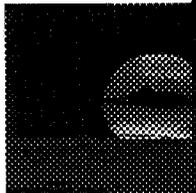


DESTIN DOME PROJECT



For More Information

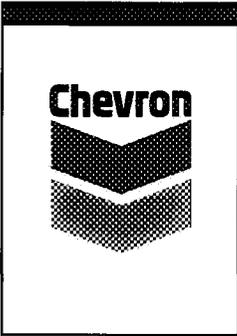
PLEASE CONTACT ANY OF THE FOLLOWING PERSONS:

Brent Wood
Public Affairs
Phone 504-592-6371
Fax 504-592-7130

David L. Duplantier
Senior Counsel
Phone 504-592-6401
Fax 504-592-7072

Sandi M. Fury
Division: Projects
Phone 504-592-6095
e-mail: sfur@mssite01

Bobby Boone
Public Affairs
Phone 770-984-3010



Chevron U. S. A. Production Company
935 Gravier Street, New Orleans, LA 70112 • 1-888-298-5814

Meeting America's Growing Energy Demands:

OFFSHORE FLORIDA, THE NEXT LOGICAL STEP

*Chevron's Destin
Dome project is of
significant
importance to
America's increasingly
demanding consumers.*

As America's energy needs increase, individual consumers and industry risk becoming overly reliant on unstable and unpredictable foreign energy sources. Meeting tomorrow's growing energy needs within accepted social, political and environmental standards demands a coordinated, strategic approach to developing our own natural resources long before these fuel sources are actually needed.

That is why Chevron's Destin Dome project is of significant importance to America's increasingly demanding consumers.

DESTIN DOME AND THE NORPHLET TREND

Offshore Florida's Destin Dome contains the eastern part of the Norphlet Trend, which is projected by the United States Department of Energy and the Minerals Management Service to be one of the nation's largest natural gas reserves. Potential reserves are estimated at 1.3 trillion cubic feet.

The Norphlet Trend stretches from south of Pascagoula, Mississippi in the west, to just east of Pensacola, Florida. Natural gas development in the heart of the Norphlet Trend, south of Mobile, Alabama has been on-going since the early 1980's. At the end of 1996, Alabama had \$1.34 billion being held in a trust fund which was generating over \$100 million a year to fund over 10% of the general budget of Alabama with additional revenue benefitting education and other important state programs. This is but one example of how a state can wisely use funds generated from natural resources production.

Chevron's exploratory and production activity will take place nearly 30 miles south of Pensacola in federal waters with depths ranging between 100 and 250 feet.

Operations and actual production are expected to begin around the turn of the century. Produced natural gas will be routed through infield gas pipelines running along the Gulf's floor to a central processing facility located in Alabama or Mississippi. Landfall for the gas will most likely be Mobile County, Alabama for further processing and distribution by interstate pipelines to consumers throughout the United States.

Because Chevron's Destin Dome project is the production of natural gas, it has minimal environmental risks. Oil tankers and other large ships associated with the production of oil will not be components in Chevron's operations in the Destin Dome 56 field.



HIGHLIGHTS

- Meeting tomorrow's energy needs demands on-going natural gas production today. Significant exploration and production ventures often take decades to develop.
- While Destin Dome is only part of the prolific Norphlet Trend, its reserves are significant. More than 1.3 trillion cubic feet of natural gas may lie beneath these federal waters 30 miles south of Pensacola.
- Florida based refineries, additional on-shore pipelines or oil tankers are not components of Chevron's development plans.

Safeguarding Diverse Ecosystems:

PERMITTING AND OVERSIGHT

Chevron must ensure the "wise use of land and water resources of the coastal zone, giving full consideration to ecological, cultural, historic and esthetic values".



State coastal and marine environments are well protected by a wide variety of federal, state and local regulations administered by multiple state and federal agencies. Offshore exploration and production operations must comply with over 50 sets of federal regulations and more than a dozen major permits/approvals.

