

Rating: Buy
S&P 500: 1493

Chevron Corporation

Solid Results

<i>Symbol</i>	CVX	<i>Ebitda Next Twelve Months ending 3/31/08 (US\$mm)</i>	38,100
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	7
<i>Price (\$/sh)</i>	77.53	<i>Natural Gas and Oil Production/Ebitda (%)</i>	68
<i>Pricing Date</i>	4/27/07	<i>Adjusted Reserves/Production NTM</i>	10.0
<i>Shares (mm)</i>	2206	<i>EV/Ebitda</i>	5.1
<i>Market Capitalization (\$mm)</i>	171,000	<i>PV/Ebitda</i>	5.9
<i>Debt (\$mm)</i>	22,000	<i>Undeveloped Reserves (%)</i>	39
<i>Enterprise Value (EV) (\$mm)</i>	193,000	<i>Natural Gas and Oil Ebitda (\$/boe)</i>	26.70
<i>Present Value (PV) (\$mm)</i>	225,000	<i>Present Value Proven Reserves(\$/boe)</i>	12.60
<i>Net Present Value (\$/share)</i>	92	<i>Present Value Proven Reserves(\$/mcf)</i>	2.10
<i>Debt/Present Value</i>	0.10	<i>Earnings Next Twelve Months (US\$/sh)</i>	8.67
<i>McDep Ratio - EV/PV</i>	0.86	<i>Price/Earnings Next Twelve Months</i>	9
<i>Dividend Yield (%/year)</i>	2.7	<i>Indicated Annual Dividend (US\$/sh)</i>	2.08

Note: Estimated cash flow and earnings tied to one-year futures prices for oil and natural gas.

Reported results may vary widely from estimates. Estimated present value per share revised only infrequently.

Estimated present value presumes a long-term price for oil of US\$60 a barrel and natural gas, \$10 a million btu.

For historical analysis of CVX since 2002 see www.mcdep.com/lcvx.htm

Summary and Recommendation

Buy-recommended **Chevron Corporation (CVX)** reported solid results for the first quarter 2007 on April 27 that reinforce estimated net present value (NPV) of \$92 a share. Including about \$4 a share for deep Gulf of Mexico potential and nothing for Venezuela, estimated NPV depends about 61% on oil (see table [Functional Cash Flow and Present Value](#)). Weighted oil reserves are widely diversified among the U.S., Caspian, Africa and Asia with just 7% in politically uncertain Venezuela according to year-end disclosures (see table [Production and Reserves, 2006](#)). Up trends in both six-year oil and natural gas point to higher value for Chevron's upstream business (see chart, [Six-Year Commodity Price Meter](#)). Downstream, 27% of NPV, benefits from the strengthening crack spread (see chart [One-Year Refining Crack Meter](#)). Gains in downstream enabled the company to report higher earnings per share compared to a year ago (see table, [Next Twelve Months Operating and Financial Estimates](#)). We favor CVX stock at a double weighting in our illustrative energy portfolio concentrated on real assets that promise a high return providing clean fuel for global growth.

Kurt H. Wulff, CFA

Please see disclosures on the final page.

