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

Form 10-Q

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

For the quarterly period ended June 30, 1997

OR

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

Commission File Number 1-368-2

Chevron Corporation
(Exact name of registrant as specified in its charter)

Delaware	94-0890210
(State or other jurisdiction incorporation or organization)	(I.R.S. Employer Identification Number)
575 Market Street, San Francisco, California	94105
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (415) 894-7700

NONE
(Former name or former address, if changed since last report.)

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 X No ___

Indicate the number of shares of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Outstanding as of June 30, 1997
Common stock, $1.50 par value	654,696,014

INDEX

		Page No.
	Cautionary Statements Relevant to Forward-Looking Information for the Purpose of "Safe Harbor" Provisions of the Private Securities Litigation Reform Act of 1995	1
PART I.	FINANCIAL INFORMATION	
Item 1.	Financial Statements	
	Consolidated Statement of Income for the three months and six months ended June 30, 1997 and 1996	2
	Consolidated Balance Sheet at June 30, 1997 and December 31, 1996	3

	Consolidated Statement of Cash Flows for the six months ended June 30, 1997 and 1996	4
	Notes to Consolidated Financial Statements	5-10
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	11-18
PART II.	OTHER INFORMATION	
Item 1.	Legal Proceedings	19
Item 4.	Submission of Matters to a Vote of Security Holders	19
Item 6.	Listing of Exhibits and Reports on Form 8-K	20
Signature		20
Exhibit:	Computation of Ratio of Earnings to Fixed Charges	21

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 contains forward-looking statements relating to Chevron's operations that are based on management's current expectations, estimates and projections about the petroleum and chemicals industries. Words such as "expects," "intends," "plans," "projects," "believes," "estimates" and similar expressions are used to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements.

Among the factors that could cause actual results to differ materially are crude oil and natural gas prices; refining margins and marketing margins; chemicals prices and competitive conditions affecting supply and demand for the company's aromatics, olefins and additives products; potential failure to achieve expected production from existing and future oil and gas development projects; potential disruption or interruption of the company's production, manufacturing or transportation facilities due to accidents or political events; potential liability for remedial actions under existing or future environmental regulations; and potential liability resulting from pending or future litigation. In addition, such statements could be affected by general domestic and international economic and political conditions.

PART I. FINANCIAL INFORMATION

CHEVRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

Millions of Dollars, Except Per Share Amounts	Three Months Ended June 30, 1997	Three Months Ended June 30, 1996	Six Months Ended June 30, 1997	Six Months Ended June 30, 1996
Revenues				
Sales and other operating revenues*	$ 9,947	$10,514	$20,741	$20,671
Income from Equity Affiliates	193	446	371	582
Other income	134	37	255	80
Total Revenues	10,274	10,997	21,367	21,333
Costs and Other Deductions				
Purchased crude oil and products	4,887	5,498	10,597	10,946
Operating expenses	1,247	1,514	2,622	2,827
Selling, general and administrative expenses	391	386	736	740
Exploration expenses	98	118	179	210
Depreciation, depletion and amortization	549	524	1,095	1,055
Taxes other than on income*	1,630	1,452	3,125	2,865
Interest and debt expense	76	85	158	181
Total Costs and Other Deductions	8,878	9,577	18,512	18,824
Income Before Income Tax Expense	1,396	1,420	2,855	2,509
Income Tax Expense	573	548	1,201	1,021
Net Income	$ 823	$ 872	$ 1,654	$ 1,488
Per Share of Common Stock:				
Net Income	$ 1.26	$ 1.34	$ 2.53	$ 2.28
Dividends	$ .58	$ .50	$ 1.12	$ 1.00
Weighted Average Number of Shares Outstanding (000s)	653,649	652,714	653,487	652,638
* Includes consumer excise taxes.	$ 1,447	$ 1,277	$ 2,761	$ 2,521

See accompanying notes to consolidated financial statements.

CHEVRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

Millions of Dollars	June 30, 1997	December 31, 1996
ASSETS		
Cash and cash equivalents	$ 1,280	$ 892
Marketable securities	447	745
Accounts and notes receivable	3,436	4,035
Inventories:		
Crude oil and petroleum products	686	669
Chemicals	513	507
Materials, supplies and other	259	255
	1,458	1,431
Prepaid expenses and other current assets	804	839
Total Current Assets	7,425	7,942
Long-term receivables	348	261
Investments and advances	4,379	4,463
Properties, plant and equipment, at cost	48,172	46,936
Less: accumulated depreciation, depletion and amortization	26,127	25,440
	22,045	21,496
Deferred charges and other assets	760	692
Total Assets	$34,957	$34,854
LIABILITIES AND STOCKHOLDERS' EQUITY		
Short-term debt	$ 2,888	$ 2,706
Accounts payable	2,614	3,502
Accrued liabilities	1,373	1,420
Federal and other taxes on income	813	745
Other taxes payable	582	534
Total Current Liabilities	8,270	8,907
Long-term debt	3,233	3,650
Capital lease obligations	320	338
Deferred credits and other non-current obligations	1,943	1,858
Non-current deferred income taxes	3,018	2,851
Reserves for employee benefit plans	1,627	1,627
Total Liabilities	18,411	19,231
Preferred stock (authorized 100,000,000 shares, $1.00 par value, none issued)	-	-
Common stock (authorized 1,000,000,000 shares, $1.50 par value, 712,487,068 shares issued)	1,069	1,069
Capital in excess of par value	1,929	1,874
Deferred compensation	(750)	(800)
Currency translation adjustment and other	(70)	96
Retained earnings	16,338	15,408
Treasury stock, at cost (shares 57,796,809 and 59,401,015 at June 30, 1997 and December 31, 1996, respectively)	(1,970)	(2,024)
Total Stockholders' Equity	16,546	15,623
Total Liabilities and Stockholders' Equity	$34,957	$34,854

See accompanying notes to consolidated financial statements.

CHEVRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

Millions of Dollars	Six Months Ended June 30, 1997	Six Months Ended June 30, 1996
Operating Activities		
Net income	$ 1,654	$ 1,488
Adjustments		
Depreciation, depletion and amortization	1,095	1,055
Dry hole expense related to prior years' expenditures	18	22
Distributions (less than) greater than income from equity affiliates	(199)	108
Net before-tax (gains) losses on asset retirements and sales	(187)	46
Net currency translation gains	(15)	-
Deferred income tax provision	190	242
Net increase in operating working capital	(203)	(161)
Other	20	(33)
Net Cash Provided by Operating Activities	2,373	2,767
Investing Activities		
Capital expenditures	(1,660)	(1,533)
Proceeds from asset sales	298	339
Net sales of marketable securities	306	334
Net Cash Used for Investing Activities	(1,056)	(860)
Financing Activities		
Net borrowings (repayments) of short-term obligations	8	(501)
Proceeds from issuance of long-term debt	8	74
Repayments of long-term debt and other financing obligations	(202)	(388)
Cash dividends paid	(732)	(653)
Purchases of treasury shares	(4)	(3)
Net Cash Used for Financing Activities	(922)	(1,471)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(7)	(5)
Net Change in Cash and Cash Equivalents	388	431
Cash and Cash Equivalents at January 1	892	621
Cash and Cash Equivalents at June 30	$ 1,280	$ 1,052

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Interim Financial Statements

The accompanying consolidated financial statements of Chevron Corporation and its subsidiaries (the company) have not been audited by independent accountants, except for the balance sheet at December 31, 1996. In the opinion of the company's management, the interim data include all adjustments necessary for a fair statement of the results for the interim periods. These adjustments were of a normal recurring nature, except for the special items described in Note 2.

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 1996 Annual Report on Form 10-K.

The results for the three-month and six-month periods ended June 30, 1997 are not necessarily indicative of future financial results.

Note 2. Net Income

Net income for the second quarter 1997 included net charges of $14 million for special items. Charges of $66 million for the remaining unaccrued cost of the company's broad-based employee performance stock option program, which vested earlier than expected, and $12 million for a provision for environmental remediation at a U.S. refinery were offset partially by gains of $50 million from the sales of 10 percent of the company's ownership interest in the Tengizchevroil joint venture and upstream properties in the North Perth Basin area of Australia and a $14 million favorable prior-year tax adjustment.

For the first six months of 1997, net income included net benefits of $13 million from special items. The net charges of $14 million for the second quarter 1997 were more than offset by net benefits of $27 million from special items in the first quarter of 1997. The 1997 first quarter results included special gains of $49 million from the sales of a producing property in the Gulf of Mexico and one in southern California. Partially offsetting these gains were special charges of $22 million for provisions for environmental remediation and other items.

In the quarter and in the six-month period ended June 30, 1996, net special gains of $172 million were included in net income. The company's net share of the gain from its Caltex affiliate's sale of refinery interests in Japan, after including the effect of the company's taxes on the related cash distribution, was $275 million. Partially offsetting this gain were charges of $36 million from an additional loss provision for the company's withdrawal from its real estate development business and from the write-off of the value of certain assets, $24 million from environmental remediation provisions for the company's U.S. upstream properties and Canadian downstream properties, and $43 million from provisions for several litigation and other claims.

Foreign exchange gains included in second quarter 1997 net income were $23 million, compared with losses of $6 million in second quarter 1996. For the first six months of 1997, net income included foreign exchange gains of $5 million, compared with losses of $20 million in the same period of 1996.

Note 3. Information Relating to the Statement of Cash Flows

The "Net increase in operating working capital" is composed of the following:

Millions of Dollars	Six Months Ended June 30, 1997	1996
Decrease (increase) in accounts and notes receivable	$ 617	$ (310)
(Increase) decrease in inventories	(22)	19
Decrease (increase) in prepaid expenses and other current assets	23	(49)
(Decrease) increase in accounts payable and accrued liabilities	(924)	9
Increase in income and other taxes payable	103	170
Net increase in operating working capital	$ (203)	$ (161)

"Net Cash Provided by Operating Activities" includes the following cash payments for interest on debt and for income taxes:

Millions of Dollars	Six Months Ended June 30, 1997	1996
Interest paid on debt (net of capitalized interest)	$ 163	$ 183
Income taxes paid	$ 962	$ 637

The "Net sales of marketable securities" consists of the following gross amounts:

Millions of Dollars	Six Months Ended June 30, 1997	1996
Marketable securities purchased	$(1,390)	$(1,586)
Marketable securities sold	1,696	1,920
Net sales of marketable securities	$ 306	$ 334

The Consolidated Statement of Cash Flows excludes the following non-cash transactions:

The company's Employee Stock Ownership Plan (ESOP) repaid $50 million of matured debt in January of 1997 and 1996, respectively, that had been guaranteed by Chevron Corporation. These payments were recorded by the company as a reduction in its debt outstanding and in Deferred Compensation.

In the second quarter 1997 the company's Venice, Louisiana natural gas facilities were contributed to a partnership with NGC Corporation. The company's property, plant and equipment was reduced for the net book value of the contributed assets and an investment in the partnership together with a deferred gain were recorded. There was no cash effect from the transaction, and the amounts were not material to the company's balance sheet.

Note 4. Summarized Financial Data - Chevron U.S.A. Inc.

At June 30, 1997, Chevron U.S.A. Inc. was Chevron Corporation's principal operating company, consisting primarily of the company's U.S. integrated petroleum operations (excluding most of the domestic pipeline operations). These operations were conducted by Chevron U.S.A. Production Company, Chevron Products Company and, through August 31, 1996, Warren Petroleum Company divisions. On September 1, 1996, substantially all of Chevron U.S.A. Inc.'s natural gas liquids operations previously conducted by Warren

Petroleum Company and its natural gas marketing operations previously conducted by Chevron U.S.A. Production Company were contributed to NGC Corporation in exchange for cash, notes and a 28 percent equity ownership in NGC. Summarized financial information for Chevron U.S.A. Inc. and its consolidated subsidiaries is presented in the following table:

	Three Months Ended June 30,		Six Months Ended June 30,	
Millions of Dollars	1997	1996	1997	1996
Sales and other operating revenues	$ 6,753	$ 7,445	$14,392	$14,444
Costs and other deductions	6,373	6,981	13,560	13,716
Net income	256	320	634	553

Millions of Dollars	June 30, 1997	December 31, 1996
Current assets	$ 2,638	$ 3,126
Other assets	13,509	13,209
Current liabilities	3,436	4,035
Other liabilities	5,085	5,300
Net worth	7,626	7,000

Note 5. Summarized Financial Data - Chevron Transport Corporation

Chevron Transport Corporation (CTC), a Liberian corporation, is an indirect, wholly-owned subsidiary of Chevron Corporation. CTC is the principal operator of Chevron's international tanker fleet and is engaged in the marine transportation of crude oil and refined petroleum products. Most of CTC's shipping revenue is derived by providing transportation services to other Chevron companies. Chevron Corporation has guaranteed this subsidiary's obligations in connection with certain debt securities where CTC is deemed to be an issuer. In accordance with the Securities and Exchange Commission's disclosure requirements, summarized financial information for CTC and its consolidated subsidiaries is presented below. This summarized financial data was derived from the financial statements prepared on a stand alone basis in conformity with generally accepted accounting principles.

