



Rating: Buy
 S&P 500: 1409

Chevron Corporation Refining Penalty

<i>Symbol</i>	CVX	<i>Ebitda Next Twelve Months ending 3/31/09 (US\$m)</i>	50,100
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	7
<i>Price (\$/sh)</i>	94.94	<i>Natural Gas and Oil Production/Ebitda (%)</i>	81
<i>Pricing Date</i>	5/1/08	<i>Adjusted Reserves/Production NTM</i>	9.4
<i>Shares (mm)</i>	2206	<i>EV/Ebitda</i>	4.7
<i>Market Capitalization (\$mm)</i>	209,000	<i>PV/Ebitda</i>	5.7
<i>Debt (\$mm)</i>	27,000	<i>Undeveloped Reserves (%)</i>	37
<i>Enterprise Value (EV) (\$mm)</i>	236,000	<i>Natural Gas and Oil Ebitda (\$/boe)</i>	41.60
<i>Present Value (PV) (\$mm)</i>	285,000	<i>Present Value Proven Reserves(\$/boe)</i>	20.60
<i>Net Present Value (\$/share)</i>	117	<i>Present Value Proven Reserves(\$/mcfe)</i>	3.40
<i>Debt/Present Value</i>	0.09	<i>Earnings Next Twelve Months (US\$/sh)</i>	11.63
<i>McDep Ratio - EV/PV</i>	0.83	<i>Price/Earnings Next Twelve Months</i>	8
<i>Dividend Yield (%/year)</i>	2.7	<i>Indicated Annual Dividend (US\$/sh)</i>	2.60
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\$80 a barrel and natural gas, \$11 a million btu.			
For historical analysis of CVX since 2002 see www.mcdep.com/1cvx.htm			

Summary and Recommendation

Buy-recommended **Chevron Corporation (CVX)** offers unlevered appreciation potential of 21% to estimated net present value (NPV) of \$117 a share. In first quarter results reported today production generated a high level of unlevered cash flow (Ebitda) while the more volatile downstream (Other) was lower than normal (see table Next Twelve Months Operating and Financial Estimates). NPV is supported by projected cash flow capitalized at unlevered multiples (PV/Ebitda) related to reserve life (Adjusted R/P) (see table Functional Cash Flow and Present Value). Kazakhstan and the Caspian Sea area, where oil production requires advanced technological capability to handle toxic sulfur, accounts for 26% of Chevron's proven oil reserves (see table Production and Reserves, 2007). Meanwhile, oil price is in an uptrend with the May 1 quote for the average of futures for the next six-years at \$105 a barrel exceeds the 40-week average at \$85 (see chart Six-Year Commodity Price Meter).