Some of the most stringent environmental safeguards are provided by the National Environmental Policy Act, the Coastal Zone Management Act and the Outer Continental Shelf (OCS) Lands Act Amendments of 1978.

The following steps are pre-requisites in Chevron's developmental plan for Destin Dome:

1. Successful completion of various phases of environmental impact statement (EIS) submission and review. Significant involvement of state and local communities will be sought through numerous public meetings held to discuss the project.
2. Chevron must receive state level certification that its project meets requirements of the Coastal Zone Management plans of Mississippi, Alabama and Florida, an exhaustive process which entails intense public and governmental scrutiny to ensure the "wise use of land and water resources of the coastal zone, giving full consideration to ecological, cultural, historic and esthetic values".
3. The Outer Continental Shelf (OCS) Lands Act Amendment of 1978 requires lengthy consultation between the states and the federal government about all energy lease sales affecting the state.

Other important review and approval points along the road to offshore development include:

- Consideration of the plan as measured by the Endangered Species Act
- Consideration of certain areas as marine sanctuaries under the Federal Marine Sanctuaries Act
- Review of likely discharge scenarios under the federal Clean Water Act of 1972
- Review of proposed air emissions in accordance with the Clean Air Act

HIGHLIGHTS

- Thorough and complete federal, state and local hearings will allow ample public, governmental and industry input into all aspects of Chevron's Destin Dome Project.
- Interests of all citizens, conservationists, environmentalists, local governments and relevant business and industry are protected by federal and state laws and regulations.
- Project approval along each step of the process ensures the safe and clean exploration and production in accord with the most stringent governmental regulations.
- Chevron has taken care to design the project to minimize impacts on the environment.
- Chevron has considered the impacts associated with the largest development scenario for the field to insure maximum potential impacts to the area would be understood.
- Chevron is building off experience it has around the world.

Chevron's Developmental Plan For

DESTIN DOME 56 FIELD

In the largest development scenario, as many as 20 wells may be drilled and completed over the course of Destin Dome natural gas development.



Up to 20 wells may be drilled and completed over the course of Destin Dome natural gas development. Additionally, one existing well will be completed and brought into production.

INITIAL DRILLING

Chevron anticipates that industry-standard jack-up rotary drilling rigs will be used in Destin Dome. A jack-up rig is towed on site, then supported by extending its three legs to the ocean floor during the drilling process. When well work is done, the rig's legs are once again raised and the rig is moved on to the next drilling site.

EXPLORATION

A typical Destin Dome well will be drilled in 100 to 250 feet of water to actual depths of around 24,000 feet below the floor of the Gulf of Mexico. When target depths are reached, core samples are taken to determine the size and potential productivity of the gas reservoir. Successful wells are temporarily plugged to ensure safety while other aspects of the development process take place. Unsuccessful wells are permanently plugged in accord with all regulatory requirements.

PRODUCTION

Successful wells are completed by installing casing and then perforating the casing in the gas zones, installing tubing in the well to transport the gas to the surface, and installing a "Christmas Tree", a configuration of valves and controls located at the well surface.

Production platforms will be conventional fixed offshore platforms consisting of a "jacket" or steel substructure extending from the seafloor to the waterline; the piling, or tubular steel legs driven deep into the seafloor; and the platform deck which provides operational space for production, quarters and storage.

All drilling muds and fluids used in the drilling operations and discharged must meet stringent requirements established by the EPA to ensure no lasting damage to Florida's marine habitats. After production ceases all wells will be plugged and abandoned and all structures removed.

TRANSPORTATION AND DISTRIBUTION

Natural gas pipelines are proposed to be utilized to transport Destin Dome's natural gas reserves to processing facilities located in Mobile County, Alabama. No new processing plants are proposed to be built in Florida to accommodate Destin Dome gas.