	Three Months Ended June 30,		Six Months Ended June 30,	
Millions of Dollars	1997	1996	1997	1996
Sales and other operating revenues	$ 135	$ 143	$ 256	$ 266
Costs and other deductions	138	148	275	290
Net income	12	12	16	9

Millions of Dollars	June 30, 1997	December 31, 1996
Current assets	$ 248	$ 99
Other assets	1,538	1,622
Current liabilities	684	617
Other liabilities	367	385
Net worth	735	719

Separate financial statements and other disclosures with respect to CTC are omitted as such separate financial statements and other disclosures are not material to investors in the debt securities deemed issued by CTC. There were no restrictions on CTC's ability to pay dividends or make loans or advances at June 30, 1997.

Note 6. Summarized Financial Data - Caltex Group of Companies

Summarized financial information for the Caltex Group of Companies, owned 50 percent by Chevron and 50 percent by Texaco Inc., is as follows (amounts reported are on a 100 percent Caltex Group basis):

	Three Months Ended June 30,		Six Months Ended June 30,	
Millions of Dollars	1997	1996	1997	1996
Sales and other operating revenues	$ 4,324	$ 3,129	$ 8,953	$ 7,214
Operating income	251	270	538	549
Net income	200	795	386	989

In the second quarter of 1996, Caltex recorded a net gain of about $630 million for the sale of certain refinery interests in Japan. A dividend of part of the proceeds from the sale was distributed to its shareholders.

Note 7. Income Taxes

Taxes on income for the second quarter and first half of 1997 were $573 million and $1.201 billion, respectively, compared with $548 million and $1.021 billion for the comparable 1996 periods. The effective income tax rate for the first half of 1997 increased to 42.1 percent from 40.7 percent in the 1996 first half. The primary reasons for the increase were lower income from equity affiliates in 1997 recorded on an after-tax basis and fewer U.S. income tax credits. These were offset partially by the utilization of net operating loss carryforwards in certain countries outside the United States, which resulted in a lower effective tax rate for the company's international earnings in 1997.

Note 8. Contingent Liabilities

Litigation -

The company is a defendant in numerous lawsuits, including, along with other oil companies, actions challenging oil royalty and severance tax payments based on posted prices. Plaintiffs may seek to recover large and sometimes unspecified amounts, and some matters may remain unresolved for several years. It is not practical to estimate a range of possible loss for the company's litigation matters, and losses could be material with respect to earnings in any given period. However, management is of the opinion that resolution of the lawsuits will not result in any significant liability to the company in relation to its consolidated financial position or liquidity.

OXY U.S.A. brought a lawsuit in its capacity as successor in interest to Cities Service Company, which involved claims for damages resulting from the allegedly improper termination of a tender offer to purchase Cities' stock in 1982 made by Gulf Oil Corporation, acquired by Chevron in 1984. A trial with respect to the claims ended in July 1996 with a judgment against the company of $742 million, including interest, which continues to accrue at a rate of 9.55 percent per year. The company has filed an appeal. While the ultimate outcome of this matter cannot be determined presently with certainty, the company believes that errors were committed by the trial court that should result in the judgment being reversed on appeal.

Other Contingencies -

The U.S. federal income tax and California franchise tax liabilities of Chevron have been settled through 1982 and 1991, respectively. For federal income tax purposes, all issues other than the creditability of taxes paid to the Government of Indonesia have been resolved through 1987. Caltex also is involved in Internal Revenue Service (IRS) tax audits in which claims have been made for substantial amounts, and which may require cash deposits until such claims are resolved. While the amounts under dispute with the IRS are significant, settlement of open tax matters is not expected to have a material effect on the consolidated net assets or liquidity of the company and, in the opinion of management, adequate provision has been made for income and franchise taxes for all years either under examination or subject to future examination.

The company and its subsidiaries have certain other contingent liabilities with respect to guarantees, direct or indirect, of debt of affiliated companies or others and long-term unconditional purchase obligations and commitments, throughput agreements and take-or-pay agreements, some of which relate to suppliers' financing arrangements.

The company is subject to loss contingencies pursuant to environmental laws and regulations that in the future may require the company to take action to correct or ameliorate the effects on the environment of prior disposal or release of chemical or petroleum substances by the company or other parties. Such contingencies may exist for various sites including, but not limited to: Superfund sites and refineries, oil fields, service stations, terminals and land development areas, whether operating, closed or sold. The amount of such future cost is indeterminable due to such factors 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. While the company has provided for known environmental obligations that are probable and reasonably estimable, the amount of future costs may be material to results of operations in the period in which they are recognized. The company does not expect these costs to have a material effect on its consolidated financial position or liquidity. Also, the company does not believe its obligation to make such expenditures has had or will have any significant impact on the company's competitive position relative to other domestic or international petroleum or chemical concerns.

The company's operations can be affected by changing economic, regulatory and political environments in the various countries, including the United States, in which it operates. In certain locations, host governments have imposed restrictions, controls and taxes, and, in others, political conditions have existed that may threaten the safety of employees and the company's continued presence in those countries. Internal unrest or strained relations between a host government and the company or other governments may affect the company's operations. Those developments have, at times, significantly affected the company's related operations and results, and are carefully considered by management when evaluating the level of current and future activity in such countries.

Areas in which the company has significant operations include the United States, Canada, Australia, United Kingdom, Republic of Congo, Angola, Nigeria, Democratic Republic of Congo, Papua New Guinea, China and Indonesia. The Caltex Group has significant operations in Indonesia, Korea, Japan, Australia, Thailand, the Philippines, Singapore, and South Africa. The company's Tengizchevroil affiliate operates in Kazakstan.

Note 9. Issuance of new Statements of Financial Accounting Standards

In February 1997 the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings per Share", which is effective for interim period and annual financial statements ending after December 15, 1997. Early adoption of the statement is not permitted. The company believes that adoption of the statement will not have a material effect on its earnings per share disclosures.

In June 1997 the FASB issued SFAS No. 130, "Reporting Comprehensive Income" and SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information". Both Statements become effective for fiscal periods beginning after December 15, 1997 with early adoption permitted. The company is evaluating the effects these Statements will have on its financial reporting and disclosures. The Statements will have no effect on the company's results of operations, financial position, capital resources or liquidity.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Second Quarter 1997 Compared With Second Quarter 1996 And First Half 1997 Compared With First Half 1996

Overview and Outlook

Net income for the second quarter of 1997 was $823 million, ($1.26 per share). Special items reduced earnings $14 million as asset sale gains and other net special items totaling $52 million were more than offset by a $66 million charge for the remaining unaccrued cost of the company's broad-based performance stock option program, which vested earlier than expected. The options became exercisable in June for each eligible Chevron employee after Chevron's stock price closed over $75 a share for three consecutive days, the triggering event under the program. Net income in the 1996 second quarter of $872 million ($1.34 per share) benefited $172 million from net special gains, mostly related to the company's share of its Caltex affiliate's gain from the sale of refinery interests in Japan. Excluding special items, quarterly earnings were an all-time high $837 million compared with $700 million in last year's quarter and $804 million in the first quarter of this year.

