UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2019

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 001-00368

Chevron Corporation

(Exact name of registrant as specified in its charter)

Delaware	94-0890210	6001 Bollinger Canyon Road San Ramon, California 94583-2324
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*	*(Address of principal executive offices) (Zip Code)*

Registrant's telephone number, including area code: (925) 842-1000

NONE

(Former name, former address and former fiscal year, if changed since last report.)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value $.75 per share	CVX	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer ☐
Non-accelerated filer	☐	Smaller reporting company ☐
		Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

There were 1,890,872,188 shares of the Company's common stock outstanding on September 30, 2019.

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CAUTIONARY STATEMENTS RELEVANT TO FORWARD-LOOKING INFORMATION FOR THE PURPOSE OF "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This quarterly report on Form 10-Q of Chevron Corporation contains forward-looking statements relating to Chevron's operations that are based on management's current expectations, estimates and projections about the petroleum, chemicals and other energy-related industries. Words or phrases such as "anticipates," "expects," "intends," "plans," "targets," "forecasts," "projects," "believes," "seeks," "schedules," "estimates," "positions," "pursues," "may," "could," "should," "will," "budgets," "outlook," "trends," "guidance," "focus," "on schedule," "on track," "is slated," "goals," "objectives," "strategies," "opportunities," "poised" and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond the company's control and are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. The reader should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. Unless legally required, Chevron undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Among the important factors that could cause actual results to differ materially from those projected in the forward-looking statements are: changing crude oil and natural gas prices; changing refining, marketing and chemicals margins; the company's ability to realize anticipated cost savings and expenditure reductions; actions of competitors or regulators; timing of exploration expenses; timing of crude oil liftings; the competitiveness of alternate-energy sources or product substitutes; technological developments; the results of operations and financial condition of the company's suppliers, vendors, partners and equity affiliates, particularly during extended periods of low prices for crude oil and natural gas; the inability or failure of the company's joint-venture partners to fund their share of operations and development activities; the potential failure to achieve expected net production from existing and future crude oil and natural gas development projects; potential delays in the development, construction or start-up of planned projects; the potential disruption or interruption of the company's operations due to war, accidents, political events, civil unrest, severe weather, cyber threats and terrorist acts, crude oil production quotas or other actions that might be imposed by the Organization of Petroleum Exporting Countries and other producing countries, or other natural or human causes beyond the company's control; changing economic, regulatory and political environments in the various countries in which the company operates; general domestic and international economic and political conditions; the potential liability for remedial actions or assessments under existing or future environmental regulations and litigation; significant operational, investment or product changes required by existing or future environmental statutes and regulations, including international agreements and national or regional legislation and regulatory measures to limit or reduce greenhouse gas emissions; the potential liability resulting from pending or future litigation; the company's future acquisitions or dispositions of assets or shares or the delay or failure of such transactions to close based on required closing conditions; the potential for gains and losses from asset dispositions or impairments; government-mandated sales, divestitures, recapitalizations, industry-specific taxes, tariffs, sanctions, changes in fiscal terms or restrictions on scope of company operations; foreign currency movements compared with the U.S. dollar; material reductions in corporate liquidity and access to debt markets; the effects of changed accounting rules under generally accepted accounting principles promulgated by rule-setting bodies; the company's ability to identify and mitigate the risks and hazards inherent in operating in the global energy industry; and the factors set forth under the heading "Risk Factors" on pages 18 through 21 of the company's 2018 Annual Report on Form 10-K and in subsequent filings with the U.S. Securities and Exchange Commission. Other unpredictable or unknown factors not discussed in this report could also have material adverse effects on forward-looking statements.

PART I.

FINANCIAL INFORMATION

Item 1. ***Consolidated Financial Statements***

CHEVRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME
(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	**2018**	**2019**	**2018**
	(Millions of dollars, except per-share amounts)			
Revenues and Other Income				
Sales and other operating revenues	**$ 34,779**	$ 42,105	**$ 105,291**	$ 118,564
Income from equity affiliates	**1,172**	1,555	**3,430**	4,685
Other income (loss)	**165**	327	**1,445**	738
Total Revenues and Other Income	**36,116**	43,987	**110,166**	123,987
Costs and Other Deductions				
Purchased crude oil and products	**19,882**	24,681	**60,420**	70,658
Operating expenses	**5,325**	4,985	**15,398**	14,899
Selling, general and administrative expenses	**954**	1,018	**3,014**	2,758
Exploration expenses	**168**	625	**498**	960
Depreciation, depletion and amortization	**4,361**	5,380	**12,789**	14,167
Taxes other than on income	**1,059**	1,259	**3,167**	3,966
Interest and debt expense	**197**	182	**620**	558
Other components of net periodic benefit costs	**121**	158	**319**	344
Total Costs and Other Deductions	**32,067**	38,288	**96,225**	108,310
Income Before Income Tax Expense	**4,049**	5,699	**13,941**	15,677
Income Tax Expense	**1,469**	1,643	**4,429**	4,540
Net Income	**2,580**	4,056	**9,512**	11,137
Less: Net income (loss) attributable to noncontrolling interests	**—**	9	**(22)**	43
Net Income Attributable to Chevron Corporation	**$ 2,580**	$ 4,047	**$ 9,534**	$ 11,094
Per Share of Common Stock:				
Net Income Attributable to Chevron Corporation				
— Basic	**$ 1.38**	$ 2.13	**$ 5.06**	$ 5.84
— Diluted	**$ 1.36**	$ 2.11	**$ 5.02**	$ 5.79
Weighted Average Number of Shares Outstanding (000s)				
— Basic	**1,880,607**	1,900,717	**1,885,931**	1,899,044
— Diluted	**1,893,928**	1,917,474	**1,899,193**	1,916,562

See accompanying notes to consolidated financial statements.

CHEVRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
	(Millions of dollars)			
Net Income	**$ 2,580**	$ 4,056	**$ 9,512**	$ 11,137
Currency translation adjustment	**(33)**	(2)	**(32)**	(12)
Unrealized holding gain (loss) on securities:				
Net gain (loss) arising during period	**2**	1	**2**	(6)
Derivatives:				
Net derivatives loss on hedge transactions	**—**	—	**(1)**	—
Income tax benefit on derivatives transactions	**3**	—	**3**	—
Total	**3**	—	**2**	—
Defined benefit plans:				
Actuarial gain (loss):				
Amortization to net income of net actuarial and settlement losses	**150**	214	**400**	522
Actuarial gain (loss) arising during period	**—**	(92)	**(4)**	(94)
Prior service cost:				
Amortization to net income of net prior service costs (credits)	**(4)**	(2)	**(11)**	(9)
Prior service cost arising during period	**—**	—	**1**	—
Defined benefit plans sponsored by equity affiliates	**3**	5	**8**	18
Income tax expense on defined benefit plans	**(33)**	(21)	**(91)**	(95)
Total	**116**	104	**303**	342
Other Comprehensive Gain, Net of Tax	**88**	103	**275**	324
Comprehensive Income	**2,668**	4,159	**9,787**	11,461
Comprehensive loss (income) attributable to noncontrolling interests	**—**	(9)	**22**	(43)
Comprehensive Income Attributable to Chevron Corporation	**$ 2,668**	$ 4,150	**$ 9,809**	$ 11,418

See accompanying notes to consolidated financial statements.

CHEVRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
(Unaudited)

	At September 30, 2019	At December 31, 2018
	(Millions of dollars)	
ASSETS		
Cash and cash equivalents	**$ 11,697**	$ 9,342
Time deposits	**—**	950
Marketable securities	**58**	53
Accounts and notes receivable, net	**12,966**	15,050
Inventories		
Crude oil and petroleum products	**3,722**	3,383
Chemicals	**480**	487
Materials, supplies and other	**1,749**	1,834
Total inventories	**5,951**	5,704
Prepaid expenses and other current assets	**3,316**	2,922
Total Current Assets	**33,988**	34,021
Long-term receivables, net	**1,584**	1,942
Investments and advances	**38,327**	35,546
Properties, plant and equipment, at cost	**338,699**	340,244
Less: Accumulated depreciation, depletion and amortization	**174,336**	171,037
Properties, plant and equipment, net	**164,363**	169,207
Deferred charges and other assets	**10,716**	6,766
Goodwill	**4,507**	4,518
Assets held for sale	**3,052**	1,863
Total Assets	**$ 256,537**	$ 253,863
LIABILITIES AND EQUITY		
Short-term debt	**$ 7,795**	$ 5,726
Accounts payable	**13,230**	13,953
Accrued liabilities	**6,523**	4,927
Federal and other taxes on income	**1,542**	1,628
Other taxes payable	**1,143**	937
Total Current Liabilities	**30,233**	27,171
Long-term debt	**25,056**	28,733
Deferred credits and other noncurrent obligations	**21,555**	19,742
Noncurrent deferred income taxes	**17,100**	15,921
Noncurrent employee benefit plans	**5,701**	6,654
Total Liabilities*	**99,645**	98,221
Preferred stock (authorized 100,000,000 shares, $1.00 par value, none issued)	**—**	—
Common stock (authorized 6,000,000,000 shares, $0.75 par value; 2,442,676,580 shares issued at September 30, 2019, and December 31, 2018)	**1,832**	1,832
Capital in excess of par value	**17,235**	17,112
Retained earnings	**183,783**	180,987
Accumulated other comprehensive loss	**(3,269)**	(3,544)
Deferred compensation and benefit plan trust	**(240)**	(240)
Treasury stock, at cost (551,804,392 and 539,838,890 shares at September 30, 2019, and December 31, 2018, respectively)	**(43,500)**	(41,593)
Total Chevron Corporation Stockholders' Equity	**155,841**	154,554
Noncontrolling interests	**1,051**	1,088
Total Equity	**156,892**	155,642
Total Liabilities and Equity	**$ 256,537**	$ 253,863

* Refer to Note 13, "Other Contingencies and Commitments" beginning on page 21.

See accompanying notes to consolidated financial statements.

CHEVRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30	
	2019	2018
	(Millions of dollars)	
Operating Activities		
Net Income (Loss)	**$ 9,512**	$ 11,137
Adjustments		
Depreciation, depletion and amortization	**12,789**	14,167
Dry hole expense	**137**	596
Distributions less than income from equity affiliates	**(1,897)**	(2,526)
Net before-tax loss (gain) on asset retirements and sales	**(106)**	(560)
Net foreign currency effects	**54**	330
Deferred income tax provision	**986**	806
Net decrease (increase) in operating working capital	**1,126**	(1,882)
Decrease (increase) in long-term receivables	**426**	363
Net decrease (increase) in other deferred charges	**(144)**	(60)
Cash contributions to employee pension plans	**(1,204)**	(941)
Other	**(22)**	37
Net Cash Provided by Operating Activities	**21,657**	21,467
Investing Activities		
Capital expenditures	**(9,906)**	(9,801)
Proceeds and deposits related to asset sales and returns of investment	**1,088**	2,116
Net maturities of (investments in) time deposits	**950**	—
Net sales (purchases) of marketable securities	**2**	(51)
Net repayment (borrowing) of loans by equity affiliates	**(970)**	78
Net Cash Used for Investing Activities	**(8,836)**	(7,658)
Financing Activities		
Net borrowings (repayments) of short-term obligations	**1,973**	2,199
Proceeds from issuance of long-term debt	**—**	217
Repayments of long-term debt and other financing obligations	**(3,868)**	(5,227)
Cash dividends — common stock	**(6,731)**	(6,382)
Distributions to noncontrolling interests	**(16)**	(87)
Net sales (purchases) of treasury shares	**(1,845)**	337
Net Cash Used for Financing Activities	**(10,487)**	(8,943)
Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash	**5**	(68)
Net Change in Cash, Cash Equivalents and Restricted Cash	**2,339**	4,798
Cash, Cash Equivalents and Restricted Cash at January 1	**10,481**	5,943
Cash, Cash Equivalents and Restricted Cash at September 30	**$ 12,820**	$ 10,741

See accompanying notes to consolidated financial statements.

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CHEVRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF EQUITY
(Unaudited)

(Millions of dollars) *Three Months Ended September 30*	Common Stock[(1)]	Retained Earnings	Accumulated Other Comp. Income (Loss)	Treasury Stock (at cost)	Chevron Corp. Stockholders' Equity	Non-Controlling Interests	Total Equity
Balance at June 30, 2018	$ 18,632	$ 176,899	$ (3,368)	$ (39,965)	$ 152,198	$ 1,182	$ 153,380
Treasury stock transactions	40	—	—	—	40	—	40
Net income (loss)	—	4,047	—	—	4,047	9	4,056
Cash dividends	—	(2,129)	—	—	(2,129)	(32)	(2,161)
Stock dividends	—	(1)	—	—	(1)	—	(1)
Other comprehensive income	—	—	103	—	103	—	103
Purchases of treasury shares	—	—	—	(750)	(750)	—	(750)
Issuances of treasury shares	—	—	—	67	67	—	67
Other changes, net	—	—	—	—	—	(61)	(61)
Balance at September 30, 2018	**$ 18,672**	**$ 178,816**	**$ (3,265)**	**$ (40,648)**	**$ 153,575**	**$ 1,098**	**$ 154,673**
Balance at June 30, 2019	$ 18,776	$ 183,442	$ (3,357)	$ (42,466)	$ 156,395	$ 1,056	$ 157,451
Treasury stock transactions	51	—	—	—	51	—	51
Net income (loss)	—	2,580	—	—	2,580	—	2,580
Cash dividends	—	(2,237)	—	—	(2,237)	(8)	(2,245)
Stock dividends	—	(1)	—	—	(1)	—	(1)
Other comprehensive income	—	—	88	—	88	—	88
Purchases of treasury shares	—	—	—	(1,250)	(1,250)	—	(1,250)
Issuances of treasury shares	—	—	—	216	216	—	216
Other changes, net	—	(1)	—	—	(1)	3	2
Balance at September 30, 2019	**$ 18,827**	**$ 183,783**	**$ (3,269)**	**$ (43,500)**	**$ 155,841**	**$ 1,051**	**$ 156,892**
Nine Months Ended September 30							
Balance at December 31, 2017	$ 18,440	$ 174,106	$ (3,589)	$ (40,833)	$ 148,124	$ 1,195	$ 149,319
Treasury stock transactions	232	—	—	—	232	—	232
Net income (loss)	—	11,094	—	—	11,094	43	11,137
Cash dividends	—	(6,382)	—	—	(6,382)	(87)	(6,469)
Stock dividends	—	(2)	—	—	(2)	—	(2)
Other comprehensive income	—	—	324	—	324	—	324
Purchases of treasury shares	—	—	—	(751)	(751)	—	(751)
Issuances of treasury shares	—	—	—	936	936	—	936
Other changes, net	—	—	—	—	—	(53)	(53)
Balance at September 30, 2018	**$ 18,672**	**$ 178,816**	**$ (3,265)**	**$ (40,648)**	**$ 153,575**	**$ 1,098**	**$ 154,673**
Balance at December 31, 2018	$ 18,704	$ 180,987	$ (3,544)	$ (41,593)	$ 154,554	$ 1,088	$ 155,642
Treasury stock transactions	123	—	—	—	123	—	123
Net income (loss)	—	9,534	—	—	9,534	(22)	9,512
Cash dividends	—	(6,731)	—	—	(6,731)	(16)	(6,747)
Stock dividends	—	(2)	—	—	(2)	—	(2)
Other comprehensive income	—	—	275	—	275	—	275
Purchases of treasury shares	—	—	—	(2,789)	(2,789)	—	(2,789)
Issuances of treasury shares	—	—	—	882	882	—	882
Other changes, net	—	(5)	—	—	(5)	1	(4)
Balance at September 30, 2019	**$ 18,827**	**$ 183,783**	**$ (3,269)**	**$ (43,500)**	**$ 155,841**	**$ 1,051**	**$ 156,892**

(Number of Shares)	Common Stock - 2019			Common Stock - 2018		
Three Months Ended September 30	**Issued[(2)]**	**Treasury**	**Outstanding**	**Issued[(2)]**	**Treasury**	**Outstanding**
Balance at June 30	2,442,676,580	(544,258,109)	1,898,418,471	2,442,676,580	(526,529,480)	1,916,147,100
Purchases	—	(10,302,969)	(10,302,969)	—	(6,255,290)	(6,255,290)
Issuances	—	2,756,686	2,756,686	—	882,559	882,559
Balance at September 30	**2,442,676,580**	**(551,804,392)**	**1,890,872,188**	**2,442,676,580**	**(531,902,211)**	**1,910,774,369**
Nine Months Ended September 30						
Balance at December 31	2,442,676,580	(539,838,890)	1,902,837,690	2,442,676,580	(537,974,695)	1,904,701,885
Purchases	—	(23,342,737)	(23,342,737)	—	(6,262,987)	(6,262,987)
Issuances	—	11,377,235	11,377,235	—	12,335,471	12,335,471
Balance at September 30	**2,442,676,580**	**(551,804,392)**	**1,890,872,188**	**2,442,676,580**	**(531,902,211)**	**1,910,774,369**

(1) Beginning and ending balances for all periods include capital in excess of par, common stock issued at par for $1,832, and $(240) associated with Chevron's Benefit Plan Trust. Changes reflect capital in excess of par.