HIGHLIGHTS

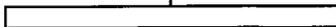
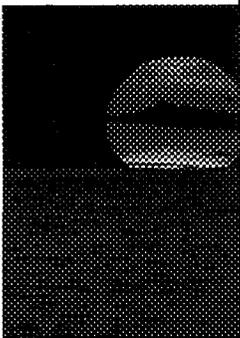
- Up to 20 wells may be drilled on the Destin Dome some 30 miles off the Florida coast. Drilling will take place in water depths of 100-250 feet with well depths of around 24,000 feet below the seafloor.
- Natural gas pipelines will transport produced gas to processing facilities located in nearby Mobile County, Alabama for ultimate distribution to industrial and individual consumers.

Going Beyond The Florida Borders...

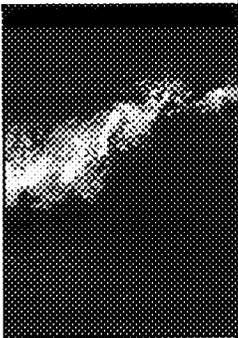
NATIONAL BENEFITS

The federal government advocates the increased use of cleaner burning fuels – such as natural gas – in an effort to improve air quality.

- The federal government advocates the increased use of cleaner burning fuels – such as natural gas – in an effort to improve air quality.
- Destin Dome reserves will add to the supply of domestic natural gas available for U.S. consumption as energy supplies from the more mature fields of the Central and Western Gulf of Mexico continue to decline.
- Continued development of domestic natural gas reserves such as Destin Dome can help reduce dependence on imported oil – 87 percent of which arrive by water borne transport.
- Offshore facilities enhance marine life through the creation of artificial reefs which are routinely visited by commercial and sports fisherman, as well as divers.
- The Destin Dome project will create new jobs and maintain thousands of high-wage jobs not only in fields directly related to energy, but in other industries across the country, from computers to transportation.
- The U.S. Treasury profits from development activities by way of energy-related companies that have poured billions of dollars into federal coffers. Royalties from the Destin Dome project are shared with other states through the Land and Water Conservation Fund and the National Historic Preservation Fund.



*Florida uses 50 times
more energy than
it currently produces
and in-state energy
consumption is still
on the rise.*



Benefits To

FLORIDA, ALABAMA AND MISSISSIPPI

- The project will add to the availability of clean burning natural gas for Florida's energy intensive tourism and agriculture industries.
- Given that Florida uses 50 times more energy than it produces, production from the area could help support the state's increasing energy demands. Based on 1992 consumption figures, the Destin Dome 56 field can provide an adequate supply of natural gas to satisfy Florida's:
 - Residential and commercial users for 29 years, or
 - Electric Utilities for 8 years, or
 - Florida's entire needs for 5 years
- The federal government advocates the increased use of cleaner burning fuels in an effort to improve air quality. The natural gas produced from Destin Dome can reduce use of fuel oil, coal, etc., with clean fuel thus enhancing air quality.
- Several Florida electric utilities have expressed interest in converting from coal to natural gas.
- Destin Dome reserves will add to the supply of domestic natural gas available for U.S. consumption as energy supplies from the Central and Western Gulf of Mexico decline.
- Continued development of domestic natural gas reserves such as Destin Dome can reduce dependence on imported oil.
- Offshore facilities enhance marine life through the creation of artificial reefs which are routinely visited by commercial and sports fisherman, as well as divers.
- Taxes and royalties from natural gas production in Alabama have produced millions of dollars for Alabama, most of which goes to education.
- The oil and gas industry is one of the nation's leading value-added industries. With personal incomes in Florida declining over the past 20 years and earnings from wages, salaries, and professional fees dropping below the national average, experts recommend that Florida diversify its current economic base to higher value-added industries.
- The Destin Dome project is expected to create and maintain high-wage, quality oil and gas industry jobs in the Gulf of Mexico region – jobs that pay wages 30 percent higher than those paid the average U.S. worker according to the Bureau of Labor and Statistics.

