue as a finance and holding company for the foreseeable future

Financial risk management

The company faces a number of financial risks which are managed as part of the Chevron Group's risk management objectives and policies. The company does not hedge any of these risks and therefore hedge accounting is not applied in these financial statements

Credit Risk

The company is exposed to credit risk on loans made to other 100% owned Chevron entities. The risk is managed through ensuring that loans are advanced solely to companies within the Chevron Group

Liquidity and cash-flow risk

Risks facing the company include liquidity and cash flow risk, and the company therefore maintains sufficient available funds for its daily operations. Chevron management in the UK actively monitors all funding requirements for UK group companies, and manages any finance arrangements needed to meet such requirements. This may result in loans between group companies being extended beyond original repayment dates, or repaid prior to original due dates

Interest rate risk

The company has interest bearing assets which are held at both floating and fixed rate terms. These are monitored on a daily basis by a treasury management group and an appropriate structure of investments is maintained. The company does not hedge interest rate risks

Foreign exchange risk

The company has assets and liabilities denominated in foreign currencies. The company does not use derivative financial instruments to manage the risk of fluctuating exchange rates and as such no hedge accounting is applied

UK Restructuring

During 2011, certain restructuring arrangements were carried out, in which the investment held by the company in Chevron North Sea Limited (note 9) was sold to Chevron Products UK Limited in exchange for shares in that company, the company also purchased the existing share capital of Chevron Products UK Limited and Chevron UK Pension Trustee Limited from other Chevron Group entities

CHEVRON ENERGY LIMITED (FORMERLY CHEVRON EUROPE FINANCE LIMITED)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

Results and dividends

The company's profit after taxation for the financial year is \$486,142,000 (2010 \$676,340,000). A dividend of \$1,398.88 per ordinary share, amounting to \$1,600,320,000 was paid on 14 April 2011, a dividend of \$126.75 per ordinary share, amounting to \$145,000,000, was paid on 18 August 2011, and a further dividend of \$3.50 per ordinary share, amounting to \$4,000,000, on 4 November 2011. Total dividends paid during the year were \$1,749,320,000 (2010 \$411,615,000). No further dividend is recommended for the year ended 31 December 2011. The retained loss of \$1,263,178,000 (2010 profit of \$264,725,000) was transferred to reserves, contributing to an decrease in shareholder funds to \$1,317,927,000 (2010 increase to \$2,581,105,000).

Directors

During the financial year and up until the date of this report the directors of the company were

H G J Jolly	
M A Knights	(appointed 11 October 2011)
D R McNair	
M T Reilly	(resigned 11 October 2011)
N E V Roberts	(resigned 27 July 2011)

Qualifying third party indemnity provisions

The company maintains liability insurance for its directors and officers. The company also provides an indemnity for its directors, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

As at the date of this report, each director of the company confirms that

- as far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

CHEVRON ENERGY LIMITED (FORMERLY CHEVRON EUROPE FINANCE LIMITED)


**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)****Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to be re-appointed and pursuant to an elective resolution adopted by the company, have automatically been re-appointed as the company's auditors

1 Westferry Circus
Canary Wharf
London E14 4HA

27 April 2012

By order of the board



D R McNair
Director

CHEVRON ENERGY LIMITED (FORMERLY CHEVRON EUROPE FINANCE LIMITED)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHEVRON ENERGY LIMITED (FORMERLY CHEVRON EUROPE FINANCE LIMITED)

We have audited the financial statements of Chevron Energy Limited (formerly Chevron Europe Finance Limited) for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Paul Kerr (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

27 April 2012

CHEVRON ENERGY LIMITED (FORMERLY CHEVRON EUROPE FINANCE LIMITED)

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

Continuing operations	Notes	2011	2010
		\$'000	\$'000
Administrative expenses	3	(125)	(103)
Other operating expense	3	(46)	(69)
Operating Loss		(171)	(172)
Income from shares in group undertakings		484,000	670,000
Profit on ordinary activities before interest and taxation		483,829	669,928
Interest receivable and similar income	4	3,084	9,004
Profit on ordinary activities before taxation		486,913	678,832
Tax on profit on ordinary activities	7	(771)	(2,492)
Profit for the financial year		486,142	676,340

There were no recognised gains or losses in either year other than the results above and consequently a separate statement of total recognised gains and losses has not been prepared

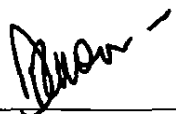
There are no material differences between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents

CHEVRON ENERGY LIMITED (FORMERLY CHEVRON EUROPE FINANCE LIMITED)

BALANCE SHEET AS AT 31 DECEMBER 2011

	Notes	2011 \$'000	2010 \$'000
Fixed assets			
Investments	9	866,887	850,813
Current assets			
Debtors - Amounts falling due within one year	10	398,584	1,699,903
Debtors - Amounts falling due after more than one year	11	58,500	34,500
Cash at bank and in hand		78	36
		457,162	1,734,439
Creditors – Amounts falling due within one year	12	(6,122)	(4,147)
Net current assets		451,040	1,730,292
Total assets less current liabilities		1,317,927	2,581,105
Capital and reserves			
Called up share capital	13	2,166	2,166
Share premium account	14	848,647	848,647
Profit and loss reserve	14	467,114	1,730,292
Total shareholders' funds	15	1,317,927	2,581,105