(2) Beginning and ending total issued share balances include 14,168,000 shares associated with Chevron's Benefit Plan Trust for all periods.

See accompanying notes to consolidated financial statements.

Note 1. Interim Financial Statements

The accompanying consolidated financial statements of Chevron Corporation and its subsidiaries (together, Chevron or the company) have not been audited by an independent registered public accounting firm. In the opinion of the company’s management, the interim data includes all adjustments necessary for a fair statement of the results for the interim periods. These adjustments were of a normal recurring nature. The results for the three- and nine-month periods ended September 30, 2019, are not necessarily indicative of future financial results. The term “earnings” is defined as net income attributable to Chevron.

Certain notes and other information have been condensed or omitted from the interim financial statements presented in this Quarterly Report on Form 10-Q. Therefore, these financial statements should be read in conjunction with the company’s 2018 Annual Report on Form 10-K.

Note 2. Changes in Accumulated Other Comprehensive Losses

The change in Accumulated Other Comprehensive Losses (AOCL) presented on the Consolidated Balance Sheet and the impact of significant amounts reclassified from AOCL on information presented in the Consolidated Statement of Income for the nine months ended September 30, 2019 and 2018 are reflected in the table below.

Changes in Accumulated Other Comprehensive Income (Loss) by Component[(1)]
(Millions of dollars)

	Currency Translation Adjustment	Unrealized Holding Gains (Losses) on Securities	Derivatives	Defined Benefit Plans	Total
Balance at December 31, 2017	$ (105)	$ (5)	$ (2)	$ (3,477)	$ (3,589)
Components of Other Comprehensive Income (Loss):					
Before Reclassifications	(12)	(6)	—	(53)	(71)
Reclassifications	—	—	—	395	395
Net Other Comprehensive Income (Loss)	(12)	(6)	—	342	324
Balance at September 30, 2018	**$ (117)**	**$ (11)**	**$ (2)**	**$ (3,135)**	**$ (3,265)**
Balance at December 31, 2018	$ (124)	$ (10)	$ (2)	$ (3,408)	$ (3,544)
Components of Other Comprehensive Income (Loss):					
Before Reclassifications	(32)	2	2	1	(27)
Reclassifications[(2)]	—	—	—	302	302
Net Other Comprehensive Income (Loss)	(32)	2	2	303	275
Balance at September 30, 2019	**$ (156)**	**$ (8)**	**$ —**	**$ (3,105)**	**$ (3,269)**

(1) All amounts are net of tax.
(2) Refer to Note 9, Employee Benefits for reclassified components totaling $389 million that are included in employee benefit costs for the nine months ended September 30, 2019. Related income taxes for the same period, totaling $87 million, are reflected in "Income Tax Expense" on the Consolidated Statement of Income. All other reclassified amounts were insignificant.

Note 3. New Accounting Standards

Leases (Topic 842) Effective January 1, 2019, Chevron adopted Accounting Standards Update (ASU) 2016-02 and its related amendments. For additional information on the company's leases, refer to Note 10 beginning on page 14.

Financial Instruments - Credit Losses (Topic 326) In June 2016, the FASB issued ASU 2016-13, which becomes effective for the company beginning January 1, 2020. The standard requires companies to use forward-looking information to calculate credit loss estimates. The company's implementation efforts are currently focused on accounting policy and disclosure updates and work process changes necessary to meet the standard's requirements. The company does not expect the implementation of the standard to have a material effect on its consolidated financial statements.

Note 4. Information Relating to the Consolidated Statement of Cash Flows

	Nine Months Ended September 30	
(Millions of dollars)	2019	2018
Net decrease (increase) in operating working capital was composed of the following:		
Decrease (increase) in accounts and notes receivable	$ 2,254	$ (1,741)
Decrease (increase) in inventories	(20)	(749)
Decrease (increase) in prepaid expenses and other current assets	(286)	(310)
Increase (decrease) in accounts payable and accrued liabilities	(981)	887
Increase (decrease) in income and other taxes payable	159	31
Net decrease (increase) in operating working capital	$ 1,126	$ (1,882)
Net cash provided by operating activities includes the following cash payments:		
Interest on debt (net of capitalized interest)	$ 579	$ 502
Income taxes	$ 3,516	$ 3,526
Proceeds and deposits related to asset sales and returns of investment consisted of the following gross amounts:		
Proceeds and deposits related to asset sales	$ 1,021	$ 1,872
Returns of investment from equity affiliates	67	244
Proceeds and deposits related to asset sales and returns of investment	$ 1,088	$ 2,116
Net maturities of (investments in) time deposits consisted of the following gross amounts:		
Investments in time deposits	$ —	$ —
Maturities of time deposits	950	—
Net maturities of (investments in) time deposits	$ 950	$ —
Net sales (purchases) of marketable securities consisted of the following gross amounts:		
Marketable securities purchased	$ (1)	$ (51)
Marketable securities sold	3	—
Net sales (purchases) of marketable securities	$ 2	$ (51)
Net repayment (borrowing) of loans by equity affiliates consisted of the following gross amounts:		
Borrowing of loans by equity affiliates	$ (1,050)	$ —
Repayment of loans by equity affiliates	80	78
Net repayment (borrowing) of loans by equity affiliates	$ (970)	$ 78
Net borrowings (repayments) of short-term obligations consisted of the following gross and net amounts:		
Proceeds from issuances of short-term obligations	$ 1,821	$ 2,452
Repayments of short-term obligations	(570)	(3,379)
Net borrowings (repayments) of short-term obligations with three months or less maturity	722	3,126
Net borrowings (repayments) of short-term obligations	$ 1,973	$ 2,199

The Consolidated Statement of Cash Flows excludes changes to the Consolidated Balance Sheet that did not affect cash.

The "Other" line in the Operating Activities section includes changes in postretirement benefits obligations and other long-term liabilities.

The “Net sales (purchases) of treasury shares” represents the cost of common shares acquired less the cost of shares issued for share-based compensation plans. During the first nine months in 2019 and 2018, the company purchased 23.3 million and 6.3 million shares under its share repurchase programs, respectively, for $2.8 billion and $750 million.

The company paid dividends of $1.19 per share of common stock in third quarter 2019 and $3.57 per share in the first nine months of 2019. This compares to dividends of $1.12 and $3.36 per share paid in the corresponding year-ago periods.

The major components of “Capital expenditures” and the reconciliation of this amount to the reported capital and exploratory expenditures, including equity affiliates, are presented in the following table:

	Nine Months Ended September 30	
	2019	**2018**
	(Millions of dollars)	
Additions to properties, plant and equipment	**$ 9,713**	$ 9,489
Additions to investments	**69**	36
Current-year dry hole expenditures	**111**	276
Payments for other assets and liabilities, net	**13**	—
Capital expenditures	**9,906**	9,801
Expensed exploration expenditures	**361**	364
Assets acquired through finance lease obligations and other financing obligations	**146**	65
Payments for other assets and liabilities, net	**(13)**	—
Capital and exploratory expenditures, excluding equity affiliates	**10,400**	10,230
Company's share of expenditures by equity affiliates	**4,578**	4,115
Capital and exploratory expenditures, including equity affiliates	**$ 14,978**	$ 14,345

The table below quantifies the beginning and ending balances of restricted cash and restricted cash equivalents in the Consolidated Balance Sheet:

	At September 30		At December 31	
	2019	**2018**	**2018**	**2017**
	(Millions of dollars)			
Cash and Cash Equivalents	**$ 11,697**	$ 9,686	$ 9,342	$ 4,813
Restricted cash included in "Prepaid expenses and other current assets"	**370**	277	341	405
Restricted cash included in "Deferred charges and other assets"	**753**	778	798	725
Total Cash, Cash Equivalents and Restricted Cash	**$ 12,820**	$ 10,741	$ 10,481	$ 5,943

Additional information related to "Restricted Cash" is included on page 24 in Note 14 under the heading "Restricted Cash."

Note 5. Assets Held For Sale

At September 30, 2019, the company classified $3.05 billion of net properties, plant and equipment as “Assets held for sale” on the Consolidated Balance Sheet. These assets are associated with upstream operations that are anticipated to be sold in the next 12 months. The revenues and earnings contributions of these assets in 2018 and the first nine months of 2019 were not material.

Note 6. Summarized Financial Data — Tengizchevroil LLP

Chevron has a 50 percent equity ownership interest in Tengizchevroil LLP (TCO). Summarized financial information for 100 percent of TCO is presented in the following table:

	Nine Months Ended September 30	
	2019	**2018**
	(Millions of dollars)	
Sales and other operating revenues	**$ 11,991**	$ 13,255
Costs and other deductions	**5,971**	5,780
Net income attributable to TCO	**4,230**	5,265

Note 7. Summarized Financial Data — Chevron U.S.A. Inc.

Chevron U.S.A. Inc. (CUSA) is a major subsidiary of Chevron Corporation. CUSA and its subsidiaries manage and operate most of Chevron's U.S. businesses. Assets include those related to the exploration and production of crude oil, natural gas and natural gas liquids and those associated with refining, marketing, and supply and distribution of products derived from petroleum, excluding most of the regulated pipeline operations of Chevron. CUSA also holds the company's investment in the Chevron Phillips Chemical Company LLC joint venture, which is accounted for using the equity method.

The summarized financial information for CUSA and its consolidated subsidiaries is as follows:

	Nine Months Ended September 30	
	2019	**2018**
	(Millions of dollars)	
Sales and other operating revenues	**$ 82,073**	$ 93,434
Costs and other deductions	**79,794**	90,912
Net income attributable to CUSA	**2,149**	2,929

	At September 30, 2019	At December 31, 2018
	(Millions of dollars)	
Current assets	**$ 12,717**	$ 12,819
Other assets	**60,669**	55,814
Current liabilities	**14,640**	16,376
Other liabilities	**15,138**	12,906
Total CUSA net equity	**$ 43,608**	$ 39,351
Memo: Total debt	**$ 3,187**	$ 3,049

Note 8. Operating Segments and Geographic Data

Although each subsidiary of Chevron is responsible for its own affairs, Chevron Corporation manages its investments in these subsidiaries and their affiliates. The investments are grouped into two business segments, Upstream and Downstream, representing the company's "reportable segments" and "operating segments." Upstream operations consist primarily of exploring for, developing and producing crude oil and natural gas; liquefaction, transportation and regasification associated with liquefied natural gas (LNG); transporting crude oil by major international oil export pipelines; processing, transporting, storage and marketing of natural gas; and a gas-to-liquids plant. Downstream operations consist primarily of refining of crude oil into petroleum products; marketing of crude oil and refined products; transporting of crude oil and refined products by pipeline, marine vessel, motor equipment and rail car; and manufacturing and marketing of commodity petrochemicals, plastics for industrial uses, and fuel and lubricant additives. "All Other" activities of the company include worldwide cash management and debt financing activities, corporate administrative functions, insurance operations, real estate activities and technology companies.

The company's segments are managed by "segment managers" who report to the "chief operating decision maker" (CODM). The segments represent components of the company that engage in activities (a) from which revenues are earned and expenses are incurred; (b) whose operating results are regularly reviewed by the CODM, which makes decisions about resources to be allocated to the segments and assesses their performance; and (c) for which discrete financial information is available.

The company's primary country of operation is the United States of America, its country of domicile. Other components of the company's operations are reported as "International" (outside the United States).

Segment Earnings The company evaluates the performance of its operating segments on an after-tax basis, without considering the effects of debt financing interest expense or investment interest income, both of which are managed by the company on a worldwide basis. Corporate administrative costs and assets are not allocated to the operating segments. However, operating segments are billed for the direct use of corporate services. Nonbillable costs remain at the corporate level in "All Other." Earnings by major operating area for the three- and nine-month periods ended September 30, 2019 and 2018, are presented in the following table:

Segment Earnings	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
	(Millions of dollars)			
Upstream				
United States	**$ 727**	$ 828	**$ 2,371**	$ 2,314
International	**1,977**	2,551	**6,939**	7,712
Total Upstream	**2,704**	3,379	**9,310**	10,026
Downstream				
United States	**389**	748	**1,071**	1,847
International	**439**	625	**738**	1,092
Total Downstream	**828**	1,373	**1,809**	2,939
Total Segment Earnings	**3,532**	4,752	**11,119**	12,965
All Other				
Interest expense	**(187)**	(171)	**(591)**	(524)
Interest income	**48**	37	**142**	84
Other	**(813)**	(571)	**(1,136)**	(1,431)
Net Income Attributable to Chevron Corporation	**$ 2,580**	$ 4,047	**$ 9,534**	$ 11,094

Segment Assets Segment assets do not include intercompany investments or intercompany receivables. "All Other" assets consist primarily of worldwide cash, cash equivalents, time deposits and marketable securities; real estate; information systems; technology companies; and assets of the corporate administrative functions. Segment assets at September 30, 2019, and December 31, 2018, are as follows:

Segment Assets	At September 30, 2019	At December 31, 2018
	(Millions of dollars)	
Upstream		
United States	**$ 45,689**	$ 42,594
International	**149,424**	153,861
Goodwill	**4,507**	4,518
Total Upstream	**199,620**	200,973
Downstream		
United States	**25,111**	23,866
International	**16,771**	15,622
Total Downstream	**41,882**	39,488
Total Segment Assets	**241,502**	240,461
All Other		
United States	**4,542**	5,100
International	**10,493**	8,302
Total All Other	**15,035**	13,402
Total Assets — United States	**75,342**	71,560
Total Assets — International	**176,688**	177,785
Goodwill	**4,507**	4,518
Total Assets	**$ 256,537**	$ 253,863

Segment Sales and Other Operating Revenues Segment sales and other operating revenues, including internal transfers, for the three- and nine-month periods ended September 30, 2019 and 2018, are presented in the following table. Products are transferred between operating segments at internal product values that approximate market prices. Revenues for the upstream segment are derived primarily from the production and sale of crude oil and natural gas, as well as the sale of third-party production of natural gas. Revenues for the downstream segment are derived from the refining and marketing of petroleum products such as gasoline, jet fuel, gas oils, lubricants, residual fuel oils and other products derived from crude oil. This segment also generates revenues from the manufacture and sale of fuel and lubricant additives and the transportation and trading of refined products and crude oil. “All Other” activities include revenues from insurance operations, real estate activities and technology companies.