Kurt H. Wulff, CFA

McDep LLC
Independent Stock Idea
 May 2, 2008



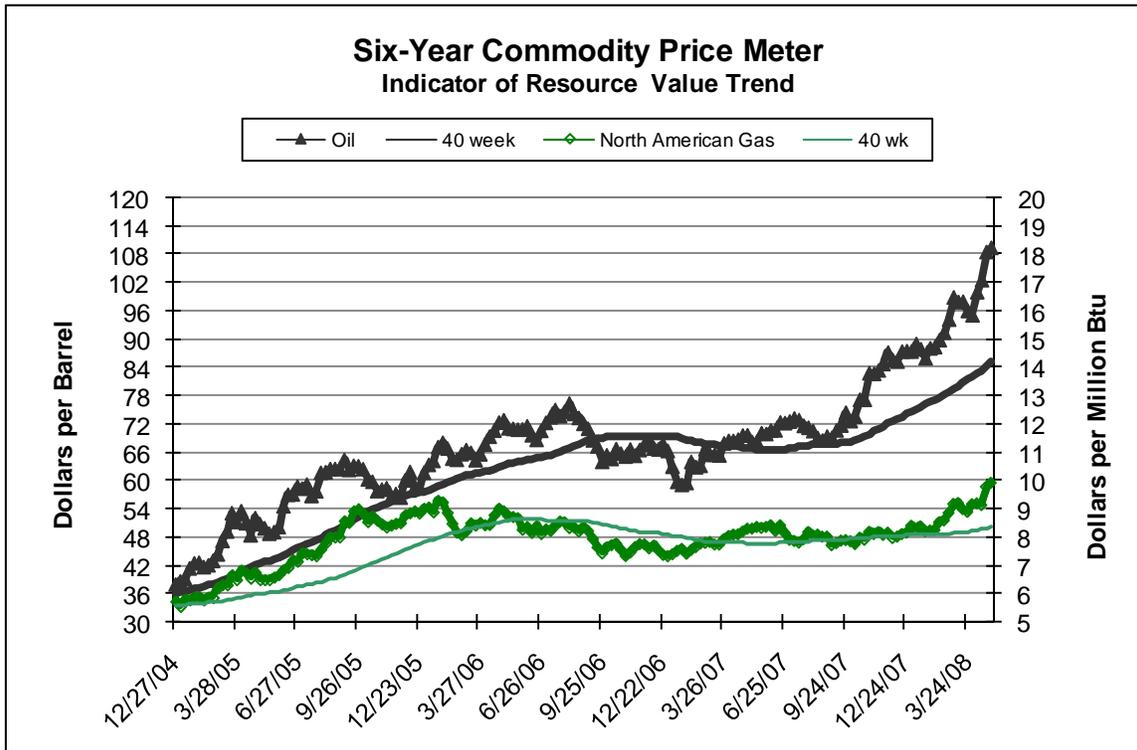
Chevron									
Next Twelve Months Operating and Financial Estimates									
									Next
	Q1	Q4	Year	Q1	Q2E	Q3E	Q4E	Year	Twelve
	3/31/07	12/31/07	2007	3/31/08	6/30/08	9/30/08	12/31/08	2008E	Months
									3/31/09
Volume									
Natural Gas (mmcf)									
U.S.	1,723	1,675	1,699	1,666	1,666	1,666	1,666	1,666	1,666
Rest of World	3,271	3,408	3,321	3,768	3,768	3,768	3,768	3,768	3,768
Total	4,994	5,083	5,019	5,434	5,434	5,434	5,434	5,434	5,434
Days	90	92	365	91	91	92	92	366	365
Oil (mmb)	163	162	651	161	161	162	162	646	645
Oil (mbd)	1,811	1,766	1,783	1,766	1,766	1,766	1,766	1,766	1,766
Total gas & oil (mbd)	2,643	2,613	2,619	2,672	2,672	2,672	2,672	2,672	2,672
Price									
Natural gas (\$/mcf)									
Henry Hub (\$/mmbtu)	6.81	6.97	6.87	8.02	10.75	11.49	11.85	10.52	11.58
U.S.	6.40	6.08	6.12	7.55	10.12	10.82	11.06	9.89	10.85
Rest of World	3.85	4.32	3.90	4.83	3.64	3.78	3.78	4.01	4.00
Total	4.73	4.90	4.65	5.66	5.63	5.94	6.01	5.81	6.10
Oil (\$/bbl)									
WTI Cushing	58.08	90.67	72.28	97.94	116.85	116.98	115.03	111.70	115.57
Worldwide	50.07	80.08	64.32	86.21	102.85	102.96	101.64	98.44	102.12
Total gas & oil (\$/bbl)	43.24	63.65	52.69	68.50	79.43	80.14	79.41	76.89	79.92
NY Harbor 3-2-1 (\$/bbl)	11.68	8.19	14.37	7.57	13.66	12.76	9.80	10.95	12.07
Revenue (\$mm)									
Natural Gas									
U.S.	992	937	3,793	1,145	1,534	1,659	1,695	6,032	6,600
Rest of World	1,133	1,354	4,729	1,656	1,248	1,310	1,310	5,525	5,507
Total	2,126	2,291	8,522	2,801	2,782	2,969	3,005	11,557	12,107
Oil	8,161	13,010	41,851	13,854	16,528	16,728	16,514	63,625	65,828
Other	37,941	46,109	170,531	49,291	49,291	49,291	50,091	197,964	198,764
Total	48,227	61,410	220,904	65,946	68,602	68,988	69,610	273,146	276,699
Expense (\$mm)									
Production	5,040	7,192	24,266	7,828	9,269	9,455	9,369	35,921	37,409
Other	34,668	44,159	159,253	47,714	45,350	47,177	48,141	188,382	189,182
Ebitda (\$mm)									
Exploration and Production	5,246	8,110	26,107	8,827	10,041	10,243	10,150	39,261	40,526
Other	3,272	1,950	11,278	1,577	3,941	2,114	1,950	9,583	9,583
Total Ebitda	8,518	10,060	37,385	10,404	13,983	12,357	12,100	48,844	50,109
Exploration	306	449	1,323	253	253	253	253	1,012	1,019
Deprec., Deplet., & Amort.	1,963	2,094	8,708	2,215	2,215	2,215	2,215	8,860	8,860
Other non cash	-	-	-	-	2,000	1,000	-	-	-
Ebit	6,249	7,517	27,874	7,936	9,515	8,889	9,632	35,972	37,230
Interest	74	7	166	-	-	-	-	-	-
Ebt	6,175	7,510	27,708	7,936	9,515	8,889	9,632	35,972	37,230
Income Tax	2,161	2,628	9,698	2,778	3,330	3,111	3,371	12,590	13,030
Net Income (\$mm)									
Exploration and Production	2,907	4,839	14,816	5,128	-	-	-	-	-
Other	1,045	273	3,200	295	-	-	-	-	-
Unallocated	62	(231)	(6)	(265)	-	-	-	-	-
Total	4,014	4,881	18,010	5,158	6,185	5,778	6,261	23,382	24,199
Shares (millions)									
Per share (\$)	1.86	2.32	8.45	2.48	2.97	2.78	3.01	11.24	11.63
Ebitda Margin (E&P)	51%	53%	52%	53%	52%	52%	52%	52%	52%
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%