Net income for the first six months of 1997 was $1.654 billion ($2.53 per share), up 11 percent from $1.488 billion ($2.28 per share) reported for the 1996 first half. The 1997 results benefited $13 million from special items while special items benefited 1996 results $172 million. Excluding special items, earnings for the 1997 first half were $1.641 billion, 25 percent higher than the $1.316 billion earned in the corresponding 1996 period.

All of the company's business units turned in strong second quarter performances, both financially and operationally. Despite lower crude oil prices, worldwide exploration and production earnings increased on higher production volumes and lower income tax expense in certain countries internationally. Refining and marketing operating results surpassed last year's strong second quarter, benefiting from the lower crude oil prices, lower operating expenses and higher sales volumes. Chemicals earnings improved on lower feedstock costs and stronger prices for some of the company's major products.

Chevron's return on capital employed, excluding special items, was 14.0 percent for the 12 months ended June 30, 1997, compared with 12.8 percent for the year 1996.

Total revenues were $10.3 billion in the 1997 second quarter, down from $11.0 billion in last year's second quarter, when crude oil and refined product prices were higher. Revenues for the first six months of 1997 were $21.4 billion, about flat with 1996 first half revenues.

Operating, general and administrative expenses, adjusted for special items, declined $260 million in the 1997 second quarter and $241 million in the first half to $1.516 billion and $3.202 billion, respectively, compared with $1.776 billion and $3.443 billion in the comparable periods of 1996. The primary reasons for the decline in operating expenses in the second quarter and year-to-date were lower costs for transportation, repairs and advertising.

Taxes on income for the second quarter and first half of 1997 were $573 million and $1.201 billion, respectively, compared with $548 million and $1.021 billion for the comparable 1996 periods. The effective income tax rate for the first half of 1997 increased to 42.1 percent from 40.7 percent in the 1996 first half. The primary reasons for the increase were lower income from equity affiliates in 1997 recorded on an after-tax basis and fewer U.S. tax credits. These were offset partially by the utilization of net operating loss carryforwards in certain countries outside the United States, which resulted in a lower effective tax rate for international earnings.

Foreign exchange gains of $23 million and $5 million were included in the 1997 second quarter and six months net income, while in 1996 foreign exchange effects resulted in losses of $6 million and $20 million in the second quarter and six months, respectively.

Current Developments

The company, in April, completed the sale of a 5 percent beneficial interest in its Tengizchevroil affiliate to LUKARCO, a joint venture of Arco and Russia's LUKoil. Chevron's second quarter results included a $32 million after-tax gain from this sale. Also, Chevron officially acquired a 15 percent ownership interest in the restructured Caspian Pipeline Consortium. In July, the company announced the construction of a fifth oil and gas processing plant at Tengiz, to be commissioned by the end of 1999. This $250 million expansion project will boost production capacity to 240,000 barrels per day. All of these developments bring the company closer to realizing the Tengiz field's vast potential. Tengiz's second quarter oil production averaged 166,000 barrels per day.

Chevron began first production of crude oil from Area C, offshore Angola in April. Previous production has been from Areas A and B of the concession. Also, the company announced a significant crude oil discovery in Block 14, a contract area adjacent to the concession, and its first find in that country's emerging deep-water area. Chevron is operator and holds a 31 percent interest in the Block 14 Consortium.

A consortium consisting of Chevron (30 percent) as operator, Statoil (30 percent), Arco (20 percent) and Phillips (20 percent) in June 1997 were successful bidders to operate the LL-652 oil field in Venezuela's Lake Maracaibo, under a 20-year operating contract. The field is currently operated by Lagoven S.A., a PDVSA affiliate, and is producing 11,700 barrels per day. The partners are preparing a field development plan that is expected to increase production to 100,000 barrels per day.

In June the company signed a production-sharing contract with China National Petroleum Corp. to explore for oil in the Shengli Field Complex, China's second largest oil field, located about 200 miles southeast of Beijing. It is the company's first onshore China oil venture.

In July, the huge Hibernia production platform was successfully towed-out and positioned in the oil field, located about 200 miles southeast of St. John's, Newfoundland. Drilling is scheduled to begin in August, with first production expected in December 1997.

The company announced in June that it will swap a 12 percent equity interest in its Alba oil field in the U. K. sector of the North Sea with Statoil, the Norwegian state oil company, for a 7.56 percent interest in Statoil's Draugen field offshore Norway. Chevron will also acquire an interest in five exploration blocks offshore Norway as part of the swap. After the swap Chevron will have a 21.17 percent interest in Alba and remain its operator.

A memorandum of understanding was signed in May with Maraven, a subsidiary of Petroleos de Venezuela, S.A., to conduct a feasibility study for the development of an integrated aromatics project in Venezuela.

The company announced in June, a joint venture agreement with the Petroleum Authority of Thailand to proceed with engineering for a world-scale aromatics facility in Map Ta Phut, Thailand. The $1.4 billion plant, in which Chevron will have a 60 percent interest, is scheduled to begin production in 2000 and will have annual production of 675,000 tons of paraxylene and 600,000 tons of benzene.

Also in June, Amoseas, a Chevron affiliate announced a major geothermal discovery at its Darajat contract area in Indonesia. The discovery well has the highest dry steam rate in the Eastern Hemisphere and the third highest in the world. Production will be sufficient to power a 20-megawatt generator and will yield nearly one-third of the steam required to power the 70-megawatt power plant Amoseas is building at Darajat, set to go online in 1998.

Chevron announced in May the termination of talks with Elf Oil UK Ltd. for the merger of the two companies' United Kingdom refining and marketing operations. The planned merger was initially announced November 1996, and included Murco Petroleum Ltd., who subsequently withdrew in March 1997. Chevron continues to review options for its U.K. refining and marketing subsidiary, Gulf Oil (Great Britain) Ltd., including the sale of the company, and is evaluating bids from interested buyers. If a transaction is concluded, a charge to income may be required.