Sales and Other Operating Revenues	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
	(Millions of dollars)			
Upstream				
United States	**$ 5,602**	$ 6,784	**$ 17,411**	$ 16,405
International	**8,607**	10,312	**26,953**	27,848
Subtotal	**14,209**	17,096	**44,364**	44,253
Intersegment Elimination — United States	**(3,686)**	(4,277)	**(11,070)**	(10,219)
Intersegment Elimination — International	**(3,015)**	(4,045)	**(9,411)**	(10,681)
Total Upstream	**7,508**	8,774	**23,883**	23,353
Downstream				
United States	**14,224**	16,405	**41,467**	45,137
International	**14,230**	18,568	**43,438**	52,571
Subtotal	**28,454**	34,973	**84,905**	97,708
Intersegment Elimination — United States	**(1,017)**	(1,360)	**(3,006)**	(1,804)
Intersegment Elimination — International	**(227)**	(339)	**(678)**	(869)
Total Downstream	**27,210**	33,274	**81,221**	95,035
All Other				
United States	**270**	264	**763**	759
International	**5**	6	**12**	16
Subtotal	**275**	270	**775**	775
Intersegment Elimination — United States	**(209)**	(207)	**(576)**	(583)
Intersegment Elimination — International	**(5)**	(6)	**(12)**	(16)
Total All Other	**61**	57	**187**	176
Sales and Other Operating Revenues				
United States	**20,096**	23,453	**59,641**	62,301
International	**22,842**	28,886	**70,403**	80,435
Subtotal	**42,938**	52,339	**130,044**	142,736
Intersegment Elimination — United States	**(4,912)**	(5,844)	**(14,652)**	(12,606)
Intersegment Elimination — International	**(3,247)**	(4,390)	**(10,101)**	(11,566)
Total Sales and Other Operating Revenues	**$ 34,779**	$ 42,105	**$ 105,291**	$ 118,564

Note 9. Employee Benefits

Chevron has defined benefit pension plans for many employees. The company typically prefunds defined benefit plans as required by local regulations or in certain situations where prefunding provides economic advantages. In the United States, all qualified plans are subject to the Employee Retirement Income Security Act minimum funding standard. The company does not typically fund U.S. nonqualified pension plans that are not subject to funding requirements under laws and regulations because contributions to these pension plans may be less economic and investment returns may be less attractive than the company’s other investment alternatives.

The company also sponsors other postretirement employee benefit (OPEB) plans that provide medical and dental benefits, as well as life insurance for some active and qualifying retired employees. The plans are unfunded, and the company and the retirees share the costs. For the company's main U.S. medical plan, the increase to the pre-Medicare company contribution for retiree medical coverage is limited to no more than 4 percent each year. Certain life insurance benefits are paid by the company.

The components of net periodic benefit costs for 2019 and 2018 are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
	(Millions of dollars)			
Pension Benefits				
United States				
Service cost	**$ 101**	$ 120	**$ 304**	$ 360
Interest cost	**100**	93	**298**	278
Expected return on plan assets	**(141)**	(159)	**(423)**	(477)
Amortization of prior service costs (credits)	**—**	—	**1**	1
Amortization of actuarial losses (gains)	**60**	76	**179**	228
Settlement losses	**87**	128	**207**	260
Total United States	**207**	258	**566**	650
International				
Service cost	**34**	36	**105**	109
Interest cost	**49**	49	**153**	155
Expected return on plan assets	**(56)**	(62)	**(171)**	(193)
Amortization of prior service costs (credits)	**3**	2	**9**	8
Amortization of actuarial losses (gains)	**4**	6	**15**	23
Settlement losses	**—**	3	**1**	3
Total International	**34**	34	**112**	105
Net Periodic Pension Benefit Costs	**$ 241**	$ 292	**$ 678**	$ 755
Other Benefits*				
Service cost	**$ 9**	$ 10	**$ 27**	$ 31
Interest cost	**24**	24	**72**	72
Amortization of prior service costs (credits)	**(7)**	(7)	**(21)**	(21)
Amortization of actuarial losses (gains)	**(1)**	4	**(2)**	11
Net Periodic Other Benefit Costs	**$ 25**	$ 31	**$ 76**	$ 93

* Includes costs for U.S. and international OPEB plans. Obligations for plans outside the United States are not significant relative to the company's total OPEB obligation.

Through September 30, 2019, a total of $1.2 billion was contributed to employee pension plans (including $1.07 billion to the U.S. plans). Contribution amounts are dependent upon plan investment returns, changes in pension obligations, regulatory requirements and other economic factors. Additional funding may ultimately be required if investment returns are insufficient to offset increases in plan obligations.

During the first nine months of 2019, the company contributed $128 million to its OPEB plans. The company anticipates contributing approximately $47 million during the remainder of 2019.

Note 10. Lease Commitments

Chevron implemented the new lease standard at the effective date of January 1, 2019. The cumulative-effect adjustment to the opening balance of 2019 retained earnings is de minimis. The company elected the option to apply the transition provisions at the adoption date instead of the earliest comparative period presented in the financial statements. By making this election, the company has not applied retrospective reporting for the comparable periods. The company elected the short-term lease exception provided for in the standard and therefore only recognizes right-of-use assets and lease liabilities for leases with a term greater than one year.

The company elected the package of practical expedients to not re-evaluate existing contracts as containing a lease or the lease classification unless it was not previously assessed against the lease criteria. In addition, the company did not reassess initial direct costs for any existing leases. The company applied the land easement practical expedient. The company has elected the practical expedient to not separate non-lease components from lease components for most asset classes except for certain asset classes that have significant non-lease (i.e., service) components. The company assessed some contracts, including those for drill ships, drilling rigs, and storage tanks, not previously assessed against the lease criteria, as operating leases under the new standard, increasing the lease commitments by approximately $2 billion.

The company enters into leasing arrangements as a lessee; any lessor arrangements are not significant. Leases are classified as operating or finance leases. Both operating and finance leases recognize lease liabilities and associated right-of-use assets. Operating lease arrangements mainly involve drill ships, drilling rigs, time chartered vessels, bareboat charters, terminals, exploration and production equipment, office buildings and warehouses, and land. Finance leases primarily include facilities and vessels.

Chevron uses various assumptions and judgments in preparing the quantitative data and qualitative information that is material to the company's overall lease population. Where leases are used in joint ventures, the company recognizes 100% of the right-of-use assets and lease liabilities when the company is the sole signatory for the lease (in most cases, where the company is the operator of a joint venture). Lease costs reflect only the costs associated with the operator's working interest share. The lease term includes the committed lease term identified in the contract, taking into account renewal and termination options that management is reasonably certain to exercise. The company uses its incremental borrowing rate as a proxy for the discount rate based on the term of the lease unless the implicit rate is available.

Details of the right-of-use assets and lease liabilities for operating and finance leases, including the balance sheet presentation, are as follows:

	At September 30, 2019	
	Operating Leases	Finance Leases
	(Millions of dollars)	
Deferred charges and other assets	$ 4,265	$ —
Properties, plant and equipment, net	—	301
Right-of-use assets [(1)(2)]	**$ 4,265**	**$ 301**
Accrued Liabilities	1,315	—
Short Term Debt	—	21
Current lease liabilities	**1,315**	**21**
Deferred credits and other noncurrent obligations	2,750	—
Long-term Debt	—	249
Noncurrent lease liabilities	**2,750**	**249**
Total lease liabilities	**$ 4,065**	**$ 270**
Weighted-average remaining lease term (in years)	5.3	15.6
Weighted-average discount rate	3.2%	4.9%

(1) Capitalized leased assets of $818 million are primarily from the Upstream segment, with accumulated amortization of $617 million at December 31, 2018.
(2) Includes non-cash additions of $1,152 million and $146 million right-of-use assets obtained in exchange for new and modified lease liabilities in 2019 for operating and finance leases, respectively.

Total lease costs consist of both amounts recognized in the Consolidated Statement of Income during the period and amounts capitalized as part of the cost of another asset. Total lease costs incurred for operating and finance leases were as follows:

	Three Months Ended September 30	Nine Months Ended September 30
	2019	2019
	(Millions of dollars)	
Operating lease costs*	$ 684	$ 1,804
Finance lease costs	35	55
Total lease costs	**$ 719**	**$ 1,859**

* Includes variable and short-term lease costs.

Cash paid for amounts included in the measurement of lease liabilities was as follows:

	Nine Months Ended September 30, 2019
	(Millions of dollars)
Operating cash flows from operating leases	$ 1,029
Investing cash flows from operating leases	775
Operating cash flows from finance leases	10
Financing cash flows from finance leases	19

At September 30, 2019, the estimated future undiscounted cash flows for operating and finance leases were as follows:

		At September 30, 2019	
		Operating Leases	Finance Leases
		(Millions of dollars)	
Year	2019 (remaining months)	$ 409	$ 12
	2020	1,301	31
	2021	1,023	30
	2022	508	28
	2023	318	27
	2024	201	27
	Thereafter	688	220
	Total	$ 4,448	$ 375
Less: Amounts representing interest		383	105
Total lease liabilities		$ 4,065	$ 270

Additionally, the company has $872 million in future undiscounted cash flows for operating leases not yet commenced. These leases are primarily for a drill ship, a drilling rig, bareboat charters, and a facility. For those leasing arrangements where the underlying asset is not yet constructed, the lessor is primarily involved in the design and construction of the asset.

At December 31, 2018, the estimated future minimum lease payments (net of noncancelable sublease rentals) under operating and capital leases, which at inception had a noncancelable term of more than one year, were as follows:

		At December 31, 2018	
		Operating Leases	Capital Leases *
		(Millions of dollars)	
Year	2019	$ 540	$ 30
	2020	492	22
	2021	378	17
	2022	242	16
	2023	166	16
	Thereafter	341	132
	Total	$ 2,159	$ 233
Less: Amounts representing interest and executory costs			(88)
Net present values			145
Less: Capital lease obligations included in short-term debt			(18)
Long-term capital lease obligations			$ 127

* Excluded from the table is an executed but not-yet-commenced capital lease with payments of $14, $15, $22, $21, $21 and $219 for 2019, 2020, 2021, 2022, 2023 and thereafter, respectively.

Note 11. Income Taxes

The decrease in income tax expense between quarterly periods of $174 million, from $1.64 billion in 2018 to $1.47 billion in 2019, is a result of the year-over-year decrease in total income before income tax expense, which is primarily due to lower crude oil and natural gas prices. The company's effective tax rate changed between quarterly periods from 29 percent in 2018 to 36 percent in 2019. The change in effective tax rate is primarily due to a current quarter tax charge of $430 million related to cash repatriation, and the consequence of the jurisdictional mix effect.

The decrease in income tax expense between nine-month periods of $111 million, from $4.54 billion in 2018 to $4.43 billion in 2019, is primarily a result of the decrease in total before-tax income between periods from $15.68 billion in 2018 to $13.94 billion in 2019. The company's effective tax rate changed between nine-month periods from 29 percent in 2018 to 32 percent in 2019. The change in effective tax rate is primarily a consequence of a tax charge related to cash repatriation. Also contributing to the change was the jurisdictional mix effect resulting from earnings being generated in different tax jurisdictions, partially offset by the tax benefit related to a reduction in the Alberta, Canada corporate tax rate.

Tax positions for Chevron and its subsidiaries and affiliates are subject to income tax audits by many tax jurisdictions throughout the world. For the company's major tax jurisdictions, examinations of tax returns for certain prior tax years had not been completed as of September 30, 2019. For these jurisdictions, the latest years for which income tax examinations had been finalized were as follows: United States — 2013, Nigeria — 2000, Australia — 2006 and Kazakhstan — 2012.

The company engages in ongoing discussions with tax authorities regarding the resolution of tax matters in the various jurisdictions. Both the outcomes for these tax matters and the timing of resolution and/or closure of the tax audits are highly uncertain. However, it is reasonably possible that developments regarding tax matters in certain tax jurisdictions may result in significant increases or decreases in the company's total unrecognized tax benefits within the next 12 months. Given the number of years that still remain subject to examination and the number of matters being examined in the various tax jurisdictions, the company is unable to estimate the range of possible adjustments to the balance of unrecognized tax benefits.

Note 12. Litigation

MTBE

Chevron and many other companies in the petroleum industry have used methyl tertiary butyl ether (MTBE) as a gasoline additive. Chevron is a party to six pending lawsuits and claims, the majority of which involve numerous other petroleum marketers and refiners. Resolution of these lawsuits and claims may ultimately require the company to correct or ameliorate the alleged effects on the environment of prior release of MTBE by the company or other parties. Additional lawsuits and claims related to the use of MTBE, including personal-injury claims, may be filed in the future. The company's ultimate exposure related to pending lawsuits and claims is not determinable. The company no longer uses MTBE in the manufacture of gasoline in the United States.

Ecuador

Background Chevron is a defendant in a civil lawsuit initiated in the Superior Court of Nueva Loja in Lago Agrio, Ecuador (the provincial court), in May 2003 by plaintiffs who claim to be representatives of certain residents of an area where an oil production consortium formerly had operations. The lawsuit alleges damage to the environment from the oil exploration and production operations and seeks unspecified damages to fund environmental remediation and restoration of the alleged environmental harm, plus a health monitoring program. Until 1992, Texaco Petroleum Company (Texpet), a subsidiary of Texaco Inc., was a minority member of this consortium with Petroecuador, the Ecuadorian state-owned oil company, as the majority partner; since 1990, the operations have been conducted solely by Petroecuador. At the conclusion of the consortium and following an independent third-party environmental audit of the concession area, Texpet entered into a formal agreement with the Republic of Ecuador and Petroecuador for Texpet to remediate specific sites assigned by the government in proportion to Texpet's ownership share of the consortium. Pursuant to that agreement, Texpet conducted a three-year remediation program at a cost of $40 million. After certifying that the sites were properly remediated, the government granted Texpet and all related corporate entities a full release from any and all environmental liability arising from the consortium operations.

Based on the history described above, Chevron believes that this lawsuit lacks legal or factual merit. As to matters of law, the company believes first, that the court lacks jurisdiction over Chevron; second, that the law under which plaintiffs bring the action, enacted in 1999, cannot be applied retroactively; third, that the claims are barred by the statute of limitations in Ecuador; and, fourth, that the lawsuit is also barred by the releases from liability previously given to Texpet by the Republic of Ecuador and Petroecuador and by the pertinent provincial and municipal governments. With regard to the facts, the company believes that the evidence confirms that Texpet's remediation was properly conducted and that the remaining environmental damage reflects Petroecuador's failure to timely fulfill its legal obligations and Petroecuador's further conduct since assuming full control over the operations.