Meeting Florida's Energy Needs:

A SAFE, CLEAN AND PRACTICAL APPROACH

*Federal waters off
of the Florida
panhandle contain
among the most
prolific reserves of
clean, efficient
natural gas in the
United States.*



Florida is one of America's largest net consumers of energy and is the nation's third largest consumer of petroleum products. In addition to meeting the power generation demands of a growing population, the Florida economy relies on two highly energy-intensive industries, tourism and agriculture.

Airplanes, rental cars, pleasure boats and hotels are critical components, and large energy consumers, of the "Sunshine State's" vast tourist trade. To illustrate Florida's unique dependency on energy, consider the effects of the energy supply disruptions of the 1970s – Orlando's popular Disney World slashed its workforce in half as Americans cut back on their vacation and travel plans.

A resolution to some of Florida's energy needs are very close. Federal waters in the Eastern Gulf contain significant reserves of clean, efficient natural gas in the United States.

It is projected that Destin Dome reserves may top 1.3 trillion cubic feet of dry natural gas. Development of these resources can provide needed fuel supplies which will assist regional economic development and could help keep escalating fuel costs lower.

At present, Florida consumers use more than twice as much petroleum and oil products than they do clean burning natural gas. For an increasingly environmental minded public, the large natural gas reserves of Destin Dome could be a safe, clean and efficient alternative to oil or coal.

HIGHLIGHTS

- Florida is one of America's largest net consumers of energy, using 50 times more energy than it produces.
- Chevron projects that Destin Dome reserves may top 1.3 trillion cubic feet of dry natural gas.
- Development of these resources can provide fuel supplies which will assist regional economic development.

“Common Misconceptions” About Destin Dome

FACTS VERSUS FICTION

*Natural gas reserves
in the Destin Dome
area are an
enormous and
valuable source
of clean burning
energy.*

Fiction: Drilling in Destin Dome will result in oil on our beaches.

Fact: Chevron's Destin Dome project is a dry natural gas prospect, not an oil field development, making concerns for a crude oil spill unfounded.

Fiction: Drilling rigs will clutter our horizons and ruin the tourist industry.

Fact: The Destin Dome project is located approximately 30 miles south of Florida's coastline, precluding any visibility from the shore.

Fiction: Drilling off of Florida isn't allowed; we shouldn't change that now.

Fact: Over 40 wells have been drilled off the Florida coast, including 14 since 1981. All previous drilling activity has been conducted safely and without harm to people or the environment and for the most part with Florida's consent.

Fiction: Drill muds and cuttings are harmful to the environment, and the rigs will be a major source of air pollution.

Fact: Discharges from drilling operations undergo intensive testing and are regulated by the EPA. Water-based drill muds have scientifically been found to have no long-term effect on the environment. Past exploratory drilling operations have been classified as a minor source of air pollution by the EPA and will have no impact on Florida's ambient air quality.

Fiction: Drilling and producing operations have destroyed Louisiana's beaches.

Fact: Louisiana has marshlands, not beaches, therefore comparisons to Florida's coastline are not appropriate. The development of Destin Dome natural gas will not adversely impact Florida's coast.

Fiction: Oil tankers and other ships pose hazards for local ports and fishermen, and will increase the likelihood of accidents.

Fact: Chevron will be producing dry natural gas, not crude oil. Tankers and other large transport vessels are not needed for the production of natural gas.

Fiction: The amount of energy in Destin Dome is not worth the risk.

Fact: Previous exploratory drilling in the area has proven the existence of a very significant accumulation of dry natural gas, a valuable source of clean burning energy.

Protecting People

AND THE ENVIRONMENT

Chevron is committed to an open dialogue with the community regarding its activities and their concerns for safety, health and the environment.

As the public attaches increasing value to health and environmental protection, Chevron employees at all levels are working today to meet the social and political realities of tomorrow. To accomplish this, Chevron strives to integrate complex health and environmental issues into our business decision making process and to adequately protect the interests of an increasingly diverse constituency of shareholders, employees, business partners, governmental bodies, and neighbors.

