

Further material

1. Chevron's experience in difficult environments

Chevron's submission contained information on its experience operating in difficult environments. Further examples of Chevron's record of safe drilling include:-

- Chevron drilled Tobago #1 in the Gulf of Mexico in 2004. This well was located in 2934m of water and was drilled to a measured depth of 5641m.
- Between 2006 and 2013, Chevron drilled 3 wells offshore Newfoundland in water depths exceeding 2300m, the deepest (Lona O-55) located in 2602m of water and 410km from land. This water depth range is deeper than expected for exploration wells in the Great Australian Bight.

2. Indigenous engagement

Chevron is committed to interacting with indigenous communities in a way that respects their history, culture and customs.

Our approach to indigenous engagement is consistent with relevant external guidelines, including the World Bank's Operational Policy and Bank Procedure on Indigenous Peoples. Chevron's Indigenous Peoples' Guidance document outlines building blocks to effective management of relations with Indigenous Peoples, which include stakeholder identification, defining the regulatory framework, pre-consult and define a preferred method of engagement, assess potential impacts and benefits, conduct community consultations, and develop and implement Indigenous Peoples' plans.

The Chevron-operated Wheatstone Project signed a Native Title Agreement with the Thalanyji people in 2010. The agreement is a road map for how Wheatstone can create educational, employment, contracting and business opportunities for Aboriginal people. A range of Thalanyji businesses, from pipe laying to security and site services, have been awarded subcontracts on the Wheatstone Project, which has generated further local job and training opportunities. Buurabalayji Thalanyji Aboriginal Corporation has recently purchased the service stations in Onslow to support the Thalanyji people's economic development.

With respect to Thalanyji cultural heritage, Chevron has actively involved Thalanyji in recording and publishing local flora and fauna surveys, supported the protection and retention of artefacts through a Keeping Place, had thousands of Chevron and contractor employees experience Thalanyji Cultural Awareness Training and runs an Indigenous Sea Ranger Program of Thalanyji people looking after their environment.

Chevron is also supporting educational, health and economic development programs in Onslow. The education programs such as V Swans improve student retention and increase literacy and math skills, with a range of programs from early years through Primary School and out-of-school. A youth centre funded by Chevron will soon open in Onslow, with a range of IT and digital connectivity equipment donated by Telstra, and a number of programs targeting those children at risk or already disengaged from mainstream education. Our Scitech partnership includes an Aboriginal Education Program and in 2016 a robotics program was developed specifically for the Onslow School that provided STEM skills including coding and robotics.

Partnership with the National Heart Foundation deliver heart-healthy workshops driven by the Onslow community, with two local Thalanyji women leading the program. The Telethon Speech and Hearing partnership accomplishments include a mobile audiology clinic to diagnose chronic hearing problems, an Ear Health Model of Care for the Pilbara region and an online registry for patient data to support long-term management of conditions that are recognised as having significant life impacts. Mental health issues are improved by the community-focused partnership with Curtin University.

All of these programs enjoy strong community support and deliver community outcomes, and Chevron continues to work in partnership with our communities wherever we work.

3. *Oil market forecasts*

On 16 November 2016, the International Energy Agency published the latest edition of the *World Energy Outlook*, containing its energy demand forecasts to 2040.

The IEA determined that,

“...fossil fuels, in particular natural gas and oil, will continue to be a bedrock of the global energy system for many decades to come...”

Demand growth for oil will continue to be driven by emerging economies and by freight, aviation and petrochemicals.

“A near-term risk to oil markets could arise from the opposite direction – a shortfall of new projects – if the cuts in upstream spending in 2015-2016 are prolonged for another year. In 2015, the volume of conventional crude oil resources that received development approval fell to its lowest level since the 1950s and the data available for 2016 show no sign of a rebound. A lot of attention is focused on the remarkable resilience of US tight oil output through the current downturn and its potential ability, because of a short investment cycle, to respond in a matter of months to movements in price. But there is a threat on the horizon to the “baseload” of oil output, the conventional projects that operate on a different rhythm, with lead times of three to six years from investment decision to first oil. We estimate that, if new project approvals remain low for a third year in a row in 2017, then it becomes increasingly unlikely that demand (as projected in our main scenario) and supply can be matched in the early 2020s without the start of a new boom/bust cycle for the industry.

“Over the longer term, oil demand in our main scenario concentrates in freight, aviation and petrochemicals, areas where alternatives are scarce, while oil supply – despite a strong outlook for US tight oil – increasingly concentrates in the Middle East. There are few substitutes for oil products as a fuel for trucks and planes and as a feedstock for the chemicals industry; these three sectors account for all of the growth in global oil consumption. Total demand from OECD countries falls by almost 12 mb/d to 2040, but this reduction is more than offset by increases elsewhere. India, the largest source of future demand growth, sees oil consumption rise by 6 mb/d. On the supply side, projected US tight oil output has been revised upwards, remaining higher for longer than in last year’s Outlook, although non-OPEC production as a whole still goes into retreat from the early 2020s. OPEC is presumed to return to a policy of active market management, but nonetheless sees its share of global production rising towards 50% by 2040. The world becomes increasingly reliant on expansion in Iran (which reaches 6 mb/d in 2040) and Iraq (7 mb/d in 2040) to balance the market. The focus for oil trade shifts decisively to Asia: the United States all but eliminates net imports of oil by 2040.”

Source:

<http://www.iea.org/publications/freepublications/publication/WorldEnergyOutlook2016ExecutiveSummaryEnglish.pdf>

4. Establishing a local South Australia presence

From January 2017 Chevron will place a dedicated senior resource in Adelaide to manage stakeholder engagement in South Australia. This resource will continue to be supported from Chevron’s Perth headquarters but will enable South Australian stakeholders to have a local point of contact.

5. Update on recent preliminary engagement with fisheries, aquaculture, state government and local government stakeholders

In late November/early December 2016 Chevron’s South Australian External Affairs representative, in conjunction with a fishing industry subject matter expert, completed a two-week program of preliminary engagement with fisheries, aquaculture, state government and local government stakeholders. More than 25 organisations representing licence holders¹ across the fishing and aquaculture industries were engaged as well as representatives of the Eyre Peninsula Local

¹ Chevron has identified almost 900 potential individual fisheries and aquaculture stakeholders to date but expects this number to rise as it continues its stakeholder engagement

Government Association, the City of Victor Harbour, the Kangaroo Island Council, the City of Port Lincoln, and a range of South Australian departments and agencies.

The primary purpose of the engagement was to:

- Establish relationships with fisheries, aquaculture, state government and local government key stakeholders who have been identified as 'relevant persons' as per the OPGGS(E) regulations
- Clarify whether the above stakeholders could assist Chevron to identify additional 'relevant persons' who Chevron should consult
- Understand key industry, state government and local government concerns, issues and objections about exploration drilling in the Great Australian Bight generally, and with Chevron's program in particular, so these issues could be considered in Chevron's planning for its Environment Plan
- Communicate the process and timing for formal Environment Plan consultation.