Lago Agrio Judgment On February 14, 2011, the provincial court rendered a judgment against Chevron. The court rejected Chevron's defenses to the extent the court addressed them in its opinion. The judgment assessed approximately $8.6 billion in damages and approximately $900 million as an award for the plaintiffs' representatives. It also assessed an additional amount of approximately $8.6 billion in punitive damages unless the company issued a public apology within 15 days of the judgment, which Chevron did not do. On February 17, 2011, the plaintiffs appealed the judgment, seeking increased damages, and on March 11, 2011, Chevron appealed the judgment seeking to have the judgment nullified. On January 3, 2012, an appellate panel in the provincial court affirmed the February 14, 2011 decision and ordered that Chevron pay additional attorneys' fees in the amount of "0.10% of the values that are derived from the decisional act of this judgment." The plaintiffs filed a petition to clarify and amplify the appellate decision on January 6, 2012, and the provincial court issued a ruling in response on January 13, 2012, purporting to clarify and amplify its January 3, 2012 ruling, which included clarification that the deadline for the company to issue a public apology to avoid the additional amount of approximately $8.6 billion in punitive damages was within 15 days of the clarification ruling, or February 3, 2012. Chevron did not issue an apology because doing so might be mischaracterized as an admission of liability and would be contrary to facts and evidence submitted at trial. On January 20, 2012, Chevron appealed (called a petition for cassation) the appellate panel's decision to Ecuador's National Court of Justice (the National Court). On February 17, 2012, the appellate panel of the provincial court admitted Chevron's cassation appeal in a procedural step necessary for the National Court to hear the appeal. On March 29, 2012, the matter was transferred from the provincial court to the National Court, and on November 22, 2012, the National Court agreed to hear Chevron's cassation appeal. On August 3, 2012, the provincial court approved a court-appointed liquidator's report on damages that calculated the total judgment in the case to be $19.1 billion. On November 13, 2013, the National Court ratified the judgment but nullified the $8.6 billion punitive damage assessment, resulting in a judgment of $9.5 billion. On December 23, 2013, Chevron appealed the decision to the Ecuador Constitutional Court, Ecuador's highest court. The reporting justice of the Constitutional Court heard oral arguments on the appeal on July 16, 2015. On July 10, 2018, Ecuador's Constitutional Court released a decision rejecting Chevron's appeal, which sought to nullify the National Court's judgment against Chevron. No further appeals are available in Ecuador.

Lago Agrio Plaintiffs' Enforcement Actions Chevron has no assets in Ecuador and the Lago Agrio plaintiffs' lawyers have stated in press releases and through other media that they will seek to enforce the Ecuadorian judgment in various countries and otherwise disrupt Chevron's operations. On May 30, 2012, the Lago Agrio plaintiffs filed an action against Chevron Corporation, Chevron Canada Limited, and Chevron Canada Finance Limited in the Ontario Superior Court of Justice in Ontario, Canada, seeking to recognize and enforce the Ecuadorian judgment. On May 1, 2013, the Ontario Superior Court of Justice held that the Court has jurisdiction over Chevron and Chevron Canada Limited for purposes of the action, but stayed the action due to the absence of evidence that Chevron Corporation has assets in Ontario. The Lago Agrio plaintiffs appealed that decision and on December 17, 2013, the Court of Appeal for Ontario affirmed the lower court's decision on jurisdiction and set aside the stay, allowing the recognition and enforcement action to be heard in the Ontario Superior Court of Justice. Chevron appealed the decision to the Supreme Court of Canada and, on September 4, 2015, the Supreme Court dismissed the appeal and affirmed that the Ontario Superior Court of Justice has jurisdiction over Chevron and Chevron Canada Limited for purposes of the action. On January 20, 2017, the Ontario Superior Court of Justice granted Chevron Canada Limited’s and Chevron Corporation’s motions for summary judgment, concluding that the two companies are separate legal entities with separate rights and obligations. As a result, the Superior Court dismissed the recognition and enforcement claim against Chevron Canada Limited. Chevron Corporation still remains as a defendant in the action. On February 3, 2017, the Lago Agrio plaintiffs appealed the Superior Court's January 20, 2017 decision. On May 24, 2018, the Court of Appeal for Ontario upheld the Superior Court’s dismissal of Chevron Canada Limited from the case. On June 22, 2018, the Lago Agrio plaintiffs filed leave to appeal the decision of the Court of Appeal for Ontario to the Supreme Court of Canada.

On April 4, 2019, the Canadian Supreme Court denied the Lago Agrio plaintiffs' petition for leave to appeal. As a result, the ruling from the Court of Appeal for Ontario is now final, and all claims against Chevron Canada Limited are dismissed. On July 5, 2019, the Ontario Superior Court of Justice dismissed, by consent of the parties, the recognition and enforcement action against Chevron Corporation. The case was dismissed in its entirety with prejudice and with costs in favor of Chevron Corporation.

On June 27, 2012, the Lago Agrio plaintiffs filed a complaint against Chevron Corporation in the Superior Court of Justice in Brasilia, Brazil, seeking to recognize and enforce the Ecuadorian judgment. On May 13, 2015, the public prosecutor issued its nonbinding opinion and recommended that the Superior Court of Justice reject the plaintiffs’ recognition and enforcement request, finding, among other things, that the Lago Agrio judgment was procured through fraud and corruption and cannot be recognized in Brazil because it violates Brazilian and international public order. On November 29, 2017, the Superior Court of Justice issued a decision dismissing the Lago Agrio plaintiffs’ recognition and enforcement proceeding based on jurisdictional grounds. On June 15, 2018, this decision became a final judgment in Brazil.

On October 15, 2012, the provincial court issued an ex parte embargo order that purports to order the seizure of assets belonging to separate Chevron subsidiaries in Ecuador, Argentina and Colombia. On November 6, 2012, at the request of the Lago Agrio plaintiffs, a court in Argentina issued a Freeze Order against Chevron Argentina S.R.L. and another Chevron subsidiary. On January 30, 2013, an appellate court upheld the Freeze Order, but on June 4, 2013, the Supreme Court of Argentina revoked the Freeze Order in its entirety. On December 12, 2013, the Lago Agrio plaintiffs served Chevron with notice of their filing of an enforcement proceeding in the National Court, First Instance, of Argentina. Chevron filed its answer on February 27, 2014 to which the Lago Agrio plaintiffs responded on December 29, 2015. On April 19, 2016, the public prosecutor in Argentina issued a non-binding opinion recommending to the National Court, First Instance, of Argentina that it reject the Lago Agrio plaintiffs' request to recognize the Ecuadorian judgment in Argentina. On February 24, 2017, the public prosecutor in Argentina issued a supplemental opinion reaffirming its previous recommendations. On November 1, 2017, the National Court, First Instance, of Argentina issued a decision dismissing the Lago Agrio plaintiffs' recognition and enforcement proceeding based on jurisdictional grounds. On November 2, 2017, the Lago Agrio plaintiffs appealed this decision to the Federal Civil Court of Appeals. On July 3, 2018, the Federal Civil Court of Appeals affirmed the National Court, First Instance’s, dismissal of the Lago Agrio plaintiffs’ recognition and enforcement action based on jurisdictional grounds. On October 5, 2018, the Federal Civil Court of Appeals granted, in part, the admissibility of the Lago Agrio plaintiffs’ appeal to the Supreme Court of Argentina.

Chevron continues to believe the Ecuadorian judgment is illegitimate and unenforceable in Ecuador, the United States and other countries. The company also believes the judgment is the product of fraud and contrary to the legitimate scientific evidence. Chevron cannot predict the timing or ultimate outcome of any enforcement action. Chevron expects to continue a vigorous defense of any imposition of liability and to contest and defend any and all enforcement actions.

Company's Bilateral Investment Treaty Arbitration Claims Chevron and Texpet filed an arbitration claim in September 2009 against the Republic of Ecuador before an arbitral tribunal presiding in the Permanent Court of Arbitration in The Hague under the Rules of the United Nations Commission on International Trade Law. The claim alleges violations of the Republic of Ecuador’s obligations under the United States–Ecuador Bilateral Investment Treaty (BIT) and breaches of the settlement and release agreements between the Republic of Ecuador and Texpet (described above), which are investment agreements protected by the BIT. Through the arbitration, Chevron and

Texpet are seeking relief against the Republic of Ecuador, including a declaration that any judgment against Chevron in the Lago Agrio litigation constitutes a violation of Ecuador’s obligations under the BIT. On January 25, 2012, the Tribunal issued its First Interim Measures Award requiring the Republic of Ecuador to take all measures at its disposal to suspend or cause to be suspended the enforcement or recognition within and outside of Ecuador of any judgment against Chevron in the Lago Agrio case pending further order of the Tribunal. On February 16, 2012, the Tribunal issued a Second Interim Award mandating that the Republic of Ecuador take all measures necessary (whether by its judicial, legislative or executive branches) to suspend or cause to be suspended the enforcement and recognition within and outside of Ecuador of the judgment against Chevron. On February 27, 2012, the Tribunal issued a Third Interim Award confirming its jurisdiction to hear Chevron's arbitration claims. On February 7, 2013, the Tribunal issued its Fourth Interim Award in which it declared that the Republic of Ecuador “has violated the First and Second Interim Awards under the [BIT], the UNCITRAL Rules and international law in regard to the finalization and enforcement subject to execution of the Lago Agrio Judgment within and outside Ecuador, including (but not limited to) Canada, Brazil and Argentina.” The Republic of Ecuador subsequently filed in the District Court of The Hague a request to set aside the Tribunal’s Interim Awards and the First Partial Award (described below), and on January 20, 2016, the District Court denied the Republic's request. On April 13, 2016, the Republic of Ecuador appealed the decision. On July 18, 2017, the Appeals Court of The Hague denied the Republic's appeal. On October 18, 2017, the Republic appealed the decision of the Appeals Court of The Hague to the Supreme Court of the Netherlands. On April 12, 2019, the Supreme Court of the Netherlands upheld the decision of the Appeals Court of The Hague and rejected Ecuador's challenges to the Tribunal's Interim Awards and the First Partial Award.

The Tribunal has divided the merits phase of the proceeding into three phases. On September 17, 2013, the Tribunal issued its First Partial Award from Phase One, finding that the settlement agreements between the Republic of Ecuador and Texpet applied to Texpet and Chevron, released Texpet and Chevron from claims based on "collective" or "diffuse" rights arising from Texpet's operations in the former concession area and precluded third parties from asserting collective/diffuse rights environmental claims relating to Texpet's operations in the former concession area but did not preclude individual claims for personal harm. The Tribunal held a hearing on April 29-30, 2014, to address remaining issues relating to Phase One, and on March 12, 2015, it issued a nonbinding decision that the Lago Agrio plaintiffs' complaint, on its face, includes claims not barred by the settlement agreement between the Republic of Ecuador and Texpet. In the same decision, the Tribunal deferred to Phase Two remaining issues from Phase One, including whether the Republic of Ecuador breached the 1995 settlement agreement and the remedies that are available to Chevron and Texpet as a result of that breach. Phase Two issues were addressed at a hearing held in April and May 2015.

On August 30, 2018, the Tribunal issued its Phase Two award in favor of Chevron and Texpet. The Tribunal unanimously held that the Ecuadorian judgment was procured through fraud, bribery and corruption and was based on claims that the Republic of Ecuador had settled and released in the mid-1990s, concluding that the Ecuadorian judgment “violates international public policy” and “should not be recognized or enforced by the courts of other States.” Specifically, the Tribunal found that (i) the Republic of Ecuador breached its obligations under the 1995 and 1998 settlement agreements releasing Texpet and its affiliates from public environmental claims (the same claims on which the Ecuadorian judgment was exclusively based) and (ii) the Republic of Ecuador committed a denial of justice under customary international law and under the fair and equitable treatment provision of the BIT due to the fraud and corruption in the Lago Agrio litigation. The Tribunal also found that Texpet satisfied its environmental remediation obligations with a $40 million remediation program and that Ecuador certified that Texpet had performed all of its obligations under its settlement agreement. Among other things, the Tribunal ordered the Republic of Ecuador to: (a) take immediate steps to remove the status of enforceability from the Ecuadorian judgment; (b) promptly advise in writing any State where the Lago Agrio plaintiffs may be seeking the enforcement or recognition of the Ecuadorian judgment of the Tribunal’s declarations, orders and awards; (c) take measures to “wipe out all the consequences” of Ecuador's "internationally wrongful acts in regard to the Ecuadorian judgment;" and (d) compensate Chevron for any injuries resulting from the Ecuadorian judgment. On December 10, 2018, the Republic of Ecuador filed in the District Court of The Hague a request to set aside the Tribunal's Phase Two Award. Phase Three, the third and final phase of the arbitration, at which damages for Chevron's injuries will be determined, is set for March 2021.

Company's RICO Action In February 2011, Chevron filed a civil lawsuit in the Federal District Court for the Southern District of New York against the Lago Agrio plaintiffs and several of their lawyers, consultants and supporters, alleging violations of the Racketeer Influenced and Corrupt Organizations Act and other state laws. Through the civil lawsuit, Chevron sought relief that included a declaration that any judgment against Chevron in the Lago Agrio litigation is the result of fraud and other unlawful conduct and is therefore unenforceable. The trial commenced on October 15, 2013 and concluded on November 22, 2013. On March 4, 2014, the Federal District Court entered a judgment in favor of Chevron, prohibiting the defendants from seeking to enforce the Lago Agrio judgment in the United States and further prohibiting them from profiting from their illegal acts.

The defendants appealed the Federal District Court's decision, and, on April 20, 2015, the U.S. Court of Appeals for the Second Circuit heard oral arguments. On August 8, 2016, the Second Circuit issued a unanimous opinion affirming in full the judgment of the Federal District Court. On October 27, 2016, the Second Circuit denied the defendants' petitions for en banc rehearing of the opinion on their appeal. On March 27, 2017, two of the defendants filed a petition for a Writ of Certiorari to the United States Supreme Court. On June 19, 2017, the United States Supreme Court denied the defendants' petition for a Writ of Certiorari.

Management's Assessment The ultimate outcome of the foregoing matters, including any financial effect on Chevron, remains uncertain. Management does not believe an estimate of a reasonably possible loss (or a range of loss) can be made in this case. Due to the defects associated with the Ecuadorian judgment, management does not believe the judgment has any utility in calculating a reasonably possible loss (or a range of loss). Moreover, the highly uncertain legal environment surrounding the case provides no basis for management to estimate a reasonably possible loss (or a range of loss).

Note 13. Other Contingencies and Commitments

Income Taxes The company calculates its income tax expense and liabilities quarterly. These liabilities generally are subject to audit and are not finalized with the individual taxing authorities until several years after the end of the annual period for which income taxes have been calculated. Refer to Note 11 on page 17 for a discussion of the periods for which tax returns have been audited for the company’s major tax jurisdictions.

Settlement of open tax years, as well as other tax issues in countries where the company conducts its businesses, are not expected to have a material effect on the consolidated financial position or liquidity of the company and, in the opinion of management, adequate provision has been made for income taxes for all years under examination or subject to future examination.

Guarantees The company and its subsidiaries have certain contingent liabilities with respect to guarantees, direct or indirect, of debt of affiliated companies or third parties. Under the terms of the guarantee arrangements, the company would generally be required to perform should the affiliated company or third party fail to fulfill its obligations under the arrangements. In some cases, the guarantee arrangements may have recourse provisions that would enable the company to recover any payments made under the terms of the guarantees from assets provided as collateral.

Indemnifications In the acquisition of Unocal, the company assumed certain indemnities relating to contingent environmental liabilities associated with assets that were sold in 1997. The acquirer of those assets shared in certain environmental remediation costs up to a maximum obligation of $200 million, which had been reached at December 31, 2009. Under the indemnification agreement, after reaching the $200 million obligation, Chevron is solely responsible until April 2022, when the indemnification expires. The environmental conditions or events that are subject to these indemnities must have arisen prior to the sale of the assets in 1997.

Although the company has provided for known obligations under this indemnity that are probable and reasonably estimable, the amount of additional future costs may be material to results of operations in the period in which they are recognized. The company does not expect these costs will have a material effect on its consolidated financial position or liquidity.

