

What Chevron 2025 Annual Report assumes, believes and expects

Source: Chevron Corporation - annual report, 2025 (108 pages).

5 assumptions worth your attention

These claims are never argued for directly, but the document depends on them.

DEMAND AND MARKET SIZE

Chevron assumes AI energy demand will create sustained long-term commercial opportunities for natural gas without displacing capital from core upstream operations.

Why it matters: Chevron announced efforts to supply natural gas from the West Texas Permian Basin for behind-the-meter data center power projects, assuming tech hyperscalers prefer gas-fired power over renewables or grid power.

How we deduced this: Section 'Executing our strategy' on page 10 states Chevron is advancing its first power project for data centers supplied by Permian natural gas; this requires tech operators to choose fossil-fueled behind-the-meter generation over alternative energy sources, which the document does not demonstrate.

What would prove or disprove it: Execution of long-term power purchase agreements or gas supply contracts with major data center operators in West Texas.

COUNTERPARTIES AND DEPENDENCIES

Chevron assumes its 30% non-operated interest in the Guyana Stabroek Block will proceed without operational disruptions or governance friction with joint venture partners.

Why it matters: Guyana is highlighted as a premier long-lived growth asset contributing to 11 billion barrels of oil-equivalent discovered resources and driving higher cash margins after the Hess acquisition.

How we deduced this: Note 29 on page 97 and strategy narrative on page 10 highlight the acquisition of a 30% interest in the Stabroek Block; this requires frictionless operator execution and alignment among consortium partners, which the text assumes without analyzing governance dynamics.

What would prove or disprove it: Sustained production growth at Stabroek Block developments (such as Yellowtail and Hammerhead) without partner disputes or regulatory hold-ups.

TECHNOLOGY AND PRODUCT EXECUTION

Chevron assumes that plateauing Permian Basin production at 1 million BOED will maintain capital efficiency without accelerating decline rates in older wells.

Why it matters: The Permian position is expected to generate ~\$5 billion in annual free cash flow through 2030 at mid-cycle prices (\$70 Brent / \$3.50 Henry Hub) after shifting strategy from rapid growth to plateaued production.

How we deduced this: Section 'Shale and tight portfolio spotlight: The Permian Basin' on page 7 states Permian production has plateaued at 1 million BOED to maximize free cash flow; this assumes reservoir pressure and well decline rates behave predictably without requiring steep offsetting capital reinvestment, which the text does not prove.

What would prove or disprove it: Maintaining 1 million BOED output in the Permian Basin while keeping annual Capex within the projected shale allocation of ~\$6 billion.

LEGAL, LITIGATION AND COMPLIANCE

Chevron assumes that pending climate and coastal erosion lawsuits will not result in material financial liabilities or enforced structural remedies.

Why it matters: Chevron faces 34 climate change lawsuits and 36 coastal erosion cases in Louisiana, including a \$744.6 million jury verdict in Plaquemines Parish for which Chevron accrued only \$131 million.

How we deduced this: Note 16 on page 80 discloses a \$744.6 million trial verdict in Plaquemines Parish while Chevron accrued only \$131 million based on available legal defenses; this requires appellate courts to overturn or reduce the verdict, which is an implicit bet on judicial outcomes.

What would prove or disprove it: Appellate court rulings overturning or substantially reducing the \$744.6 million Louisiana coastal erosion verdict and dismissals of municipal climate litigation.

CLIMATE, ESG AND TRANSITION

Chevron assumes that abandoning its 2050 net zero timeline for upstream emissions will not trigger material regulatory, investor, or legal repercussions.

Why it matters: Management dropped the 2050 timeline for achieving net zero Scope 1 and 2 equity upstream emissions because necessary technological, policy, and collective advancements have failed to occur.

How we deduced this: Section 'Business Environment and Outlook' on page 29 states Chevron will no longer use 2050 as a timeline for its net zero upstream Scope 1 and 2 emissions aspiration; this assumes key stakeholders will accept target modifications without imposing capital or legal penalties.

What would prove or disprove it: Continued institutional investor support and absence of regulatory enforcement or greenwashing litigation following the removal of the 2050 net zero target year.

The fuller list

Sorted by how the document itself frames each claim.

Category	Claim	Dimension	Source
Stated outright	Chevron targets organic capital expenditures of \$18 billion to \$19 billion in 2026, with \$17 billion allocated to upstream operations.	Resources and budget	Liquidity and Capital Resources