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	3,430	5.7	4.1	14,000	5%
Rest of World Natural Gas	2,860	10.5	6.6	19,000	7%
Oil	34,240	9.6	5.6	192,000	67%
Downstream	9,580		6.3	60,000	21%
	50,110	9.4	5.7	285,000	100%
Debt (US\$mm)					27,000
Net Present Value (US\$mm)					258,000
Shares (mm)					2,206
Net Present Value - Standard Estimate (US\$/sh)					117
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					111

Chevron Corporation							
Production and Reserves, 2007							
		<i>2007</i>	<i>12/31/2007 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>
North American Natural Gas							
California		35	261	56	289	8.3	
Gulf of Mexico		210	727	216	835	4.0	
Other U.S.		375	2,238	179	2,328	6.2	
Total		620	3,226	451	3,452	5.6	5.7
Rest of World Natural Gas							
Africa		27	1,151	1,898	2,100	77.8	
Asia Pacific		725	5,081	3,746	6,954	9.6	
Indonesia		101	326	159	406	4.0	
Other International		279	1,915	1,184	2,507	9.0	
Caspian		70	1,762	986	2,255	32.2	
Venezuela		10	117	138	186	18.6	
Total		1,212	10,352	8,111	14,408	11.9	10.5
Oil							
California		75	701	159	781	10.4	
Gulf of Mexico		43	136	171	222	5.2	
Other U.S.		50	401	56	429	8.6	
Africa		122	758	742	1,129	9.3	
Asia Pacific		128	422	246	545	4.3	
Indonesia		72	363	76	401	5.6	
Other International		74	305	129	370	5.0	
Caspian		53	1,273	716	1,631	30.8	
Venezuela		24	263	170	348	14.5	
Canada Oil Sands		10	200	236	318	32.3	
Total		651	4,822	2,701	6,173	9.5	9.6
Total Oil Equivalent		956	7,085	4,128	9,149	9.6	9.4

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.



Disclaimer: This analysis was prepared by Kurt Wulff, Manager of McDep LLC as of January 1, 2008. Previously Mr. Wulff was 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.

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