Off-Balance-Sheet Obligations The company and its subsidiaries have certain contingent liabilities with respect to long-term unconditional purchase obligations and commitments, including throughput and take-or-pay agreements, some of which relate to suppliers’ financing arrangements. The agreements typically provide goods and services, such as pipeline and storage capacity, utilities, and petroleum products, to be used or sold in the ordinary course of the company's business. As part of the implementation of ASU 2016-02 (Topic 842), the company assessed some contracts, previously incorporated into the unconditional purchase obligations disclosure, as operating leases in first quarter 2019 results. In third quarter 2019, the company entered into two long-term throughput agreements to increase pipeline and export capacity from the Permian Basin totaling $3.2 billion.

Environmental The company is subject to loss contingencies pursuant to laws, regulations, private claims and legal proceedings related to environmental matters that are subject to legal settlements or that in the future may require the company to take action to correct or ameliorate the effects on the environment of prior release of chemicals or petroleum substances, including MTBE, by the company or other parties. Such contingencies may exist for various sites, including, but not limited to, federal Superfund sites and analogous sites under state laws, refineries, crude oil fields, service stations, terminals, land development areas, and mining activities, whether operating, closed or divested. These future costs are not fully determinable due to factors such as the unknown magnitude of possible contamination, the unknown timing and extent of the corrective actions that may be required, the determination of the company's liability in proportion to other responsible parties, and the extent to which such costs are recoverable from third parties.

Although the company has provided for known environmental obligations that are probable and reasonably estimable, the amount of additional future costs may be material to results of operations in the period in which they are recognized. The company does not expect these costs will have a material effect on its consolidated financial position or liquidity. Also, the company does not believe its obligations to make such expenditures have had, or will have, any significant impact on the company's competitive position relative to other U.S. or international petroleum or chemical companies.

Other Contingencies Governmental and other entities in California and other jurisdictions have filed legal proceedings against fossil fuel producing companies, including Chevron, purporting to seek legal and equitable relief to address alleged impacts of climate change. Further such proceedings are likely to be filed by other parties. The unprecedented legal theories set forth in these proceedings entail the possibility of damages liability and injunctions against the production of all fossil fuels that, while we believe remote, could have a material adverse effect on the Company's results of operations and financial condition. Management believes that these proceedings are legally and factually meritless and detract from constructive efforts to address the important policy issues presented by climate change, and will vigorously defend against such proceedings.

Chevron has interests in Venezuelan crude oil production assets, including those operated by independent equity affiliates. During the third quarter 2019, net oil equivalent production in Venezuela averaged 32,000 barrels per day, none of which was upgraded to synthetic crude. The operating environment in Venezuela has been deteriorating for some time. In January 2019, the United States government issued sanctions against the Venezuelan national oil company, Petroleos de Venezuela, S.A. (PdVSA), which is the company's partner in the equity affiliates. The company is conducting its business pursuant to general licenses and guidance issued coincident with the sanctions. In late July 2019, the United States government renewed General License 8A with the issuance of General License 8B, subsequently superseded by General License 8C issued on August 5, 2019. The authorization provided to Chevron under General License 8C was extended by General License 8D issued by the United States government on October 21, 2019. General License 8D enables the company to continue to meet its contractual obligations in Venezuela with PdVSA and is effective until January 22, 2020.

At September 30, 2019, the carrying value of the company's investments was approximately $2.6 billion, and for the nine-month period ended September 30, 2019, the company recognized losses of $104 million for its share of net income from the equity affiliates, and for demurrage, foreign exchange losses and other costs incurred in support of the company's operations in Venezuela. Future events could result in the environment in Venezuela becoming more challenged, which could lead to increased business disruption and volatility in the associated financial results. The company continues to evaluate the carrying value of its Venezuelan investments in line with its accounting policies. Future events related to the company's activities in Venezuela may result in significant impacts on the company's results of operation in subsequent periods. Please see Note 14, "Investments and Advances", on page 69 in the company's 2018 Annual Report on Form 10-K for further information on the company’s investments in equity affiliates in Venezuela.

Chevron receives claims from and submits claims to customers; trading partners; joint venture partners; U.S. federal, state and local regulatory bodies; governments; contractors; insurers; suppliers; and individuals. The amounts of these claims, individually and in the aggregate, may be significant and take lengthy periods to resolve, and may result in gains or losses in future periods.

The company and its affiliates also continue to review and analyze their operations and may close, decommission, sell, exchange, acquire or restructure assets to achieve operational or strategic benefits and to improve competitiveness and profitability. These activities, individually or together, may result in significant gains or losses in future periods.

Note 14. Fair Value Measurements

The three levels of the fair value hierarchy of inputs the company uses to measure the fair value of an asset or liability are described as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities. For the company, Level 1 inputs include exchange-traded futures contracts for which the parties are willing to transact at the exchange-quoted price and marketable securities that are actively traded.

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly. For the company, Level 2 inputs include quoted prices for similar assets or liabilities, prices obtained through third-party broker quotes and prices that can be corroborated with other observable inputs for substantially the complete term of a contract.

Level 3: Unobservable inputs. The company does not use Level 3 inputs for any of its recurring fair value measurements. Level 3 inputs may be required for the determination of fair value associated with certain nonrecurring measurements of nonfinancial assets and liabilities.

The fair value hierarchy for assets and liabilities measured at fair value on a recurring basis at September 30, 2019, and December 31, 2018, is as follows:

Assets and Liabilities Measured at Fair Value on a Recurring Basis
(Millions of dollars)

	At September 30, 2019				At December 31, 2018			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Marketable Securities	**$ 58**	**$ 58**	**$ —**	**$ —**	$ 53	$ 53	$ —	$ —
Derivatives	**52**	**31**	**21**	**—**	283	185	98	—
Total Assets at Fair Value	**$ 110**	**$ 89**	**$ 21**	**$ —**	$ 336	$ 238	$ 98	$ —
Derivatives	**21**	**14**	**7**	**—**	12	—	12	—
Total Liabilities at Fair Value	**$ 21**	**$ 14**	**$ 7**	**$ —**	$ 12	$ —	$ 12	$ —

Marketable Securities The company calculates fair value for its marketable securities based on quoted market prices for identical assets. The fair values reflect the cash that would have been received if the instruments were sold at September 30, 2019.

Derivatives The company records its derivative instruments — other than any commodity derivative contracts that are designated as normal purchase and normal sale — on the Consolidated Balance Sheet at fair value, with the offsetting amount to the Consolidated Statement of Income. Derivatives classified as Level 1 include futures, swaps and options contracts traded in active markets such as the New York Mercantile Exchange. Derivatives classified as Level 2 include swaps, options and forward contracts principally with financial institutions and other oil and gas companies, the fair values of which are obtained from third-party broker quotes, industry pricing services and exchanges. The company obtains multiple sources of pricing information for the Level 2 instruments. Since this pricing information is generated from observable market data, it has historically been very consistent. The company does not materially adjust this information.

Assets carried at fair value at September 30, 2019, and December 31, 2018, are as follows:

Cash and Cash Equivalents The company holds cash equivalents in U.S. and non-U.S. portfolios. The instruments classified as cash equivalents are primarily bank time deposits with maturities of 90 days or less, and money market funds. “Cash and cash equivalents” had carrying/fair values of $11.7 billion and $9.3 billion at September 30, 2019, and December 31, 2018, respectively. The instruments held in "Time deposits" are bank time deposits with maturities greater than 90 days and had carrying/fair values of zero and $1.0 billion at September 30, 2019, and December 31, 2018, respectively. The fair values of cash and cash equivalents are classified as Level 1 and reflect the cash that would have been received if the instruments were settled at September 30, 2019.

Restricted Cash had a carrying/fair value of $1.1 billion at both September 30, 2019, and December 31, 2018. At September 30, 2019, restricted cash is classified as Level 1 and includes restricted funds related to certain upstream decommissioning activities and refundable deposits related to pending asset sales, which are reported in "Prepaid expenses and other current assets" and “Deferred charges and other assets” on the Consolidated Balance Sheet.

Long-Term Debt had a net carrying value, excluding amounts reclassified from short-term debt and finance lease obligations, of $14.9 billion and $18.7 billion at September 30, 2019, and December 31, 2018, respectively. The fair value of long-term debt at September 30, 2019, and December 31, 2018 was $15.7 billion and $18.7 billion, respectively. Long-term debt primarily includes corporate issued bonds. The fair value of corporate bonds classified as Level 1 is $14.8 billion. The fair value of other long-term debt classified as Level 2 is $0.9 billion.

The carrying values of other short-term financial assets and liabilities on the Consolidated Balance Sheet approximate their fair values. Fair value remeasurements of other financial instruments at September 30, 2019, and December 31, 2018, were not material.

The fair value hierarchy for assets and liabilities measured at fair value on a nonrecurring basis at September 30, 2019, is as follows:

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis
(Millions of dollars)

	At September 30, 2019					
					Before-Tax Loss	
	Total	Level 1	Level 2	Level 3	Three Months Ended	Nine Months Ended
Properties, plant and equipment, net (held and used)	$ —	$ —	$ —	$ —	$ —	$ 7
Properties, plant and equipment, net (held for sale)	117	—	117	—	55	85
Investments and advances	—	—	—	—	2	7
Total Assets at Fair Value	**$ 117**	**$ —**	**$ 117**	**$ —**	**$ 57**	**$ 99**

Properties, plant and equipment The company did not have any individually material impairments of long-lived assets measured at fair value on a nonrecurring basis to report in third quarter 2019.

Investments and advances The company did not have any material impairments of investments and advances measured at fair value on a nonrecurring basis to report in third quarter 2019.

Note 15. Financial and Derivative Instruments

The company’s derivative instruments principally include crude oil, natural gas and refined product futures, swaps, options, and forward contracts. None of the company’s derivative instruments are designated as hedging instruments, although certain of the company’s affiliates make such a designation. The company’s derivatives are not material to the company’s consolidated financial position, results of operations or liquidity. The company believes it has no material market or credit risks to its operations, financial position or liquidity as a result of its commodities and other derivatives activities.

The company uses derivative commodity instruments traded on the New York Mercantile Exchange and on electronic platforms of the Inter-Continental Exchange and Chicago Mercantile Exchange. In addition, the company enters into swap contracts and option contracts principally with major financial institutions and other oil and gas companies in the "over-the-counter" markets, which are governed by International Swaps and Derivatives Association agreements and other master netting arrangements.

Derivative instruments measured at fair value at September 30, 2019, and December 31, 2018, and their classification on the Consolidated Balance Sheet and Consolidated Statement of Income are as follows:

Consolidated Balance Sheet: Fair Value of Derivatives Not Designated as Hedging Instruments
(Millions of dollars)

Type of Contract	Balance Sheet Classification	At September 30, 2019	At December 31, 2018
Commodity	Accounts and notes receivable, net	**$ 49**	$ 279
Commodity	Long-term receivables, net	**3**	4
Total Assets at Fair Value		**$ 52**	$ 283
Commodity	Accounts payable	**$ 15**	$ 12
Commodity	Deferred credits and other noncurrent obligations	**6**	—
Total Liabilities at Fair Value		**$ 21**	$ 12

Consolidated Statement of Income: The Effect of Derivatives Not Designated as Hedging Instruments
(Millions of dollars)

Type of		Gain / (Loss) Three Months Ended September 30		Gain / (Loss) Nine Months Ended September 30	
Contract	Statement of Income Classification	2019	2018	2019	2018
Commodity	Sales and other operating revenues	**$ 55**	$ (80)	**$ (189)**	$ (257)
Commodity	Purchased crude oil and products	**(7)**	(10)	**(16)**	(36)
Commodity	Other income	**—**	1	**(3)**	1
		$ 48	$ (89)	**$ (208)**	$ (292)

The table below represents gross and net derivative assets and liabilities subject to netting agreements on the Consolidated Balance Sheet at September 30, 2019, and December 31, 2018.

Consolidated Balance Sheet: The Effect of Netting Derivative Assets and Liabilities
(Millions of dollars)

At September 30, 2019	Gross Amount Recognized	Gross Amounts Offset	Net Amounts Presented	Gross Amounts Not Offset	Net Amount
Derivative Assets	**$ 1,358**	**$ 1,306**	**$ 52**	**$ —**	**$ 52**
Derivative Liabilities	**$ 1,327**	**$ 1,306**	**$ 21**	**$ —**	**$ 21**
At December 31, 2018					
Derivative Assets	$ 3,685	$ 3,402	$ 283	$ —	$ 283
Derivative Liabilities	$ 3,414	$ 3,402	$ 12	$ —	$ 12

Derivative assets and liabilities are classified on the Consolidated Balance Sheet as accounts and notes receivable, long-term receivables, accounts payable, and deferred credits and other noncurrent obligations. Amounts not offset on the Consolidated Balance Sheet represent positions that do not meet all the conditions for "a right of offset."

Note 16. Revenue

"Sales and other operating revenue" on the Consolidated Statement of Income primarily arise from contracts with customers. Related receivables are included in "Accounts and notes receivable, net" on the Consolidated Balance Sheet, net of the allowance for doubtful accounts. The net balance of these receivables was $9.4 billion and $10.0 billion at September 30, 2019, and December 31, 2018, respectively. Other items included in "Accounts and notes receivable, net" represent amounts due from partners for their share of joint venture operating and project costs and amounts due from others, primarily related to derivatives, leases, buy/sell arrangements and product exchanges, which are accounted for outside the scope of ASC 606.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

Third Quarter 2019 Compared with Third Quarter 2018
And Nine Months 2019 Compared with Nine Months 2018

Key Financial Results

Earnings by Business Segment

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	**2018**	**2019**	**2018**
	(Millions of dollars)			
Upstream				
United States	**$ 727**	$ 828	**$ 2,371**	$ 2,314
International	**1,977**	2,551	**6,939**	7,712
Total Upstream	**2,704**	3,379	**9,310**	10,026
Downstream				
United States	**389**	748	**1,071**	1,847
International	**439**	625	**738**	1,092
Total Downstream	**828**	1,373	**1,809**	2,939
Total Segment Earnings	**3,532**	4,752	**11,119**	12,965
All Other	**(952)**	(705)	**(1,585)**	(1,871)
Net Income Attributable to Chevron Corporation (1) (2)	**$ 2,580**	$ 4,047	**$ 9,534**	$ 11,094
(1) Includes foreign currency effects.	**$ 74**	$ (51)	**$ (48)**	$ 343

(2) Income net of tax; also referred to as "earnings" in the discussions that follow.

Net income attributable to Chevron Corporation for third quarter 2019 was $2.58 billion ($1.36 per share — diluted), compared with $4.05 billion ($2.11 per share — diluted) in the corresponding 2018 period. Net income attributable to Chevron Corporation for the first nine months of 2019 was $9.53 billion ($5.02 per share — diluted), compared with $11.09 billion ($5.79 per share — diluted) in the first nine months of 2018.

Upstream earnings in third quarter 2019 were $2.70 billion compared with $3.38 billion a year earlier. The decrease was driven primarily by lower crude oil and natural gas realizations, partially offset by lower depreciation and exploration expense. Earnings for the first nine months of 2019 were $9.31 billion compared with $10.03 billion a year earlier. The decrease was driven primarily by lower crude oil and natural gas realizations, partially offset by higher crude oil and natural gas sales volumes, and lower depreciation and exploration expense. Foreign currency effects had an unfavorable impact on earnings of $392 million between periods.

Downstream earnings in third quarter 2019 were $828 million compared with $1.37 billion in the corresponding 2018 period. The decrease was primarily due to the absence of 2018 gains from asset sales and higher operating expenses. Earnings for the first nine months of 2019 were $1.81 billion compared with $2.94 billion in the corresponding 2018 period. The decrease was primarily due to lower margins on refined product sales, the absence of 2018 gains from asset sales and lower equity earnings from the 50 percent-owned Chevron Phillips Chemical Company LLC (CPChem).