In June, Caltex Pacific Indonesia (CPI), a 50 percent owned affiliate, was notified by the Indonesian state oil company, Pertamina, that it was their intention to take over production operations of the Coastal Plain Pakanbaru (CPP) production sharing contract area when the contract expires in August, 2001. The block currently produces approximately 77,000 barrels of crude oil per day, or about 10 percent of CPI's gross production. CPI has appealed this notification to the government and is currently exploring alternative solutions with both Pertamina and the government. After taking into account Pertamina's share of production and government royalties, the loss of this contract would not have a significant impact on Chevron's international crude oil production.

Chevron has significant production and development projects underway in West Africa. Its share of combined production from Nigeria, Angola, Republic of Congo and Democratic Republic of Congo is about 300,000 barrels per day. While the company's producing operations in Nigeria and other West African countries have been generally unaffected by the civil unrest, political uncertainty and economic conditions in this area, the company continues to closely monitor developments.

Chevron's partner in Nigeria, the government-owned Nigerian National Petroleum Corporation (NNPC) announced in March 1997 that it will fund only 60 percent of its share of the proposed 1997 work program for Chevron and for the other oil companies operating in Nigeria. Discussions with NNPC, the Ministry of Petroleum and the Ministry of Finance are ongoing, in an effort to resolve the shortfall. As a result of the lack of progress in these discussions, Chevron will reduce its joint venture expenditures for 1997 and is implementing a plan to minimize the impact of the budget shortfall. This will result in a short term impact on the work program that Chevron will attempt to redress in 1998.

In computer systems and applications developed in the 1970's and 1980's, years were often stored in a 2-digit rather than 4-digit format to save expensive disk space and computer memory use. These systems correctly assumed the 2-digit year in data storage was preceded by the digits "19". At year 2000, a 2-digit date of "00" may be assumed incorrectly by these applications to be year 1900 rather than year 2000. The effects of the so called Year 2000 problem on the company's financial, technical and business computer-based applications are not expected to be material to Chevron's operations. During the 1990's the company has migrated largely from company developed mainframe to purchased client server and mainframe applications. This strategic change was driven by anticipated gains from information technology improvements rather than a solution to the Year 2000 problem. However, the new systems are or will be modified by the vendor to be Year 2000 compliant. Estimated costs to modify the few legacy mainframe applications that will remain after 1999 have been and will be immaterial to the company's results of operations.

Review of Operations

The following tables detail the company's after-tax earnings by major operating area and selected operating data.

EARNINGS BY MAJOR OPERATING AREA

Millions of Dollars	Three Months Ended June 30, 1997	Three Months Ended June 30, 1996	Six Months Ended June 30, 1997	Six Months Ended June 30, 1996
Exploration and Production				
United States	$ 182	$ 194	$ 543	$ 462
International	357	260	704	511
Total Exploration and Production	539	454	1,247	973
Refining, Marketing and Transportation				
United States	182	183	252	201
International	92	302	148	377
Total Refining, Marketing and Transportation	274	485	400	578
Total Petroleum Operations	813	939	1,647	1,551
Chemicals	77	51	140	115
Coal and Other Minerals	6	11	21	23
Corporate and Other *	(73)	(129)	(154)	(201)
Net Income	$ 823	$ 872	$1,654	$1,488

* "Corporate and Other" includes interest expense, interest income on cash and marketable securities, corporate center costs, and real estate and insurance activities.

SELECTED OPERATING DATA (1)

	Three Months Ended June 30, 1997	Three Months Ended June 30, 1996	Six Months Ended June 30, 1997	Six Months Ended June 30, 1996
U.S. Exploration and Production				
Net Crude Oil and Natural Gas Liquids Production (MBPD)	340	342	344	341
Net Natural Gas Production (MMCFPD)	1,896	1,825	1,911	1,851
Sales of Natural Gas Liquids (MBPD)	100	190	128	215
Revenue from Net Production				
Crude Oil ($/Bbl.)	$16.86	$18.29	$18.36	$17.48
Natural Gas ($/MCF)	$ 1.95	$ 2.06	$ 2.36	$ 2.17
International Exploration and Production				
Net Crude Oil and Natural Gas Liquids Production (MBPD)	734	688	731	681
Net Natural Gas Production (MMCFPD)	543	578	580	562
Revenue from Liftings				
Liquids ($/Bbl.)	$17.14	$18.44	$18.51	$18.19
Natural Gas ($/MCF)	$ 2.07	$ 1.78	$ 2.18	$ 1.81
U.S. Refining and Marketing				
Sales of Gasoline (MBPD)	574	567	580	554
Sales of Other Refined Products (MBPD)	618	558	601	547
Refinery Input (MBPD)	979	965	913	946
Average Refined Product Sales Price ($/Bbl.)	$28.43	$31.48	$29.39	$29.39

International Refining and Marketing				
Sales of Refined Products (MBPD)	882	877	897	975
Refinery Input (MBPD)	588	448	581	559
Chemical Sales and Other Operating Revenues(2)				
United States	$ 798	$ 854	$1,550	$1,571
International	151	178	285	328
Worldwide	$ 949	$1,032	$1,835	$1,899

(1) Includes equity in affiliates.
(2) Millions of dollars. Includes sales to other Chevron companies.

MBPD = thousand barrels per day; MMCFPD = million cubic feet per day;
Bbl.= barrel; MCF = thousand cubic feet

Worldwide exploration and production earned $539 million in the second quarter of 1997 compared with $454 million in the corresponding 1996 period. Earnings of $1,247 million in the first six months of 1997 were 28 percent higher than the $973 million earned in the 1996 first half. U.S. exploration and production net quarterly earnings were $182 million, down slightly from the $194 million earned in the 1996 second quarter. Six-month 1997 earnings, however, were $543 million, up 18 percent compared with $462 million earned in the 1996 six months. The 1997 quarter results were reduced by a special charge of $11 million for the performance stock option program. Earnings for the 1997 six months benefited $49 million from the sale of assets, partially offset by environmental remediation charges of $6 million and $11 million for the performance stock option program. The prior year quarter and six months included a charge of $9 million for environmental remediation.

Average crude oil realizations for the second quarter of $16.86 per barrel were $1.43 lower than in last year's second quarter; average natural gas prices declined 11 cents per thousand cubic feet to $1.95. The effect of the lower oil and gas prices was mitigated by lower operating and exploration expenses. On a year-to-date basis, crude oil realizations were up 5 percent to $18.36 per barrel, and natural gas prices were up 19 cents to $2.36 per thousand cubic feet.

Total U.S. oil and gas production on an equivalent barrel basis increased in both the 1997 second quarter and six months. Net liquids production of 340,000 barrels per day in the 1997 quarter was about flat with the prior year period's 342,000 barrels per day but net natural gas production increased to 1.90 billion cubic feet per day from 1.83 billion cubic feet per day. On a year-to-date basis, net liquids production increased to 344,000 barrels per day from 341,000 barrels in the 1996 six months and natural gas production increased 3 percent to 1.91 billion cubic feet per day from 1.85 billion cubic feet per day. On an equivalent barrel basis, natural gas accounts for almost half of the company's U.S. production.