The financial statements on pages 5 to 11 were approved by the board of directors on 27 April 2012 and were signed on its behalf by



D R McNair
Director
Chevron Energy Limited
Registered number 5300877

CHEVRON ENERGY LIMITED (FORMERLY CHEVRON EUROPE FINANCE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. Accounting policies

The financial statements have been prepared on the going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and United Kingdom Generally Accepted Accounting Practice. The principal accounting policies are set out below and have been applied consistently throughout the year.

a) Group Financial Statements

Group financial statements of the company, its subsidiary undertakings and its participating undertakings have not been prepared. The company is exempt from the requirement to prepare consolidated financial statements under the provisions of Section 401 of the Companies Act 2006. The financial statements present information about the company as an individual undertaking and not about its group.

b) Foreign currency

Certain transactions of the company are effected in currencies other than United States dollars (USD). For the purposes of these financial statements, such transactions have been translated into USD at average rates of exchange prevailing during the months in which the transactions took place. Monetary assets and liabilities expressed in other currencies have been translated into USD at the rate of exchange ruling at the balance sheet date.

Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

c) Taxation

Corporation tax payable is provided on taxable profits at the current rate of 26.5%.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date where transactions or events that will result in an obligation to pay more tax or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis.

d) Investments

Investments are stated at cost less provisions for impairment. A review for the potential impairment of an investment is carried out if events or changes in circumstances indicate that the carrying value of the investment may not be recoverable. Such impairment reviews are performed in accordance with financial reporting standards. Impairments thus arising are recorded in the profit and loss account.

2. Cash flow statement and related party disclosures

The company is a wholly-owned subsidiary of Chevron Corporation and is included in the consolidated financial statements of Chevron Corporation, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Chevron Corporation group or investees of the Chevron Corporation group.

CHEVRON ENERGY LIMITED (FORMERLY CHEVRON EUROPE FINANCE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

3. Operating Loss

Operating loss is stated after charging:	2011	2010
	\$'000	\$'000
Services provided by the company's auditor		
Fee payable for the audit	(19)	(19)
Administrative expenses consist of.		
Administrative expenses	(106)	(84)
Currency exchange loss on operating items	(46)	(68)
	<u>(171)</u>	<u>(171)</u>

No fees were paid to the auditors for non-audit services (2010 £nil)

4. Interest receivable and similar income

	2011	2010
	\$'000	\$'000
Interest received from other Chevron Corporation entities	3,084	8,875
Bank and other interest received	-	129
	<u>3,084</u>	<u>9,004</u>

5. Directors' emoluments

In relation to their services as directors or otherwise in connection with the management of the company, no emoluments were paid to or receivable by directors from the company during the year. In relation to their services as directors or otherwise in connection with the management of a subsidiary of the company, emoluments and amounts (excluding shares) receivable under long-term incentive schemes of \$nil (2010 \$nil) were paid to or receivable by directors during the year.

6. Employee information

The company has no employees (2010 nil)

7. Tax on profit on ordinary activities

	2011	2010
	\$'000	\$'000
Current tax		
UK corporation tax on profits for the financial year	771	2,492
Total current tax	<u>771</u>	<u>2,492</u>
Tax on profit on ordinary activities	<u>771</u>	<u>2,492</u>

The tax assessed for the year is lower (2010 lower) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2011 of 26.5% (2010 28%). The differences are explained below.

Profit on ordinary activities before tax	2011	2010
	\$'000	\$'000
	486,913	678,832
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 26.5% (2010 28%)	129,032	190,073
Effects of		
Non-taxable items	(128,261)	(187,581)
Current tax charge for the year	<u>771</u>	<u>2,492</u>

CHEVRON ENERGY LIMITED (FORMERLY CHEVRON EUROPE FINANCE LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

8. Dividends

Equity - Ordinary	2011	2010
	\$'000	\$'000
Interim paid – \$1,529.13 per share (2010: \$359.80 per share) on 1,144,000 shares	1,749,320	411,615

9. Fixed asset investments

a) The following are included in the net book value of fixed asset investments	2011	2010
	\$'000	\$'000
Subsidiary undertaking	866,887	850,813

b) The company holds interest in excess of 10% in the following subsidiary undertaking, which is not listed on the UK or any overseas Stock Exchange

Subsidiary undertaking	Country of Incorporation	Principal Activity	Proportion of ordinary capital held
Chevron Products UK Ltd	England	Exploration & production	100%
Chevron UK Pension Trustee Ltd	England	Pension Trustee	100%

c) The movement on the net book value of fixed asset investments in the year was as follows	2011	2010
	\$'000	\$'000
Balance at beginning of year	850,813	850,813
Disposal – 221,000,000 ordinary £1 shares	(850,813)	-
Additions – 20,000,100 ordinary £1 shares	866,887	-
Balance at end of year	866,887	850,813

On 11 May 2011 the company purchased 100% of the share capital of Chevron Products UK Limited (10,000,000 shares). In addition the company transferred its 100% ownership of Chevron North Sea Limited to Chevron Products UK Limited (for an additional 10,000,000 shares). The company also purchased 100% of the share capital of Chevron UK Pension Trustee Limited (100 shares).