Refer to pages 30 through 32 for additional discussion of results by business segment and "All Other" activities for third quarter and first nine months of 2019 versus the same periods in 2018.

Business Environment and Outlook

Chevron Corporation* is a global energy company with substantial business activities in the following countries: Angola, Argentina, Australia, Azerbaijan, Bangladesh, Brazil, Canada, China, Colombia, Indonesia, Kazakhstan, Myanmar, Nigeria, the Partitioned Zone between Saudi Arabia and Kuwait, Philippines, Republic of Congo, Singapore, South Korea, Thailand, the United Kingdom, the United States, and Venezuela.

* Incorporated in Delaware in 1926 as Standard Oil Company of California, the company adopted the name Chevron Corporation in 1984 and ChevronTexaco Corporation in 2001. In 2005, ChevronTexaco Corporation changed its name to Chevron Corporation. As used in this report, the term "Chevron" and such terms as "the company," "the corporation," "our," "we," "us" and "its" may refer to Chevron Corporation, one or more of its consolidated subsidiaries, or all of them taken as a whole, but unless stated otherwise they do not include "affiliates" of Chevron — i.e., those companies generally owned 50 percent or less. All of these terms are used for convenience only and are not intended as a precise description of any of the separate companies, each of which manages its own affairs.

Earnings of the company depend mostly on the profitability of its upstream business segment. The most significant factor affecting the results of operations for the upstream segment is the price of crude oil, which is determined in global markets outside of the company’s control. In the company's downstream business, crude oil is the largest cost component of refined products. It is the company's objective to deliver competitive results and stockholder value in any business environment. Periods of sustained lower prices could result in the impairment or write-off of specific assets in future periods and cause the company to adjust operating expenses and capital and exploratory expenditures, along with other measures intended to improve financial performance.

The effective tax rate for the company can change substantially during periods of significant earnings volatility. This is due to the mix effects that are impacted both by the absolute level of earnings or losses and whether they arise in higher or lower tax rate jurisdictions. As a result, a decline or increase in the effective tax rate in one period may not be indicative of expected results in future periods. Note 11 provides the company’s effective income tax rate for the third quarter of 2019 and 2018.

Refer to the "Cautionary Statement Relevant to Forward-Looking Information" on page 2 of this report and to "Risk Factors" on pages 18 through 21 of the company’s 2018 Annual Report on Form 10-K for a discussion of some of the inherent risks that could materially impact the company's results of operations or financial condition.

The company continually evaluates opportunities to dispose of assets that are not expected to provide sufficient long-term value or to acquire assets or operations complementary to its asset base to help augment the company’s financial performance and value growth. Asset dispositions and restructurings may result in significant gains or losses in future periods. The company's asset sale program for 2018 through 2020 is targeting before-tax proceeds of $5-10 billion. Proceeds related to asset sales were $3.0 billion from January 2018 through September 2019.

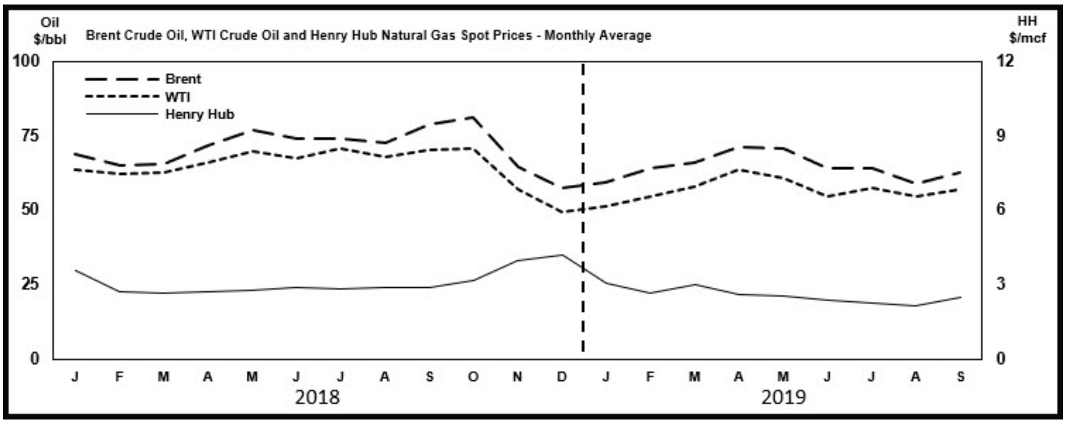
The company closely monitors developments in the financial and credit markets, the level of worldwide economic activity, and the implications for the company of movements in prices for crude oil and natural gas. Management takes these developments into account in the conduct of daily operations and for business planning.

Management's commentary related to earnings trends for the company’s major business areas is as follows:

Upstream Earnings for the upstream segment are closely aligned with industry prices for crude oil and natural gas. Crude oil and natural gas prices are subject to external factors over which the company has no control, including product demand connected with global economic conditions, industry production and inventory levels, technology advancements, production quotas or other actions imposed by the Organization of Petroleum Exporting Countries (OPEC) or other producers, actions of regulators, weather-related damage and disruptions, competing fuel prices, and regional supply interruptions or fears thereof that may be caused by military conflicts, civil unrest or political uncertainty. Any of these factors could also inhibit the company’s production capacity in an affected region. The company closely monitors developments in the countries in which it operates and holds investments, and seeks to manage risks in operating its facilities and businesses. The longer-term trend in earnings for the upstream segment is also a function of other factors, including the company’s ability to find or acquire and efficiently produce crude oil and natural gas, changes in fiscal terms of contracts, and changes in tax and other applicable laws and regulations.

The company continues to actively manage its schedule of work, contracting, procurement and supply-chain activities to effectively manage costs. However, price levels for capital and exploratory costs and operating expenses associated with the production of crude oil and natural gas can be subject to external factors beyond the company’s control including, among other things, the general level of inflation, tariffs or other taxes imposed on goods or services, commodity prices and prices charged by the industry’s material and service providers, which can be affected by the volatility of the industry’s own supply-and-demand conditions for such materials and services. As overall industry drilling activity continues to fall in North America, cost pressures for drilling and completion services may ease across the unconventional markets. As the Permian and Marcellus Basins lose momentum overall, the spot markets for services and materials are falling ahead of the cost indices. Chevron utilizes contracts with various pricing mechanisms, so there may be a lag before the company's results reflect the spot market trends. International and offshore rig markets are strengthening, with international projects moving forward and backlogs increasing, which could lead to cost pressures in certain categories.

Capital and exploratory expenditures and operating expenses could also be affected by damage to production facilities caused by severe weather or civil unrest, delays in construction, or other factors.



The chart above shows the trend in benchmark prices for Brent crude oil, West Texas Intermediate (WTI) crude oil, and U.S. Henry Hub natural gas. The Brent price averaged $71 per barrel for the full-year 2018. During the third quarter 2019, Brent averaged $62 per barrel and ended October at about $59. The majority of the company's equity crude production is priced based on the Brent benchmark. Brent began 2019 at $53 per barrel and steadily increased through the first half of the year as oil markets tightened due to OPEC production cuts and U.S. sanctions on Iran and Venezuela, which reduced supply. Prices then started to decline due to heightened concerns about a slowing macro economy and weakening oil demand growth amid trade tensions between the U.S. and China.

The WTI price averaged $65 per barrel for the full-year 2018. During the third quarter 2019, WTI averaged $56 per barrel and ended October at about $54. WTI continues to trade at a discount to Brent in 2019 but the spread narrowed in the third quarter due to pipeline debottlenecking projects enabling inland crude to gain access to refineries and export terminals on the U.S. Gulf Coast.

Chevron has interests in the production of heavy crude oil in California, Indonesia, the Partitioned Zone between Saudi Arabia and Kuwait, Venezuela and in certain fields in Angola, China and the United Kingdom sector of the North Sea. (See page 36 for the company's average U.S. and international crude oil sales prices.)

In contrast to price movements in the global market for crude oil, price changes for natural gas are more closely aligned with seasonal supply-and-demand and infrastructure conditions in local markets. In the United States, prices at Henry Hub averaged $2.59 per thousand cubic feet (MCF) for the first nine months of 2019, compared with $2.91 during the first nine months of 2018. At the end of October 2019, the Henry Hub spot price was $2.63 per MCF. Increased production in the Permian Basin has resulted in insufficient gas pipeline and fractionation capacity in the near-term, leading to depressed natural gas and natural gas liquids prices in West Texas. A sizable portion of Chevron's U.S. natural gas production comes from the Permian Basin, resulting in natural gas realizations that are significantly lower than the Henry Hub price.

Outside the United States, price changes for natural gas depend on a wide range of supply, demand and regulatory circumstances. Chevron sells natural gas into the domestic pipeline market in most locations. In some locations, Chevron has invested in long-term projects to produce and liquefy natural gas for transport by tanker to other markets. The company's long-term contract prices for liquefied natural gas (LNG) are typically linked to crude oil prices. Most of the equity LNG offtake from the operated Australian LNG projects is committed under binding long-term contracts, with the remainder to be sold in the Asian spot LNG market. The Asian spot market reflects the supply and demand for LNG in the Pacific Basin and is not directly linked to crude oil prices. International natural gas sales realizations averaged $5.87 per MCF during the first nine months of 2019, compared with $6.10 per MCF in the same period last year. (See page 36 for the company's average natural gas sales prices for the U.S. and international regions.)

The company's worldwide net oil-equivalent production in the first nine months of 2019 averaged 3.052 million barrels per day, 6 percent higher than the year-ago period. About 15 percent of the company's net oil-equivalent production in the first nine months of 2019 occurred in the OPEC-member countries of Angola, Nigeria, Republic of Congo and Venezuela. OPEC quotas had no effect on the company’s net crude oil production for the third quarter of 2019 or 2018.

The company estimates that net oil-equivalent production in 2019 will grow 4 to 7 percent compared to 2018, assuming a Brent crude oil price of $60 per barrel and excluding the impact of 2019 asset sales. This estimate is subject to many factors and uncertainties, including quotas or other actions that may be imposed by OPEC; price effects on entitlement volumes; changes in fiscal terms or restrictions on the scope of company operations; delays in construction; reservoir performance; greater-than-expected declines in production from mature fields; start-up or ramp-up of projects; fluctuations in demand for natural gas in various markets; weather conditions that may shut in production; civil unrest; changing geopolitics; delays in completion of maintenance turnarounds; or other disruptions to operations. The outlook for future production levels is also affected by the size and number of economic investment opportunities and the time lag between initial exploration and the beginning of production. The company has increased its investment emphasis on short-cycle projects.

In the Partitioned Zone between Saudi Arabia and Kuwait, production was shut-in beginning in May 2015 as a result of difficulties in securing work and equipment permits. Net oil-equivalent production in the Partitioned Zone in 2014 was 81,000 barrels per day. As of early November 2019, production remained shut-in, and the exact timing of a production restart is uncertain and dependent on dispute resolution between Saudi Arabia and Kuwait. The financial effects from the loss of Partitioned Zone production have not been significant.

Chevron has interests in Venezuelan crude oil production assets, including those operated by independent equity affiliates. While the operating environment in Venezuela has been deteriorating for some time, the equity affiliates have continued to operate consistent with the authorization provided pursuant to general licenses issued by the United States government. It remains uncertain when the environment in Venezuela will stabilize, but the company remains committed to its personnel and operations in Venezuela. Refer to Note 13 on page 22 under the heading "Other Contingencies" for more information on the company's activities in Venezuela.

Refer to the “Results of Operations” section on pages 30 and 31 for additional discussion of the company’s upstream business.

Downstream Earnings for the downstream segment are closely tied to margins on the refining, manufacturing and marketing of products that include gasoline, diesel, jet fuel, lubricants, fuel oil, fuel and lubricant additives, and petrochemicals. Industry margins are sometimes volatile and can be affected by the global and regional supply-and-demand balance for refined products and petrochemicals, and by changes in the price of crude oil, other refinery and petrochemical feedstocks, and natural gas. Industry margins can also be influenced by inventory levels, geopolitical events, costs of materials and services, refinery or chemical plant capacity utilization, maintenance programs, and disruptions at refineries or chemical plants resulting from unplanned outages due to severe weather, fires or other operational events.

Other factors affecting profitability for downstream operations include the reliability and efficiency of the company’s refining, marketing and petrochemical assets, the effectiveness of its crude oil and product supply functions, and the volatility of tanker-charter rates for the company’s shipping operations, which are driven by the industry’s demand for crude oil and product tankers. Other factors beyond the company’s control include the general level of inflation and energy costs to operate the company’s refining, marketing and petrochemical assets, and changes in tax laws and regulations.

The company’s most significant marketing areas are the West Coast and Gulf Coast of the United States and Asia. Chevron operates or has significant ownership interests in refineries in each of these areas.

Refer to the “Results of Operations” section on pages 31 and 32 for additional discussion of the company’s downstream operations.

All Other consists of worldwide cash management and debt financing activities, corporate administrative functions, insurance operations, real estate activities and technology companies.

Operating Developments

Noteworthy operating developments in recent months included the following:

- Azerbaijan — Signed an agreement to sell the company's interest in the Azeri-Chirag-Gunashli fields and Baku-Tbilisi-Ceyhan pipeline in early November.
- Philippines — Signed an agreement to sell the company's interest in the Malampaya field in late October.
- United States — Announced the sanction of a waterflood project in the St. Malo field in the Gulf of Mexico.

The company purchased $1.25 billion of its common stock in third quarter 2019 under its share repurchase program.

Results of Operations

Business Segments The following section presents the results of operations and variances on an after-tax basis for the company’s business segments — Upstream and Downstream — as well as for “All Other.” (Refer to Note 8, beginning on page 11, for a discussion of the company’s “reportable segments,” as defined under the accounting standards for segment reporting.)

Upstream

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	**2018**	**2019**	**2018**
	(Millions of dollars)			
U.S. Upstream Earnings	**$ 727**	$ 828	**$ 2,371**	$ 2,314

U.S. upstream operations earned $727 million in third quarter 2019, compared with $828 million from a year earlier. The decrease was primarily due to lower crude oil and natural gas realizations of $710 million, the absence of third quarter 2018 asset sale gains of $110 million, higher operating expenses of $90 million and higher tax items of $70 million. These decreases were partially offset by lower exploration and depreciation expenses of $380 million and $280 million respectively, primarily due to the absence of the third quarter 2018 write-off of the Tigris Project in the Gulf of Mexico, and $200 million of higher crude oil and natural gas production.

U.S. upstream earned $2.37 billion for the first nine months of 2019, compared with earnings of $2.31 billion from a year earlier. The improvement primarily reflected higher crude oil and natural gas production of $1.11 billion, lower exploration expenses of $390 million and lower depreciation expense of $280 million, partially offset by lower crude oil and natural gas prices of $1.33 billion, and higher operating expenses of $220 million primarily related to increased Permian Basin activity, and the absence of 2018 asset sale gains of $150 million.

The average realization per barrel for U.S. crude oil and natural gas liquids in third quarter 2019 was $47 compared with $62 a year earlier. The average realization per barrel for U.S. crude oil and natural gas liquids in the first nine months of 2019 was $49, compared with $59 a year earlier. The average natural gas realization in third quarter 2019 was $0.95 per thousand cubic feet, compared with $1.80 in the 2018 period. The average natural gas realization in the first nine months of 2019 was $1.09 per thousand cubic feet, compared with $1.81 in the 2018 period.