Chevron Corporation
Functional Cash Flow and Present Value

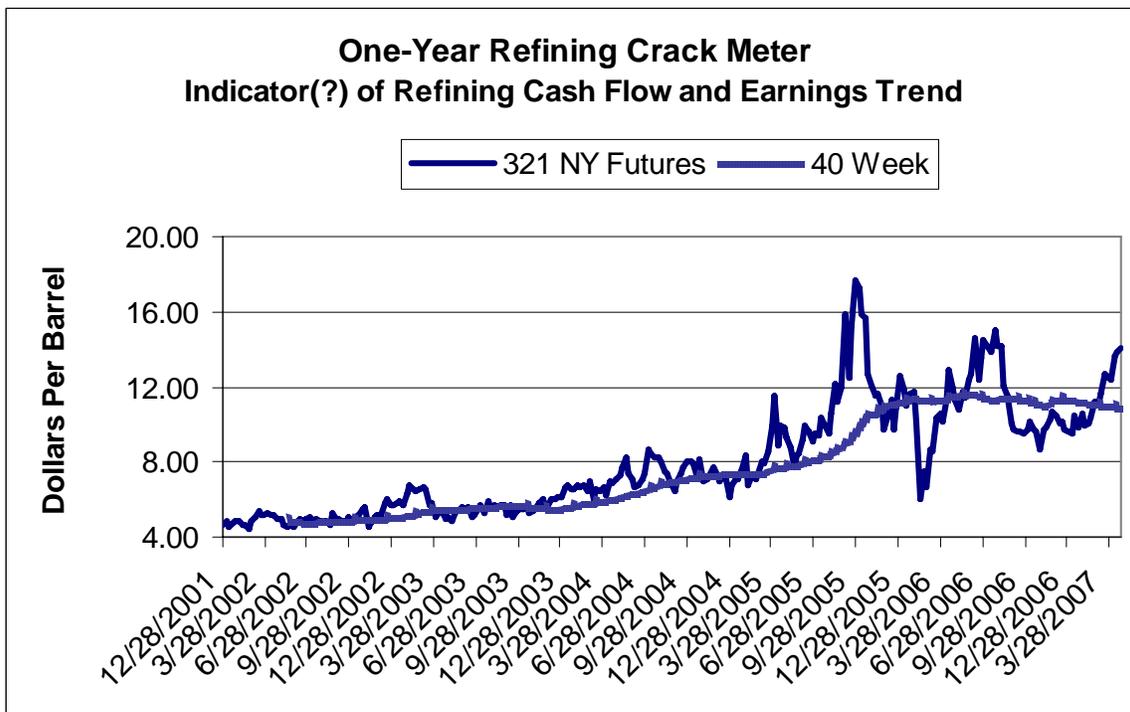
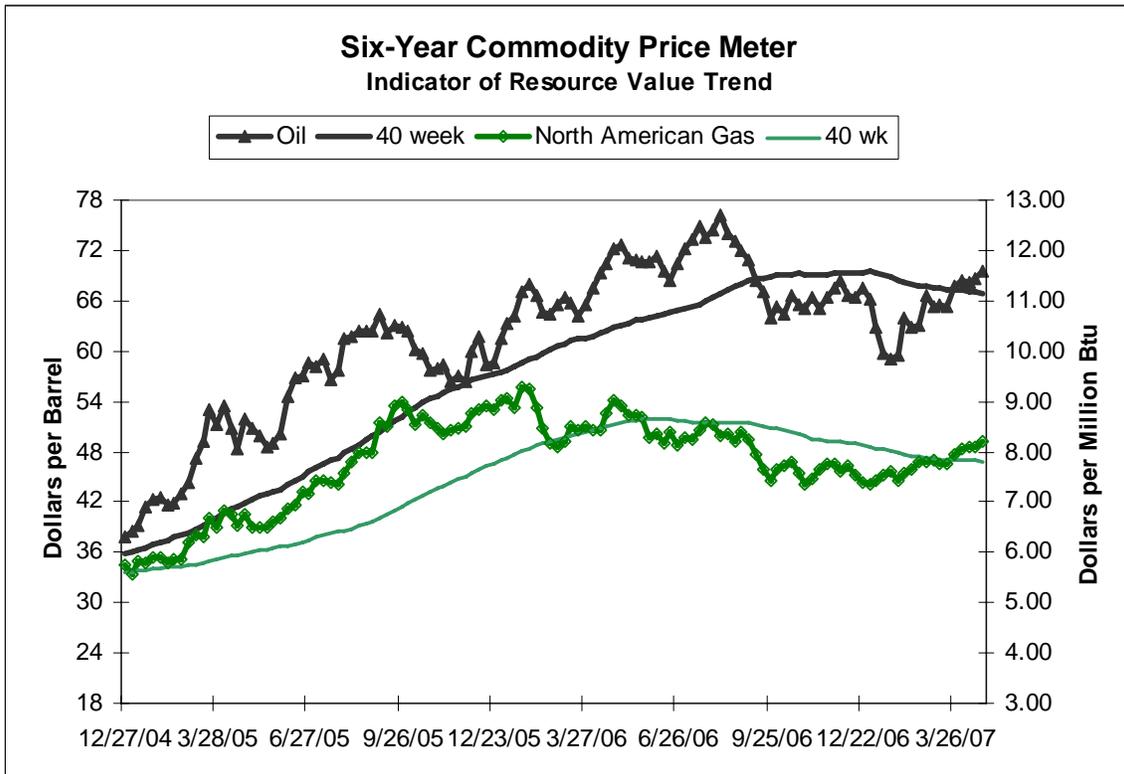
	<i>NTM Ebitda</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Present</i>	
	<i>(US\$mm)</i>	<i>R/P</i>	<i>Ebitda</i>	<i>Value</i>	
				<i>(US\$mm)</i>	
North American Natural Gas	2,540	6.0	5.1	13,000	6%
Rest of World Natural Gas	2,270	12.0	6.6	15,000	7%
Oil	20,960	10.1	6.5	137,000	61%
Downstream	12,340		4.9	60,000	27%
	38,110	10.0	5.9	225,000	100%
Debt (US\$mm)					22,000
Net Present Value (US\$mm)					203,000
Shares (mm)					2,206
Net Present Value - Standard Estimate (US\$/sh)					92
Net Present Value - Approximation by Correlation (US\$/sh)					100