Category	Claim	Dimension	Source
<i>Stated outright</i>	Chevron expects 2026 net oil-equivalent production to increase 7 to 10 percent over 2025, assuming a Brent crude price of \$60 per barrel.	Capacity, supply chain and operations	<i>Business Environment and Outlook</i>
<i>Stated outright</i>	Chevron projects the Permian Basin asset to generate approximately \$5 billion in annual free cash flow through 2030 at mid-cycle prices.	Financing, liquidity and capital allocation	<i>Our strategy</i>
<i>Stated outright</i>	Chevron expects to achieve \$3 billion to \$4 billion in structural cost reductions enterprise-wide by the end of 2026.	Capacity, supply chain and operations	<i>Business Environment and Outlook</i>
<i>Stated outright</i>	Chevron targets 2028 upstream carbon intensity of 24 kg CO ₂ e/boe for oil, 24 kg CO ₂ e/boe for gas, 2 kg CO ₂ e/boe for methane, and 3 kg CO ₂ e/boe for flaring.	Climate, ESG and transition	<i>Business Environment and Outlook</i>
<i>Stated outright</i>	Chevron targets a portfolio carbon intensity across its full value chain of 71 grams CO ₂ e per megajoule by 2028.	Climate, ESG and transition	<i>Business Environment and Outlook</i>
<i>Stated outright</i>	Chevron expects annual asset sale proceeds of \$1 billion to \$2 billion through 2030, following \$9 billion achieved from 2024 through January 2026.	Financing, liquidity and capital allocation	<i>Business Environment and Outlook</i>
<i>Stated outright (risk framing)</i>	Periods of sustained lower commodity prices could result in asset impairments, operating expense adjustments, and capital expenditure reductions.	Macro, currency and commodity prices	<i>Business Environment and Outlook</i>
<i>Stated outright (risk framing)</i>	Tariffs, supply chain bottlenecks, long equipment lead times, and offshore vessel competition may inflate capital and operating costs.	Capacity, supply chain and operations	<i>Business Environment and Outlook</i>
<i>Stated outright (risk framing)</i>	Transferred decommissioning obligations from divested assets may revert to Chevron if current owners default, generating annual spending of \$200-300 million through 2033.	Legal, litigation and compliance	<i>Business Environment and Outlook</i>
<i>Partly third-party</i>	Over half a trillion dollars of annual investment will be required globally to close the oil supply gap caused by natural field decline.	Demand and market size	<i>To our stockholders</i>
<i>Partly third-party</i>	Global oil consumption reached a record 104 million barrels per day in 2025 and natural gas demand hit roughly 4,300 billion cubic meters.	Demand and market size	<i>To our stockholders</i>
<i>Asserted, no evidence shown</i>	Chevron stands in the strongest position in executive career history with lower execution risk and a higher confidence outlook than ever before.	Evidence and disclosure quality	<i>To our stockholders</i>
<i>Asserted, no evidence shown</i>	Fossil fuels will remain a significant part of an energy system that increasingly incorporates lower carbon sources of supply for many years to come.	Demand and market size	<i>Business Environment and Outlook</i>
<i>Aspiration, no numbers</i>	Chevron aims to achieve zero routine flaring by 2030 in alignment with the World Bank initiative.	Climate, ESG and transition	<i>Business Environment and Outlook</i>

Category	Claim	Dimension	Source
Aspiration, no numbers	Chevron strives to deliver higher returns, lower carbon intensity, and superior shareholder value in any business environment.	Financing, liquidity and capital allocation	Our strategy
Implicit, derived from the figures	<p>Chevron assumes its effective tax rate will remain manageable despite international earnings volatility and statutory tax mix shifts across operating jurisdictions.</p> <p>How deduced: Note 17 on page 81 shows effective tax rates of 36.8% in 2025 and 35.5% in 2024; achieving projected net income relies on stable cross-border tax credit rules and foreign tax rate differentials which the text notes are subject to volatility.</p>	Government, policy and regulation	Note 17 Taxes
Implicit, derived from the figures	<p>Chevron assumes that maintaining \$39.8 billion in long-term debt and \$11.4 billion in committed credit facilities guarantees sufficient liquidity to absorb commodity downcycles.</p> <p>How deduced: Note 20 on page 86 lists \$39.8 billion of long-term debt, up from \$20.1 billion in 2024 following the Hess acquisition; funding dividend growth and share repurchases during price downturns requires uninterrupted access to credit markets.</p>	Financing, liquidity and capital allocation	Note 20 Long-Term Debt
Implied by the text	<p>Chevron assumes its crude export capabilities in Kazakhstan via the Caspian Pipeline Consortium will remain operational despite recent regional drone strikes.</p> <p>How deduced: Section 'Business Environment and Outlook' on page 30 notes recent drone attacks on CPC infrastructure; operating the Tengiz field at full design capacity requires continuous pipeline export availability which the text notes is subject to security risks.</p>	Capacity, supply chain and operations	Business Environment and Outlook
Implied by the text	<p>Chevron assumes US policy licenses will continuously permit crude oil liftings and exports from its Venezuelan operations despite changing sanctions policies.</p> <p>How deduced: Section 'Business Environment and Outlook' on page 30 states crude oil liftings in Venezuela continued through January 2026 under revised US authorizations; ongoing earnings recognition requires uninterrupted government licenses that the document acknowledges depend on geopolitical shifts.</p>	Government, policy and regulation	Business Environment and Outlook
Implied by the text	<p>Chevron assumes that operational integration of Hess Corporation will deliver \$1.5 billion in annual cost synergies without unforeseen organizational overhead or retention losses.</p> <p>How deduced: Section 'Executing our strategy' on page 10 states integration is largely complete and on track for \$1.5 billion in synergies; realizing this value requires seamless cultural and system integration which the report asserts without detailing potential friction.</p>	People, management and governance	To our stockholders

Category	Claim	Dimension	Source
Standard legal boilerplate	<p>Forward-looking statements are subject to risks and uncertainties regarding commodity prices, regulation, geopolitical conflicts, and operational disruptions that could cause actual results to differ materially.</p> <p>How deduced: Section 'Cautionary Statements' on page 26 presents standard safe harbor disclaimers under the Private Securities Litigation Reform Act of 1995; maintaining legal protection requires stating that management forecasts are inherently uncertain.</p>	Legal, litigation and compliance	Cautionary Statements

Rows sorted strictly by framing category according to List Version 2 dimension tagging rules.

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