Net oil-equivalent production of 934,000 barrels per day in third quarter 2019 was up 103,000 barrels per day, or 12 percent, from a year earlier. Production increases from shale and tight properties in the Permian Basin in Texas and New Mexico were partially offset by normal field declines in the base business. Net oil-equivalent production of 906,000 barrels per day in the first nine months of 2019 was up 138,000 barrels per day, or 18 percent, from a year earlier. The production increase was largely due to shale and tight properties in the Permian Basin in Texas and New Mexico.

The net liquids component of oil-equivalent production of 726,000 barrels per day in third quarter 2019 was up 11 percent from the corresponding 2018 period. The net liquids component of oil-equivalent production of 709,000 barrels per day in the 2019 nine-month period was up 18 percent from the 2018 period. Net natural gas production was 1.24 billion cubic feet per day in third quarter 2019, an increase of 17 percent from the 2018 comparative period. Net natural gas production was 1.18 billion cubic feet per day in the first nine months of 2018, an increase of 17 percent from the 2018 period.

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
	(Millions of dollars)			
International Upstream Earnings*	**$ 1,977**	$ 2,551	**$ 6,939**	$ 7,712
* Includes foreign currency effects	**$ 49**	$ (42)	**$ (97)**	$ 295

International upstream operations earned $1.98 billion in third quarter 2019, compared with $2.55 billion a year ago. The decrease in earnings was mostly due to lower crude oil and natural gas realizations of $680 million and $370 million, respectively, and lower crude oil volumes of $130 million, partially offset by lower depreciation and tax expenses of $350 million and $190 million, respectively. Foreign currency effects had a favorable impact on earnings of $91 million between periods.

Earnings for the first nine months of 2019 were $6.94 billion, compared with $7.71 billion from a year earlier. Lower crude oil and natural gas realizations of $1.2 billion and $510 million, respectively, were partially offset by higher natural gas sales volumes of $480 million, lower depreciation, tax and operating expenses of $450 million, $360 million and $320 million, respectively. Foreign currency effects had an unfavorable impact on earnings of $392 million between periods.

The average realization per barrel of crude oil and natural gas liquids in third quarter 2019 was $56, compared with $69 a year earlier. The average realization per barrel of crude oil and natural gas liquids in the first nine months of 2019 was $59, compared with $66 a year earlier. The average natural gas realization in third quarter 2019 was $5.62 per thousand cubic feet, compared with $6.73 in the 2018 period. The average natural gas realization in the first nine months of 2019 was $5.87 per thousand cubic feet, compared with $6.10 in the 2018 period.

International net oil-equivalent production of 2.10 million barrels per day in third quarter 2019 was down 26,000 barrels per day, or 1 percent, from the corresponding 2018 period. Production increases from Wheatstone and other major capital projects were more than offset by normal field declines and the effect of asset sales. International net oil-equivalent production of 2.15 million barrels per day in the first nine months of 2019 was up 36,000 barrels per day, or 2 percent, from a year earlier. Production increases from Wheatstone and other major capital projects were partially offset by normal field declines and the effect of asset sales.

The net liquids component of oil-equivalent production of 1.10 million barrels per day in third quarter 2019 decreased 3 percent from the 2018 period. The net liquids component of oil-equivalent production of 1.15 million barrels per day in the first nine months of 2019 decreased 1 percent from the 2018 period. Net natural gas production of 5.97 billion cubic feet per day in third quarter 2019 was essentially unchanged from the 2018 period. Net natural gas production of 6.00 billion cubic feet per day in the first nine months of 2019 increased 5 percent from the 2018 period.

Downstream

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
	(Millions of dollars)			
U.S. Downstream Earnings	**$ 389**	$ 748	**$ 1,071**	$ 1,847

U.S. downstream operations earned $389 million in third quarter 2019, compared with earnings of $748 million a year earlier. The decrease was primarily due to higher operating expenses of $160 million, mainly turnaround and maintenance costs, and lower margins on refined product sales of $120 million.

Earnings for the first nine months of 2019 were $1.07 billion, compared with earnings of $1.85 billion a year earlier. The decrease was primarily due to lower margins on refined product sales of $400 million, lower equity earnings from the 50 percent-owned CPChem of $130 million and higher depreciation expense of $80 million following first production at the new hydrogen plant at the Richmond refinery.

Refinery crude oil input in third quarter 2019 increased 8 percent from the year-ago period to 992,000 barrels per day, primarily due to the purchase of the Pasadena refinery in Texas. For the first nine months of 2019, crude oil input was 939,000 barrels per day, up 4 percent from the corresponding 2018 period.

Refined product sales of 1.29 million barrels per day were up 5 percent from third quarter 2018, mainly due to higher gasoline sales. Refined product sales of 1.25 million barrels per day in the nine-month period were up 3 percent from the corresponding 2018 period.

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	**2018**	**2019**	**2018**
	(Millions of dollars)			
International Downstream Earnings*	**$ 439**	$ 625	**$ 738**	$ 1,092
* Includes foreign currency effects	**$ 27**	$ (7)	**$ 49**	$ 48

International downstream operations earned $439 million in third quarter 2019, compared with $625 million a year earlier. The decrease in earnings was largely due to the absence of the $350 million gain from the third quarter 2018 sale of southern Africa assets, partially offset by higher margins on refined product sales of $140 million. Foreign currency effects had a favorable impact on earnings of $34 million between periods.

Earnings for the first nine months of 2019 were $738 million, compared with $1.09 billion a year earlier. The decrease in earnings was largely due to lower gains on asset sales of $310 million, primarily due to the absence of the 2018 gains from the southern Africa asset sale and lower margins on refined product sales of $130 million, partially offset by higher shipping results of $40 million. Foreign currency effects had a favorable impact on earnings of $1 million between periods.

Refinery crude oil input of 625,000 barrels per day in third quarter 2019 decreased 85,000 barrels per day from the year-ago period, mainly due to the sale of the company’s interest in the Cape Town refinery in third quarter 2018 and crude unit maintenance in the third quarter 2019 at the Singapore Refining Company. For the first nine months of 2019, crude input was 630,000 barrels per day, down 13 percent from the year-ago period. This decrease is mainly due to the sale of the company's interest in the Cape Town refinery.

Total refined product sales of 1.36 million barrels per day in third quarter 2019 were down 5 percent from the year-ago period. Total refined product sales for the first nine months of 2019 of 1.35 million barrels per day were down 7 percent from the year-ago period. The decrease for both comparative periods was mainly due to the sale of the southern Africa refining and marketing business in third quarter 2018.

All Other

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	**2018**	**2019**	**2018**
	(Millions of dollars)			
Net Charges*	**$ (952)**	$ (705)	**$ (1,585)**	$ (1,871)
* Includes foreign currency effects	**$ (2)**	$ (2)	**$ —**	$ —

All Other consists of worldwide cash management and debt financing activities, corporate administrative functions, insurance operations, real estate activities and technology companies.

Net charges in third quarter 2019 were $952 million, compared with $705 million a year earlier. The change between periods was mainly due to higher tax items, including a tax charge of $430 million related to a cash repatriation, partially offset by lower corporate costs. Foreign currency effects were unchanged between periods.

Net charges for the first nine months of 2019 were $1.59 billion, compared with $1.87 billion a year earlier. The change between periods was mainly due to receipt of the Anadarko termination fee, partially offset by higher tax items. Foreign currency effects were unchanged between periods.

Consolidated Statement of Income

Explanations of variations between periods for selected income statement categories are provided below:

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
	(Millions of dollars)			
Sales and other operating revenues	**$ 34,779**	$ 42,105	**$ 105,291**	$ 118,564

Sales and other operating revenues decreased $7.33 billion for the quarterly period, mainly due to lower refined product, crude oil, and natural gas prices, and lower crude oil volumes. Sales and other operating revenues for the nine-month period decreased $13.27 billion, mainly due to lower refined product and crude oil prices, and lower crude oil and refined product volumes.

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
	(Millions of dollars)			
Income from equity affiliates	**$ 1,172**	$ 1,555	**$ 3,430**	$ 4,685

Income from equity affiliates in the quarterly period decreased, mainly due to lower upstream-related earnings from Tengizchevroil in Kazakhstan, and Petroboscan and Petropiar in Venezuela, partially offset by higher downstream-related earnings from GS Caltex in South Korea. Income from equity affiliates in the nine-month period decreased mainly due to lower upstream-related earnings from Tengizchevroil in Kazakhstan, Petroboscan and Petropiar in Venezuela, and Angola LNG, and lower downstream-related earnings from CPChem, and GS Caltex in South Korea.

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
	(Millions of dollars)			
Other income	**$ 165**	$ 327	**$ 1,445**	$ 738

Other income for the quarterly period decreased mainly due to lower gains on asset sales, partially offset by a favorable swing in foreign currency effects. The nine-month period increased due to the receipt of the Anadarko termination fee and a favorable swing in foreign currency effects, partially offset by lower gains on asset sales.

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
	(Millions of dollars)			
Purchased crude oil and products	**$ 19,882**	$ 24,681	**$ 60,420**	$ 70,658

Purchases decreased $4.80 billion for the quarterly period and $10.24 billion for the nine-month period, primarily due to lower crude oil volumes and prices.

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
	(Millions of dollars)			
Operating, selling, general and administrative expenses	**$ 6,279**	$ 6,003	**$ 18,412**	$ 17,657

Operating, selling, general and administrative expenses in the quarterly period increased $276 million, primarily due to higher services and fees, partially offset by the absence of a third quarter 2018 contractual settlement. The year-to-date period increased $755 million, primarily due to higher services and fees and transportation expenses, partially offset by the absence of 2018 contractual settlements and a receivable write-down.

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
	(Millions of dollars)			
Exploration expenses	**$ 168**	$ 625	**$ 498**	$ 960

The decrease in exploration expenses for the third quarter and the nine-month period was due to lower well write-offs, primarily due to the absence of the third quarter 2018 write-off of the Tigris project in the Gulf of Mexico.

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
	(Millions of dollars)			
Depreciation, depletion and amortization	**$ 4,361**	$ 5,380	**$ 12,789**	$ 14,167

Depreciation, depletion and amortization expenses for the third quarter decreased mainly due to lower well write-offs, impairments and rates. For the nine-month period the decrease is mainly due to lower rates, well write-offs, impairments and impacts associated with assets held for sale, partially offset by higher production.

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
	(Millions of dollars)			
Taxes other than on income	**$ 1,059**	$ 1,259	**$ 3,167**	$ 3,966

Taxes other than on income for the third quarter and nine-month periods in 2019 were lower mainly due to lower local and municipal taxes and licenses as a result of the company's divestment of its downstream interest in southern Africa in third quarter 2018.

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
	(Millions of dollars)			
Interest and debt expense	**$ 197**	$ 182	**$ 620**	$ 558

Interest and debt expenses for the quarter increased mainly due to a decrease in the amount of interest capitalized and higher capital lease interest, partially offset by lower financing interest. The increase for the nine-month period was mainly due to a decrease in the amount of interest capitalized and higher bond discount amortization, partially offset by lower financing interest.

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
	(Millions of dollars)			
Other components of net periodic benefit costs	**$ 121**	$ 158	**$ 319**	$ 344

Other components of net periodic benefit costs in third quarter were decreased mainly due to lower settlement losses. For the nine-month period, other components of net periodic benefit costs decreased primarily due to a decrease in the amortization of actuarial losses and lower settlement losses, partially offset by lower plan assets.

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
	(Millions of dollars)			
Income tax expense	**$ 1,469**	$ 1,643	**$ 4,429**	$ 4,540

The decrease in income tax expense between quarterly periods of $174 million is consistent with the decrease in total income before tax of $1.65 billion.

U.S. income before tax decreased from $1.09 billion in third quarter 2018 to $728 million in 2019. This $365 million decrease in income was primarily driven by the effect of lower crude oil and natural gas prices, partially offset by higher production. The company’s U.S. income tax expense decreased $77 million between year-over-year periods, from $238 million in 2018 to $161 million in 2019, primarily due to the decrease in before tax income.

International income before tax decreased from $4.61 billion in third quarter 2018 to $3.32 billion in 2019. This $1.29 billion decrease was primarily driven by lower crude oil and natural gas prices. The decrease in income offset by a current quarter tax charge related to a cash repatriation resulted in a decrease in the international income tax expense between year-over-year periods, from $1.41 billion in 2018 to $1.31 billion in 2019.

The company's decrease in income tax expense for the first nine months of 2019 of $111 million was primarily due to the decrease in the total before-tax income in 2019 of $1.74 billion.

U.S. income before tax increased between the nine-month periods, from $3.00 billion in 2018 to $3.08 billion in 2019. This increase in income was primarily driven by the receipt of the Anadarko merger termination fee and higher production, offset by lower crude oil and natural gas prices. The increase in income had a direct impact on the company's U.S. income tax cost resulting in an increase in tax expense of $89 million between the nine-month periods, from an expense of $712 million in 2018 to $801 million in 2019.

International income before tax for the first nine months decreased from $12.68 billion in 2018 to $10.86 billion in 2019. This $1.82 billion decrease was primarily driven by lower crude oil and natural gas prices. The decrease in income, and the reduction of the corporate tax rate in Alberta, Canada, partially offset by a tax charge related to a cash repatriation, resulted in a decrease in international income tax expense between year-over-year periods, from $3.83 billion in 2018 to $3.63 billion in 2019.

Refer also to the discussion of the effective income tax rate in Note 11 on page 17.

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Selected Operating Data

The following table presents a comparison of selected operating data:

Selected Operating Data (1) (2)

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	**2018**	**2019**	**2018**
U.S. Upstream				
Net crude oil and natural gas liquids production (MBPD)	**726**	654	**709**	599
Net natural gas production (MMCFPD)[3]	**1,243**	1,061	**1,178**	1,011
Net oil-equivalent production (MBOEPD)	**934**	831	**906**	768
Sales of natural gas (MMCFPD)	**3,945**	3,334	**3,980**	3,343
Sales of natural gas liquids (MBPD)	**128**	114	**118**	110
Revenue from net production				
Liquids ($/Bbl)	**$ 46.84**	$ 61.99	**$ 49.22**	$ 59.13
Natural gas ($/MCF)	**$ 0.95**	$ 1.80	**$ 1.09**	$ 1.81
International Upstream				
Net crude oil and natural gas liquids production (MBPD)[4]	**1,104**	1,133	**1,147**	1,155
Net natural gas production (MMCFPD)[3]	**5,972**	5,951	**5,995**	5,731
Net oil-equivalent production (MBOEPD)[4]	**2,099**	2,125	**2,146**	2,110
Sales of natural gas (MMCFPD)	**5,923**	5,681	**5,922**	5,379
Sales of natural gas liquids (MBPD)	**31**	32	**36**	34
Revenue from liftings				
Liquids ($/Bbl)	**$ 56.07**	$ 68.73	**$ 58.67**	$ 65.85
Natural gas ($/MCF)	**$ 5.62**	$ 6.73	**$ 5.87**	$ 6.10
U.S. and International Upstream				
Total net oil-equivalent production (MBOEPD)[4]	**3,033**	2,956	**3,052**	2,878
U.S. Downstream				
Gasoline sales (MBPD)[5]	**702**	644	**670**	629
Other refined product sales (MBPD)	**592**	590	**585**	591
Total refined product sales (MBPD)	**1,294**	1,234	**1,255**	1,220
Sales of natural gas liquids (MBPD)	**105**	74	**95**	68
Refinery input (MBPD)	**992**	915	**939**	900
International Downstream				
Gasoline sales (MBPD)[5]	**256**	301	**264**	310
Other refined product sales (MBPD)	**701**	766	**703**	770
Share of affiliate sales (MBPD)	**399**	368	**377**	369
Total refined product sales (MBPD)	**1,356**	1,435	**1,344**	1,449
Sales of natural gas liquids (MBPD)	**71**	64	**75**	62
Refinery input (MBPD)	**625**	710	**630**	721

[1] Includes company share of equity affiliates.