Chevron Corporation
Production and Reserves, 2006

	<i>2006</i>	<i>12/31/2006 Proven Reserves</i>			<i>Weighted</i>	<i>NTM</i>
	<i>Production</i>	<i>Developed</i>	<i>Undeveloped</i>	<i>Weighted</i>	<i>Life Index</i>	<i>Adjusted</i>
	<i>(bcf or mmb)</i>	<i>(bcf or mmb)</i>	<i>(bcf or mmb)</i>	<i>(bcf or mmb)</i>	<i>(years)</i>	<i>R/P</i>
						<i>(years)</i>
North American Natural Gas						
California	37	250	60	280	7.6	
Gulf of Mexico	241	873	221	984	4.1	
Other U.S.	383	2,434	190	2,529	6.6	
Total	661	3,557	471	3,793	5.7	6.0
Rest of World Natural Gas						
Africa	33	1,306	1,900	2,256	68.4	
Asia Pacific	629	4,751	4,169	6,836	10.9	
Indonesia	110	377	197	476	4.3	
Other International	302	1,912	1,270	2,547	8.4	
Caspian	70	1,412	1,331	2,078	29.7	
Venezuela	4	144	87	188	46.9	
Total	1,148	9,902	8,954	14,379	12.5	12.0
Oil						
California	76	749	177	838	11.0	
Gulf of Mexico	42	163	162	244	5.8	
Other U.S.	51	443	57	472	9.2	
Africa	125	893	805	1,296	10.4	
Asia Pacific	123	530	255	658	5.3	
Indonesia	72	426	150	501	7.0	
Other International	78	349	135	417	5.3	
Caspian	49	1,003	947	1,477	30.1	
Venezuela	98	311	251	437	4.5	
Canada Oil Sands	10	200	243	322	32.6	
Total	724	5,067	3,182	6,658	9.2	10.1
Total Oil Equivalent	1,025	7,310	4,753	9,687	9.4	10.0

Weighted Life Index counts undeveloped reserves at half stated value and is computed on latest calendar year volume.
 NTM Adjusted R/P also counts undeveloped reserves at half and is computed on next twelve months production.

Please see disclosures on the final page.



Please see disclosures on the final page.