Underlying each business decision we make are the important principles of risk management. Risk management means identifying and prioritizing potential problems, determining the probability of problems occurring, and exploring and taking alternative courses of action to limit health, environmental or economic risk.

Chevron integrates health and environmental safety policies into our daily business operations by requiring Chevron operating companies to develop and implement a plan of action for Protecting People and the Environment. Doing so takes into account a minimum of ten key elements:

- compliance assurance
- pollution prevention
- community awareness and outreach
- product stewardship
- emergency preparedness and response
- property transfer
- energy and resource conservation
- safe operations
- legislative and regulatory advocacy
- transportation and distribution

Chevron is fully committed to an open dialogue with the community regarding safety, health and environmental issues.

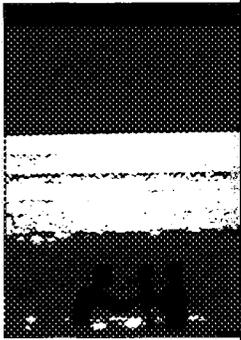
Our corporate goal is to meet and exceed the public's expectations with respect to an honest and open exchange of constructive ideas and concerns, and to demonstrate to all external interests our commitment to being the best corporate neighbors we can be.

HIGHLIGHTS

Chevron is committed to developing energy resources in a safe, environmentally sound and socially responsible manner, and subscribes to the following principles of operations:

- Safety: protection of people, first and foremost
- Environment: commitment to the environment and its resources, always
- Production: and lastly, maximizing production to the benefit of all

Past drilling operations in the Destin Dome area have not impacted Florida's tourism industry.



Q: Could this project result in an oil spill?

A: The risk is minimal because the project is dry natural gas. Chevron has developed an extensive contingency plan in the unlikely event a spill of any substance occurs from the platform or a supply vessel.

Q: When will production begin and how long will it last?

A: This depends on the stringent permitting process, but Chevron expects to begin production around the turn of the century. The field life for the wells is estimated at 20 years, but this is contingent on actual development and reserve performance.

Q: What will the project look like and will it affect tourism?

A: Located nearly 30 miles from the shore south of Pensacola, project activity is too far from the shoreline to be visible. In fact, the curvature of the earth itself precludes one from seeing that far. Past drilling has had no effect on tourism so we don't expect the proposed project to affect tourism.

Q: How will the project affect area biology?

A: Results from years of studies have been taken into consideration in designing the project to minimize impact on the surrounding environment. Continuous review by federal agencies will ensure protection of the environment. Furthermore, platforms off the Louisiana and Texas coasts have proved to be a haven for marine species, drawing commercial and sports fisherman, as well as divers.

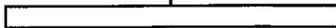
Q: Who is overseeing this project to ensure that it is safe for residents and the environment?

A: Offshore activities are highly regulated by the government. Primary oversight comes from the Minerals Management Service, which is part of the Department of Interior. Other approvals will be required from Alabama, Mississippi and Florida, as well as federal agencies, such as the EPA. Additionally, agencies such as U.S. Fish and Wildlife and National Marine Fisheries will be sought for consultation. And you, the public will have the opportunity to participate throughout the approval process.

Chevron and its partners have invested over \$4 million collecting scientific data and studying the effects of development in the area. These efforts will continue throughout the drilling process.

Q: What about offshore discharges from oil and gas development operations?

A: Chevron will pursue the necessary permits to allow for discharges from the proposed activities. Facility discharge should be small, compliant with EPA guidelines, and will not affect Florida beaches. Monitoring and studies of past drilling sites in the area support the fact that such discharges have no significant impact on the environment.



Chevron strives to integrate environmental, health and safety issues into each business decision-making process, taking into account existing social, political and environmental standards.

Chevron works to fulfill our societal responsibilities while simultaneously achieving business success for our employees and investors.

Additionally, the people at Chevron embrace the important principals of risk management in all aspects of our operations. The process of risk management involves identifying and prioritizing potential problems, determining the probability of these problems actually occurring, exploring alternative solutions, and taking action where appropriate.



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