[2] MBPD — thousands of barrels per day; MMCFPD — millions of cubic feet per day; Bbl — Barrel; MCF — thousands of cubic feet; oil-equivalent gas conversion ratio is 6,000 cubic feet of natural gas = 1 barrel of crude oil; MBOEPD — thousands of barrels of oil-equivalent per day.

[3] Includes natural gas consumed in operations (MMCFPD):

United States	**34**	34	**34**	34
International	**611**	567	**611**	569

[4] Includes net production of synthetic oil:

Canada	**53**	54	**51**	53
Venezuela affiliate	**0**	24	**4**	24

[5] Includes branded and unbranded gasoline.

Liquidity and Capital Resources

Cash, cash equivalents and marketable securities totaled $11.8 billion at September 30, 2019 and $10.3 billion at year-end 2018. Cash provided by operating activities in the first nine months of 2019 was $21.7 billion, compared with $21.5 billion in the year-ago period. Cash capital and exploratory expenditures totaled $10.4 billion in the first nine months of 2019, up $170 million from the year-ago period. Proceeds and deposits related to asset sales and returns of investment totaled $1.0 billion and $67 million, respectively, in the first nine months of 2019, compared to $1.9 billion and $244 million, respectively, in the year-ago period.

Dividends The company paid dividends of $6.7 billion to common stockholders during the first nine months of 2019. In October 2019, the company declared a quarterly dividend of $1.19 per common share, payable in December 2019.

Debt and Finance Lease Obligations Chevron’s total debt and finance lease obligations were $32.9 billion at September 30, 2019, down from $34.5 billion at December 31, 2018, as the company repaid long-term notes that matured during the first nine months of 2019, partially offset by increased borrowings under its commercial paper program.

The company’s primary financing source for working capital needs is its commercial paper program. The outstanding balance for the company's commercial paper program at September 30, 2019 was $9.6 billion. The company’s debt and finance lease obligations due within one year, consisting primarily of commercial paper, redeemable long-term obligations and the current portion of long-term debt, totaled $17.7 billion at September 30, 2019, and $15.6 billion at December 31, 2018. Of these amounts, $9.9 billion was reclassified to long-term at both September 30, 2019, and December 31, 2018. At September 30, 2019, settlement of these obligations was not expected to require the use of working capital within one year, as the company had the intent and the ability, as evidenced by committed credit facilities, to refinance them on a long-term basis.

At September 30, 2019, the company had $9.9 billion in committed credit facilities with various major banks that enable the refinancing of short-term obligations on a long-term basis. The credit facilities consist of a 364-day facility which enables borrowing of up to $9,575 million and allows the company to convert any amounts outstanding into a term loan for a period of up to one year, as well as a $325 million five-year facility expiring in December 2020. These facilities support commercial paper borrowing and can also be used for general corporate purposes. The company’s practice has been to continually replace expiring commitments with new commitments on substantially the same terms, maintaining levels management believes appropriate. Any borrowings under the facilities would be unsecured indebtedness at interest rates based on the London Interbank Offered Rate or an average of base lending rates published by specified banks and on terms reflecting the company’s strong credit rating. No borrowings were outstanding under these facilities at September 30, 2019. In addition, the company has an automatic shelf registration statement that expires in May 2021 for an unspecified amount of nonconvertible debt securities issued or guaranteed by the company.

The major debt rating agencies routinely evaluate the company’s debt, and the company’s cost of borrowing can increase or decrease depending on these debt ratings. The company has outstanding public bonds issued by Chevron Corporation and Texaco Capital Inc. All of these securities are the obligations of, or guaranteed by, Chevron Corporation and are rated AA by Standard and Poor’s Corporation and Aa2 by Moody’s Investors Service. The company’s U.S. commercial paper is rated A-1+ by Standard and Poor’s and P-1 by Moody’s. All of these ratings denote high-quality, investment-grade securities.

The company’s future debt level is dependent primarily on results of operations, the capital program, acquisitions and cash that may be generated from asset dispositions. Based on its high-quality debt ratings, the company believes that it has substantial borrowing capacity to meet unanticipated cash requirements. During extended periods of low prices for crude oil and natural gas and narrow margins for refined products and commodity chemicals, the company can also modify capital spending plans to provide flexibility to continue paying the common stock dividend and also remain committed to retaining the company’s high-quality debt ratings.

Common Stock Repurchase Program On February 1, 2019, the company announced that the Board of Directors authorized a new stock repurchase program with a maximum dollar limit of $25 billion and no set term limits. As of September 30, 2019, the company had purchased 20.5 million shares for $2.5 billion, resulting in $22.5 billion remaining under the authorized program. During the third quarter 2019, the company purchased a total of 10.3 million shares for $1.25 billion. Repurchases may be made from time to time in the open market, by block purchases, in privately negotiated transactions or in such other manner as determined by the company. The timing of the repurchases and the actual amount repurchased will depend on a variety of factors, including the market price of the company's shares, general market and economic conditions, and other factors. The stock repurchase program does not obligate the company to acquire any particular amount of common stock, and it may be suspended or discontinued at any time.

Noncontrolling Interests The company had noncontrolling interests of $1.1 billion at September 30, 2019 and at December 31, 2018. There were distributions of $16 million to noncontrolling interests during the first nine months of 2019 compared to $87 million for the same period in 2018.

Current Ratio Current assets divided by current liabilities, which indicates the company's ability to repay its short-term liabilities with short-term assets. The current ratio was 1.1 at September 30, 2019, and 1.3 at December 31, 2018. The current ratio is adversely affected by the fact that Chevron's inventories are valued on a last-in, first-out basis. At September 30, 2019, the book value of inventory was lower than replacement cost.

Debt Ratio Total debt as a percentage of total debt plus Chevron Corporation Stockholders' Equity, which indicates the company's leverage, was 17.4 percent at September 30, 2019, and 18.2 percent at December 31, 2018.

Pension Obligations Information related to pension plan contributions is included on page 14 in Note 9 to the Consolidated Financial Statements.

Capital and Exploratory Expenditures Total expenditures, including the company's share of spending by affiliates, were $15.0 billion in the first nine months of 2019, compared with $14.3 billion in the corresponding 2018 period. The amounts included the company's share of affiliates' expenditures of $4.6 billion and $4.1 billion in the 2019 and 2018 periods, respectively, which did not require cash outlays by the company. Expenditures for upstream projects in the first nine months of 2019 were $12.8 billion, representing 85 percent of the companywide total.

Capital and Exploratory Expenditures by Major Operating Area

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	**2018**	**2019**	**2018**
	(Millions of dollars)			
United States				
Upstream	**$ 2,102**	$ 1,903	**$ 5,929**	$ 5,166
Downstream	**327**	377	**1,381**	1,155
All Other	**102**	72	**233**	156
Total United States	**2,531**	2,352	**7,543**	6,477
International				
Upstream	**2,137**	2,639	**6,873**	7,524
Downstream	**284**	132	**550**	341
All Other	**4**	1	**12**	3
Total International	**2,425**	2,772	**7,435**	7,868
Worldwide	**$ 4,956**	$ 5,124	**$ 14,978**	$ 14,345

Contingencies and Significant Litigation

MTBE Information related to methyl tertiary butyl ether (MTBE) matters is included on page 17 in Note 12 to the Consolidated Financial Statements under the heading "MTBE."

Ecuador Information related to Ecuador matters is included beginning on page 17 in Note 12 to the Consolidated Financial Statements under the heading "Ecuador."

Income Taxes Information related to income tax contingencies is included on page 17 in Note 11 and page 21 in Note 13 to the Consolidated Financial Statements under the heading "Income Taxes."

Guarantees Information related to the company's guarantees is included on page 21 in Note 13 to the Consolidated Financial Statements under the heading "Guarantees."

Indemnifications Information related to indemnifications is included on page 21 in Note 13 to the Consolidated Financial Statements under the heading "Indemnifications."

Off-Balance-Sheet Obligations Information related to the company's off-balance-sheet obligations is included on pages 21 and 22 in Note 13 to the Consolidated Financial Statements under the heading "Off-Balance-Sheet Obligations."

Environmental Information related to environmental matters is included beginning on page 22 in Note 13 to the Consolidated Financial Statements under the heading "Environmental."

Other Contingencies Information related to the company's other contingencies is included on page 22 in Note 13 to the Consolidated Financial Statements under the heading "Other Contingencies."

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

Information about market risks for the nine months ended September 30, 2019, does not differ materially from that discussed under Item 7A of Chevron's 2018 Annual Report on Form 10-K.

Item 4. *Controls and Procedures*

(a) Evaluation of disclosure controls and procedures

The company's management has evaluated, with the participation of the Chief Executive Officer and Chief Financial Officer, the effectiveness of the company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the company's disclosure controls and procedures were effective as of September 30, 2019.

(b) Changes in internal control over financial reporting

During the quarter ended September 30, 2019, there were no changes in the company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the company's internal control over financial reporting.

PART II

OTHER INFORMATION

Item 1. *Legal Proceedings*

Governmental Proceedings The following is a description of legal proceedings that the company has determined to disclose for this reporting period that involve governmental authorities and certain monetary sanctions under federal, state and local laws that have been enacted or adopted regulating the discharge of materials into the environment or primarily for the purpose of protecting the environment. The following proceedings include those matters relating to third quarter 2019 and any material developments with respect to matters previously reported in Chevron's 2018 Annual Report on Form 10-K.

On August 21, 2019, Chevron received correspondence from California's South Coast Air Quality Management District seeking to resolve certain Notices of Violation (NOVs) related to alleged violations that occurred at Chevron's refinery in El Segundo, California, between 2018 and 2019. Resolution of the alleged violations may result in the payment of a civil penalty of $100,000 or more.

The California Department of Conservation, Division of Oil, Gas and Geothermal Resources ("DOGGR") promulgated revised rules pursuant to the Underground Injection Control program that took effect April 1, 2019. Subsequent to that date, DOGGR issued NOVs and two orders to Chevron related to seeps that occurred in the Cymric Oil Field in Kern County, California. An October 2, 2019, DOGGR order seeks a civil penalty of approximately $2.7 million. Chevron has filed an appeal of this order. Other state agencies may become engaged in this matter as well. Resolution of this matter may result in the payment of civil penalties of $100,000 or more.

Other Proceedings Information related to legal proceedings, including Ecuador, is included beginning on page 17 in Note 12 to the Consolidated Financial Statements.

Item 1A. *Risk Factors*

Chevron is a global energy company with a diversified business portfolio, a strong balance sheet, and a history of generating sufficient cash to fund capital and exploratory expenditures and to pay dividends. Nevertheless, some inherent risks could materially impact the company's financial results of operations or financial condition.

Information about risk factors for the nine months ended September 30, 2019, does not differ materially from that set forth under the heading "Risk Factors" on pages 18 through 21 of the company's 2018 Annual Report on Form 10-K.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds*

CHEVRON CORPORATION

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased (1)(2)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (2) (Billions of dollars)
July 1 – July 30, 2019	3,729,841	$124.44	3,727,582	$23.3
August 1 – August 31, 2019	3,883,804	$118.44	3,883,804	$22.9
September 1 – September 30, 2019	2,689,324	$121.28	2,689,324	$22.5
Total	**10,302,969**	**$121.35**	**10,300,710**	

(1) Includes common shares repurchased from company employees and directors for personal income tax withholdings on the exercise of the stock options and shares delivered or attested to in satisfaction of the exercise price by holders of employee and director stock options. The options were issued to and exercised by employees and directors under Chevron's long-term incentive plans.

(2) Refer to "Liquidity and Capital Resources" on pages 37 and 38 for additional information regarding the company's authorized stock repurchase program.

Item 5. *Other Information*

Rule 10b5-1 Plan Elections

Mark A. Nelson, Executive Vice President, Downstream and Chemicals, entered into a pre-arranged stock trading plan in August 2019. Mr. Nelson's plan provides for the potential exercise of vested stock options and the associated sale of up to 29,500 shares of Chevron common stock between November 2019 and August 2020.

Rhonda J. Morris, Vice President and Chief Human Resources Officer, and her spouse entered into pre-arranged stock trading plans in August 2019. Ms. Morris' and her spouse's plans provide for the potential exercise of vested stock options and the associated sale of up to 15,000 and 15,600 shares of Chevron common stock, respectively, between November 2019 and January 2020.

These trading plans were entered into during an open insider trading window and are intended to satisfy Rule 10b5-1(c) under the Securities Exchange Act of 1934, as amended, and Chevron's policies regarding transactions in Chevron securities.

Item 6. *Exhibits*

Exhibit Index

Exhibit Number	Description
3.1	By-Laws of Chevron Corporation, as amended and restated on September 25, 2019, filed as Exhibit 3.2 to Chevron Corporation's Current Report on Form 8-K filed September 27, 2019, and incorporated herein by reference.
31.1*	Rule 13a-14(a)/15d-14(a) Certification by the company’s Chief Executive Officer
31.2*	Rule 13a-14(a)/15d-14(a) Certification by the company’s Chief Financial Officer
32.1**	Rule 13a-14(b)/15d-14(b) Certification by the company’s Chief Executive Officer
32.2**	Rule 13a-14(b)/15d-14(b) Certification by the company’s Chief Financial Officer
101.SCH*	iXBRL Schema Document
101.CAL*	iXBRL Calculation Linkbase Document
101.DEF*	iXBRL Definition Linkbase Document
101.LAB*	iXBRL Label Linkbase Document
101.PRE*	iXBRL Presentation Linkbase Document
104*	Cover Page Interactive Data File (contained in Exhibit 101)

Attached as Exhibit 101 to this report are documents formatted in iXBRL (Inline Extensible Business Reporting Language). The financial information contained in the iXBRL-related documents is “unaudited” or “unreviewed.”

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* Filed herewith.
** Furnished herewith.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CHEVRON CORPORATION
(REGISTRANT)

/S/ DAVID A. INCHAUSTI

David A. Inchausti, Vice President and Comptroller
(Principal Accounting Officer and
Duly Authorized Officer)

Date: November 7, 2019

Exhibit 31.1

RULE 13a-14(a)/15d-14(a) CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael K. Wirth, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Chevron Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ MICHAEL K. WIRTH

Michael K. Wirth
Chairman of the Board and
Chief Executive Officer

Dated: November 7, 2019

Exhibit 31.2

RULE 13a-14(a)/15d-14(a) CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Pierre R. Breber, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Chevron Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PIERRE R. BREBER

Pierre R. Breber
Vice President and
Chief Financial Officer

Dated: November 7, 2019

Exhibit 32.1

RULE 13a-14(b)/15d-14(b) CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. SECTION 1350)

In connection with the Quarterly Report on Form 10-Q of Chevron Corporation (the “Company”) for the period ended September 30, 2019, as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Report”), I, Michael K. Wirth, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ MICHAEL K. WIRTH

Michael K. Wirth
Chairman of the Board and
Chief Executive Officer

Dated: November 7, 2019

Exhibit 32.2

RULE 13a-14(b)/15d-14(b) CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. SECTION 1350)

In connection with the Quarterly Report on Form 10-Q of Chevron Corporation (the "Company") for the period ended September 30, 2019, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, Pierre R. Breber, Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Pierre R. Breber

Pierre R. Breber
Vice President and
Chief Financial Officer

Dated: November 7, 2019