International exploration and production net earnings for the second quarter were $357 million, up 37 percent from $260 million earned in the second quarter of 1996. Earnings of $704 million in the first six months of 1997 were 38 percent higher than the $511 million earned in the 1996 first half. The 1997 quarter and six months benefited a net $59 million from special items as asset sales and a favorable prior-year tax adjustment were partially offset by a $5 million charge for the company's performance stock option program. The 1996 quarter and six months results included a special charge of $7 million for an asset write-off.

Excluding special items, earnings were $298 million in the 1997 second quarter, up from $267 million in the year-ago quarter. For the 1997 first half, earnings of $645 million increased 25 percent from $518 million earned in the first six months of 1996. In the second quarter, the effect of lower crude oil prices was more than offset by higher crude oil production volumes and the benefit of lower effective income tax rates arising from the utilization of about $50 million of tax-loss carryforwards in certain countries. For the six months, operations benefited from higher average crude oil prices and higher production volumes.

Both 1997 periods benefited from foreign currency effects. Foreign currency effects increased 1997 earnings $12 million in the second quarter and $17 million in the first half, principally related to the U.S. dollar's fluctuation against the Australian dollar. Foreign exchange losses were $10 million in the first half of 1996, all in the first quarter.

Net liquids production increased 7 percent to 734,000 barrels per day in the 1997 second quarter, with most of the increase coming from the Republic of Congo and the company's Tengizchevroil affiliate in Kazakstan. Smaller increases elsewhere in West Africa and Indonesia were offset by production declines in the U. K. North Sea and Papua New Guinea. Year-to-date production was 731,000 barrels per day, also a 7 percent increase from 681,000 barrels per day produced in 1996.

Net natural gas production declined to 543 million cubic feet per day from 578 million in the 1996 second quarter, principally due to lower production in Australia. Six month production was 580 million cubic feet per day compared with 562 million cubic feet per day last year. Increases in Kazakstan and Canada were partially offset by decreases in Australia and the United Kingdom.

Worldwide refining and marketing operations reported earnings of $274 million in the 1997 second quarter compared with $485 million in last year's second quarter. The 1997 first half earnings were $400 million compared with $578 million in the corresponding 1996 period. U.S. refining and marketing net earnings were $182 million in the second quarter, about flat with $183 million in the 1996 second quarter, but more than two and a half times the $70 million earned in this year's first quarter. Six month earnings for 1997 were $252 million compared with $201 million in the 1996 six months.

Earnings in all periods were reduced by special charges. The 1997 second quarter included charges of $23 million for the performance stock option program and $12 million for environmental remediation provisions. In addition to the second quarter special items, the 1997 six months included an $8 million provision for litigation. Results in both 1996 periods were reduced $11 million for a litigation matter. Excluding special charges, 1997 second quarter results of $217 million increased 12 percent from $194 million in 1996; six months earnings in 1997 were $295 million, up 39 percent from $212 million in the 1996 six months.

Earnings for the second quarter improved on lower crude oil feedstock costs, lower operating expenses and higher sales volumes. Refined product sales volumes were up almost 6 percent to 1.19 million barrels per day in the second quarter and about 7 percent year-to-date. The first half of 1997 was a period of declining crude oil prices, whereas the 1996 first half was a period of rising crude oil prices. There is a typical industry time lag in refined product prices adjusting to changes in crude oil feedstock costs. Average refined product prices for the company were flat for the 1997 and 1996 six months, at $29.39 per barrel. However, on a quarter to quarter comparison, the 1997 second quarter prices averaged $28.43, down from $31.48 in the 1996 second quarter.

International refining and marketing net earnings were $92 million and $148 million in the 1997 second quarter and six months, respectively, compared with $302 million and $377 million in the comparable periods last year, which included a net $275 million gain for the company's share of its Caltex affiliate's sale of refinery interests in Japan, less related Chevron tax effects on the distribution of proceeds to the Caltex shareholders. The 1996 results also included a special charge of $15 million for environmental remediation. Results for the 1997 quarter and six months were reduced $3 million by a special charge for the performance stock option program. Excluding special items, earnings more than doubled to $95 million in the second quarter and increased 29 percent to $151 million in the 1997 first half from $42 million and $117 million, respectively, in the comparable periods last year.

Operating conditions generally improved in the United Kingdom and in certain of the Caltex Asia-Pacific areas, especially in Korea, resulting in higher sales margins. Also in the second quarter, there was a $24 million favorable swing in foreign currency effects, almost all Caltex related. Foreign currency gains were $13 million in the 1997 quarter compared with losses of $11 million in the 1996 second quarter principally related to the

U.S. dollar's fluctuation against the Australian dollar and the Korean won. However, for the first half of 1997, foreign currency effects resulted in losses of $16 million compared with losses of $21 million in the 1996 first half.

Refined product sales volumes in the second quarter of 1997 were about flat with the year-ago quarter, as a 7 percent increase in Caltex sales was offset by lower volumes in the company's trading activities. However for six months, product sales volumes declined 8 percent to 897,000 barrels per day from 975,000 due to Caltex's second quarter 1996 sale of its interest in a Japanese affiliate that owned two refineries.

Chemicals second quarter1997 net earnings increased 51 percent to $77 million from $51 million in the prior-year second quarter. Six month earnings were $140 million in 1997, a 22 percent increase from the $115 million earned in 1996. The 1997 quarter and year-to-date earnings were reduced $9 million by a special charge for the performance stock option program; the 1996 results were reduced $16 million by a special charge related to a claim settlement. Excluding the special charges, second quarter earnings of $86 million increased 28 percent from the 1996 second quarter results of $67 million and six months earnings of $149 million improved 14 percent from $131 million in the prior year. Earnings improved on lower feedstock costs and price improvements for some of the company's major products, primarily ethylene and polyethylene. Results for 1997 also benefited from reduced depreciation expense as a result of a reassessment of the useful lives of certain assets.

Coal and other minerals second quarter net earnings fell to $6 million from $11 million in last year's second quarter, due to higher operating and repair costs. Six month earnings were $21 million compared with $23 million in last year's six months. Results in both 1997 periods included a $2 million special charge for the performance stock option program; there were no special items in 1996.