The directors believe that the carrying value of the investments is supported by their underlying net assets.

10. Debtors – Amounts falling due within one year

	2011	2010
	\$'000	\$'000
Amount owed by subsidiary entity	5,417	1,892
Amounts owed by other Chevron Corporation entities	127	2,236
Loans to other Chevron Corporation entities	393,040	1,695,775
	398,584	1,699,903

Amounts owed by subsidiary entity and other Chevron Corporation entities are unsecured, non-interest bearing and have no specific repayment dates.

Loans to other Chevron Corporation entities at 31 December 2011 included a \$130,000,000 fixed term loan which was unsecured, attracted interest payable quarterly chargeable at LIBOR plus 0.1875 per cent, and was repaid in full on 02 April 2012. In addition there is a \$263,040,000 (2010: \$95,775,000) loan to Chevron Treasury BV, which is repayable on demand, unsecured and attracts interest payable at the daily effective federal funds rate minus 25 basis points. The loan to Chevron Capital Corporation of \$1,600,000,000 at 31 December 2010 was repaid in full on 14 April 2011.

CHEVRON ENERGY LIMITED (FORMERLY CHEVRON EUROPE FINANCE LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)****11. Debtors – Amounts falling due after more than one year**

	2011	2010
	\$'000	\$'000
Loan to other Chevron Corporation entity	58,500	34,500
	58,500	34,500

Loan to other Chevron Corporation entities include a \$34,500,000 fixed term loan which is unsecured, attracts interest payable quarterly chargeable at LIBOR plus 0.375 per cent, and has a final maturity date of 9 February 2014. In addition there is a \$24,000,000 fixed term loan which is unsecured, attracts interest payable quarterly chargeable at LIBOR plus 1 per cent, and has a final maturity date of 31 December 2021.

12. Creditors – Amounts falling due within one year

	2011	2010
	\$'000	\$'000
Amount owed to parent entity	5,521	1,892
Amounts owed to other Chevron Corporation entities	582	1,001
Corporation tax payable	-	1,254
Accruals and deferred income	19	-
	6,122	4,147

Amounts owed to parent entity and other Chevron Corporation entities are unsecured, non interest bearing and have no specific repayment dates.

13. Called up share capital

	2011	2010
	\$'000	\$'000
Authorised, allotted, called-up and fully paid		
1,144,000 ordinary shares of £1 each	2,166	2,166

14. Reserves

	Share Premium Account \$'000	Profit and Loss Account \$'000
At 1 January 2011	848,647	1,730,292
Retained profit for the financial year (note 15)	-	1,263,178
At 31 December 2011	848,647	467,114

CHEVRON ENERGY LIMITED (FORMERLY CHEVRON EUROPE FINANCE LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)****15. Reconciliation of movement in shareholder's funds**

	2011	2010
	\$'000	\$'000
Profit for the financial year	486,142	676,340
Dividends	(1,749,320)	(411,615)
Retained (loss)/profit for the financial year	(1,263,178)	264,725
Net (decrease)/increase in shareholder's funds	(1,263,178)	264,725
Opening shareholder's funds	2,581,105	2,316,380
Closing shareholder's funds	1,317,927	2,581,105

16. Ultimate parent company

The company's immediate parent undertakings are

- 80.07% Chevron Captain Company LLC incorporated in the United States of America, and whose principal place of business is at 9 Cavendish Square, London W1G 9DF, United Kingdom, and
- 19.93% Chevron Netherlands BV incorporated in the Netherlands, and whose principal place of business is at Hofplein 33, 3011 AJ, Rotterdam, the Netherlands

The ultimate parent undertaking and controlling party is Chevron Corporation (incorporated in the State of Delaware, USA) which is the parent undertaking of the smallest and largest group to consolidate these financial statements. The consolidated financial statements of Chevron Corporation are available to the public and may be obtained from 6001 Bollinger Canyon Road, San Ramon, CA 94583-2324, USA.

17. Post balance sheet events**UK Corporation Tax rate change**

The Finance Act 2011 reduced the main corporation tax rate from 27% to 26% effective 1 April 2011. This was substantively enacted on 29 March 2011 and received Royal Assent on 19 July 2011. A further reduction to the main corporation tax rate from 26% to 25% effective 1 April 2012 was also legislated in the Finance Act 2011. This was substantively enacted on 5 July 2011 and received Royal Assent on 19 July 2011. Both of these changes have been substantively enacted at the balance sheet date.

In addition, a further reduction was announced in the 2012 Budget Statement to reduce the main rate to 24% from 1 April 2012. Further reductions to the main corporation tax rate are expected to be enacted in succeeding years to reduce the tax rate to 22% by 1 April 2014. As these changes have not been substantively enacted at the balance sheet date there is no impact on these financial statements.