Chevron
Next Twelve Months Operating and Financial Estimates

	<i>Q1</i>	<i>Q4</i>	<i>Q1</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Next Twelve Months</i>
	<i>3/31/06</i>	<i>12/31/06</i>	<i>3/31/07</i>	<i>6/30/07</i>	<i>9/30/07</i>	<i>12/31/07</i>	<i>2007E</i>	<i>3/31/08</i>	<i>3/31/08</i>
Volume									
Natural Gas (mmcf)									
U.S.	1,782	1,782	1,723	1,723	1,723	1,723	1,723	1,723	1,723
Rest of World	3,165	3,067	3,271	3,271	3,271	3,271	3,271	3,271	3,271
Total	4,947	4,849	4,994	4,994	4,994	4,994	4,994	4,994	4,994
Days	90	92	90	91	92	92	365	90	365
Oil (mmb)	164	170	163	165	167	167	661	163	661
Oil (mbd)	1,819	1,847	1,811	1,811	1,811	1,811	1,811	1,811	1,811
Total gas & oil (mbd)	2,644	2,655	2,643	2,643	2,643	2,643	2,643	2,643	2,643
Price									
Natural gas (\$/mcf)									
Henry Hub (\$/mmbtu)	8.97	6.57	6.81	7.60	7.95	8.80	6.97	9.71	8.52
U.S.	7.46	5.90	6.40	7.15	7.47	8.17	7.30	9.02	7.95
Rest of World	3.78	3.67	3.85	3.82	3.66	3.66	3.75	3.85	3.75
Total	5.11	4.49	4.73	4.97	4.97	5.22	4.97	5.63	5.20
Oil (\$/bbl)									
WTI Cushing	63.33	59.99	58.08	65.07	67.85	69.47	64.35	70.42	68.20
Worldwide	54.71	53.15	51.30	57.48	59.93	61.76	57.65	63.41	60.64
Total gas & oil (\$/bbl)	47.20	45.17	44.08	48.77	50.46	52.17	48.90	54.08	51.36
NY Harbor 3-2-1 (\$/bbl)	7.40	7.54	11.68	21.91	17.36	11.15	10.49	10.96	15.35
Revenue (\$mm)									
Natural Gas									
U.S.	1,196	967	992	1,120	1,184	1,295	4,592	1,398	4,998
Rest of World	1,077	1,036	1,133	1,137	1,101	1,101	4,473	1,133	4,473
Total	2,273	2,003	2,126	2,257	2,286	2,397	9,066	2,532	9,471
Oil	8,957	9,032	8,361	9,473	9,986	10,291	38,111	10,335	40,084
Other	43,394	36,711	37,740	37,740	37,740	38,540	151,759	38,540	152,559
Total	54,624	47,746	48,227	49,470	50,011	51,227	198,935	51,406	202,114
Expense (\$mm)									
Production	4,941	5,407	5,139	5,631	5,890	6,090	22,749	6,176	23,786
Other	40,834	33,906	34,570	34,910	34,201	35,734	139,416	35,370	140,216
Ebitda (\$mm)									
Exploration and Production	6,289	5,628	5,349	6,100	6,381	6,597	24,427	6,690	25,769
Other	2,560	2,805	3,170	2,830	3,538	2,805	12,343	3,170	12,343
Total Ebitda	8,849	8,433	8,518	8,929	9,919	9,403	36,770	9,860	38,112
Exploration	268	547	306	306	306	306	1,224	260	1,178
Deprec., Deplet., & Amort.	1,788	1,988	1,963	1,963	1,963	1,963	7,852	1,963	7,852
Other non cash	500	-	-	-	-	-	-	-	-
Ebit	6,293	5,898	6,249	6,660	7,650	7,134	27,694	7,637	29,082
Interest	134	92	74	74	74	74	296	74	296
Ebt	6,159	5,806	6,175	6,586	7,576	7,060	27,398	7,563	28,786
Income Tax	2,156	2,032	2,161	2,305	2,652	2,471	9,589	2,647	10,075
Net Income (\$mm)									
Exploration and Production	3,458	2,909	2,907						
Other	733	1,078	1,045						
Unallocated	(188)	(213)	62						
Total	4,003	3,774	4,014	4,281	4,925	4,589	17,809	4,916	18,711
Shares (millions)	2,224	2,169	2,158	2,158	2,158	2,158	2,158	2,158	2,158
Per share (\$)	1.80	1.74	1.86	1.98	2.28	2.13	8.25	2.28	8.67
Ebitda Margin (E&P)	56%	51%	51%	52%	52%	52%	52%	52%	52%
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%

Please see disclosures on the final page.

Disclaimer: This analysis was prepared by Kurt Wulff doing business as McDep Associates. The firm used sources and data believed to be reliable, but makes no representation as to their accuracy or completeness. This analysis is intended for informational purposes and is not a solicitation to buy or sell a security. Past performance is no guarantee of future results.

McDep does no investment banking business. McDep is not paid by covered companies including revenue from advertising, trading, consulting, subscriptions or research service. McDep shall not own more than 1% of outstanding stock in a covered company. No one at McDep is on the Board of Directors at a covered company nor is anyone at a covered company on the Board of Directors of McDep.

McDep or its employees may take positions in stocks the firm covers for research purposes. No trades in a subject stock shall be made within a week before or after a change in recommendation.

Certification: I, Kurt H. Wulff, certify that the views expressed in this research analysis accurately reflect my personal views about the subject securities and issuers. No part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research analysis.

Research Methodology/Ratings Description: McDep Associates is an independent research originator focused on oil and gas stocks exclusively. The firm applies the thirty years of experience of its analyst to estimate a present value of the oil and gas resources and other businesses of covered companies. That value is compared with a company's stock market capitalization and debt. Stocks with low market cap and debt relative to present value tend to outperform stocks with high market cap and debt relative to present value. Buy recommendations are expected to deliver a total return better than 7% per year above inflation. Hold recommendations assume the attributes of the underlying business are reflected in the current price of the stock. Sell recommendations are expected to deliver a total return less than inflation.