Corporate and other includes interest expense, interest income on cash and marketable securities, corporate center costs and real estate and insurance operations. These activities incurred net charges of $73 million in the 1997 second quarter, compared with charges of $129 million in last year's quarter, which included $45 million of special charges for litigation and an additional loss provision for the company's withdrawal from its real estate development business, including additional amounts for environmental remediation. The 1997 second quarter results included a special charge of $13 million for the performance stock option program. Year-to-date charges were $154 million in 1997 compared with $201 million in last year's first half. The 1997 year-to-date results included an $8 million special charge for environmental remediation in addition to the second quarter stock option charge. Excluding special items, ongoing net charges in both the 1997 quarter and first half were lower due to a number of factors, including lower interest expense, higher interest income, lower insurance expense and pension settlement gains.

Liquidity and Capital Resources

Cash and cash equivalents totaled $1.280 billion at June 30, 1997, a $388 million increase from year-end 1996. Cash from operations and proceeds from asset sales were more than adequate to fund the company's capital expenditures and dividend payments to stockholders.

The company's debt and capital lease obligations totaled $6.441 billion at June 30, 1997, down $253 million from $6.694 billion at year-end 1996. The decrease in outstanding debt is due primarily to the scheduled first quarter retirement of $138 million of Swiss Franc denominated 4.625 percent debt. The company also retired via a non-cash transaction, in January 1997 as scheduled, $50 million of 7.28 percent debt related to the Employee Stock Ownership Plan.

Although the company benefits from lower interest rates on short-term debt, its proportionately large amount of short-term debt has kept Chevron's ratio of current assets to current liabilities at relatively low levels. This ratio was .90 at June 30, 1997, up slightly from .89 at year-end 1996. The company's short-term debt, consisting primarily of commercial paper and the current portion of long-term debt, totaled $4.688 billion at June 30, 1997. This amount includes $1.8 billion that was reclassified as long-term since the company has both the intent and ability, as evidenced by revolving credit agreements, to refinance it on a long-term basis. The company's practice has been to continually refinance its commercial paper, maintaining levels it believes to be appropriate.

The company's debt ratio (total debt to total debt plus equity) was 28 percent at June 30, 1997, down from 30 percent at year-end 1996. The company continually monitors its spending levels, market conditions and related interest rates to maintain what it perceives to be reasonable debt levels.

The company's board of directors in April increased the quarterly dividend 7 percent to 58 cents per share.

Worldwide capital and exploratory expenditures for the first half of 1997, including the company's share of affiliates' expenditures, totaled $2.245 billion, up 8 percent from $2.082 billion spent in the 1996 first half. Spending for chemicals projects more than doubled in the first half of 1997 to $285 million compared with $133 million last year, reflecting the company's multiple expansion projects underway. Total expenditures for exploration and production activities were $1.476 billion, or 66 percent of total outlays in the 1997 period compared with $1.436 billion, or 69 percent in 1996. Of these amounts, expenditures for exploration and production activities in the United States were about 47 percent in 1997, compared with 37 percent in 1996, reflecting spending on development projects to stabilize U.S. oil and gas production.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 4. Submission of Matters to a Vote of Security Holders

The following matters were submitted to a vote of stockholders at the Annual Meeting on April 30, 1997.

Voters elected 13 incumbent directors for one-year terms. The vote tabulation for individual directors was:

Directors	Shares For	Shares Withheld
S. H. Armacost	499,211,995	6,951,967
K. T. Derr	501,695,942	4,468,019
S. Ginn	500,397,927	5,766,035
C. A. Hills	499,852,128	6,310,834
J. B. Johnston	501,138,381	5,025,581
R. H. Matzke	501,810,827	4,353,134
C. M. Pigott	491,723,526	14,440,436
C. Rice	499,335,367	6,828,595
F. A. Shrontz	500,137,247	6,026,715
J. N. Sullivan	501,894,196	4,269,766
C. Tien	501,075,746	5,089,215
G. H. Weyerhaeuser	499,931,702	6,232,260
J. A. Young	500,144,206	6,019,757

Voters approved the appointment of Price Waterhouse LLP as the company's independent accountants by a vote of 501,775,197 (99.5 percent) for and 2,376,615 (0.5 percent) against. There were also 2,030,770 abstentions.

A proposal by the Directors for approval of amendments to the Chevron Restricted Stock Plan for Non-Employee Directors was accepted. There were 475,729,832 votes (95.3 percent) for the proposal and 23,553,197 (4.7 percent) votes against. There were 6,895,263 abstentions and no broker non-votes.

A proposal by the Directors for approval of Amendments to the Management Incentive Plan of Chevron Corporation was accepted. There were 471,521,946 votes (94.5 percent) for the proposal and 27,228,992 (5.5 percent) votes against. There were 7,427,599 abstentions and no broker non-votes.

A proposal by the Directors for approval of Amendments to the Chevron Corporation Long-Term Incentive Plan was accepted. There were 472,033,392 votes (94.6 percent) for the proposal and 26,744,632 (5.4 percent) votes against. There were 7,400,517 abstentions and no broker non-votes.

A stockholder proposal to Abandon Arctic National Wildlife Refuge (ANWR) Drilling Plans was rejected. There were 19,282,694 votes (4.8 percent) for the proposal and 380,732,681 (95.2 percent) votes against. There were 21,834,559 abstentions and 84,332,648 broker non-votes.

A stockholder proposal to Develop Country Selection Guidelines was rejected. There were 22,550,788 votes (5.8 percent) for the proposal and 365,903,788 (94.2 percent) votes against. There were 33,399,641 abstentions and 84,328,365 broker non-votes.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

(4) Pursuant to the Instructions to Exhibits, certain instruments defining the rights of holders of long-term debt securities of the company and its consolidated subsidiaries are not filed because the total amount of securities authorized under any such instrument does not exceed 10 percent of the total assets of the company and its subsidiaries on a consolidated basis. A copy of any such instrument will be furnished to the Commission upon request.

(10) Chevron Corporation Salary Deferral Plan for Management Employees, effective January 1, 1997.

(12) Computation of Ratio of Earnings to Fixed Charges

(27) Financial Data Schedule

(b) Reports on Form 8-K

A Current Report on Form 8-K, dated June 18, 1997, was filed by the company on June 18, 1997. This report announced that on June 17, 1997, Caltex Petroleum Corporation, a 50 percent owned affiliate of Chevron, issued a press release reporting that it received an assessment of approximately $2 billion from the Internal Revenue Service for excise taxes, penalties and interest relating to crude oil sales to Japanese customers beginning in 1980.

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)

Date August 6, 1997 /s/M. R. KLITTEN

M. R. Klitten, Vice President
(Chief Financial Officer and
Duly Authorized Officer)

Exhibit 12

CHEVRON CORPORATION - TOTAL ENTERPRISE BASIS
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(Dollars in Millions)

	Six Months Ended June 30, 1997	Year Ended December 31, 1996	1995	1994	1993	1992
Net Income before Cumulative Effect of Changes in Accounting Principles (1)	$1,654	$2,607	$ 930	$1,693	$1,265	$2,210
Income Tax Expense	1,328	2,624	1,094	1,322	1,389	1,508
Distributions (Less Than) Greater Than Income from Less Than 50 Percent Owned Equity Affiliates	(57)	29	(5)	(3)	6	(9)
Minority Interest	5	4	0	3	(2)	2
Previously Capitalized Interest Charged to Earnings During Period	14	24	47	32	20	18
Interest and Debt Expense	213	471	557	453	390	490
Interest Portion of Rentals (2)	77	158	148	156	169	152
Earnings before Provisions for Taxes and Fixed Charges	$3,234	$5,917	$2,771	$3,656	$3,237	$4,371
Interest and Debt Expense	$ 213	$ 471	$ 557	$ 453	$ 390	$ 490
Interest Portion of Rentals (2)	77	158	148	156	169	152
Capitalized Interest	52	108	141	80	60	46
Total Fixed Charges	$ 342	$ 737	$ 846	$ 689	$ 619	$ 688
Ratio of Earnings to Fixed Charges	9.46	8.03	3.28	5.31	5.23	6.35

(1) The information for 1995 and thereafter reflects the company's adoption of the Financial Accounting Standards Board Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of."

(2) Calculated as one-third of rentals.

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
COMPANY'S BALANCE SHEET AT JUNE 30, 1997 AND INCOME STATEMENT FOR THE
SIX MONTH PERIOD ENDED JUNE 30, 1997 AND IS QUALIFIED IN ITS ENTIRETY
BY REFERENCE TO SUCH FINANCIAL STATEMENTS AND THEIR RELATED FOOTNOTES.

1,000,000

6-MOS
DEC-31-1997
JUN-30-1997
1,280
447
3,488
52
1,458
7,425
48,172
26,127
34,957
8,270
3,553
1,069
0
0
15,477
34,957
20,741
21,367
0
18,512
0
0
158
2,855
1,201
1,654
0
0
0
1,654
2.53
2.53

CHEVRON CORPORATION
SALARY DEFERRAL PLAN
FOR MANAGEMENT EMPLOYEES
(Effective January 1, 1997)

1. ESTABLISHMENT AND PURPOSE.

Chevron Corporation (the "Corporation") hereby establishes the Chevron Corporation Salary Deferral Plan for Management Employees (the "Plan"), effective January 1, 1997, to enhance the ability of the Corporation and its Subsidiaries to attract, motivate and retain executive and other key employees. This Plan is intended to qualify as an unfunded ERISA pension plan maintained by an employer for a select group of management or highly compensated employees, as described in 26 C.F.R. Section 2520.104-23 (d)

2. DEFINITIONS.

For purposes of the Plan, the following terms shall have the meanings set forth below:

(a) "Account" means the bookkeeping account maintained on behalf of a Participant to which shall be credited any amount deferred pursuant to a deferral election under Section 5.

(b) "Beneficiary" means the person designated as such by the Participant pursuant to Section 11 (b).

(c) "Board" means the Board of Directors of the Corporation.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Committee" means the Committee appointed by the Board to administer the Plan as provided in Section 3.

(f) "Corporation" means Chevron Corporation, a Delaware corporation, or any successor corporation.

(g) "Eligible Employee" means an executive or other key employee (including an officer, whether or not a director) of the Corporation or a Subsidiary who holds a position of significant responsibility or whose performance or potential contribution, in the judgment of the Committee, would benefit the future success of the Corporation and who is designated by the Committee as eligible to participate in the Plan.

(h) "Employee" means an individual who is a salaried employee on the payroll of the Corporation or any Subsidiary.

(i) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

(j) "Participant" means an Eligible Employee who elects to participate in the Plan.

(k) "Plan" means the Chevron Corporation Salary Deferral Plan for Management Employees, as set forth herein and as amended from time to time.

(l) "Plan Year" means the calendar year.

(m) "Subsidiary" means any corporation or entity in which the Corporation directly or indirectly controls fifty percent (50%) or more of the total voting power of all classes of its stock having voting powers and which the Board has designated as a Subsidiary for purposes of the Plan.

3. ADMINISTRATION.

(a) The Committee.

The Plan shall be administered by the Management Compensation Committee of the Board, or any successor thereto. The Board may at any time replace the Management Compensation Committee with another Committee.

(b). Actions by the Committee.

The Committee shall hold meetings at such times and places as it may determine. Acts approved by a majority of the members of the Committee present at a meeting at which a quorum is present, or acts reduced to or approved in writing by a majority of the members of the Committee, shall be the valid acts of the Committee.

(c) Powers of the Committee.

The Committee shall have the authority to administer the Plan in its sole discretion. To this end, the Committee is authorized to construe and interpret the Plan, to promulgate, amend and rescind Rules relating to the implementation of the Plan and to make all other determinations necessary or advisable for the administration of the Plan, including the selection of Employees who shall be eligible to participate in the Plan. Subject to the requirements of applicable law, the Committee may designate persons other than members of the Committee to carry out its responsibilities and may prescribe such conditions and limitations as it may deem appropriate. Any determination, decision or action of the Committee in connection with the construction, interpretation, administration, or application of the Plan shall be final, conclusive and binding upon all persons participating in the Plan and any person validly claiming under or through persons participating in the Plan.

(d) Liability of Committee Members.

No member of the Board or the Committee will be liable for any action or determination made in good faith by the Board or the Committee with respect to the Plan.

4. PARTICIPATION.

Each Eligible Employee may elect to become a Participant in the Plan by electing to defer base salary under the Plan in accordance with Section 5.

5. DEFERRAL ELECTION.

Each Eligible Employee shall be entitled to elect to defer either a percentage of his or her base salary for each Plan Year or all of his or her base salary attributable to the amount of his or her base salary rate in excess of $1 million annually. This election shall be made by filing a form prescribed by the Committee before the first day of the Plan Year. Each Participant must indicate on such form whether he or she is electing to defer all of his or her compensation in excess of a base salary rate in excess of $1 million annually or to defer a percentage of his or her base salary for each Plan Year. The following rules shall apply in the case of elections to defer a percentage of compensation for a Plan Year:

(i) Each Participant must indicate on such form the percentage of base salary he or she elects to defer for that Plan Year, expressed in increments of five percent (5%)

(ii) The minimum amount that a Participant may defer in any Plan Year is five percent (5%) of base salary.

(iii) The maximum amount that a Participant may defer in any Plan Year is the lesser of (A) fifty percent (50%) of base salary or (B) the amount of the Participant's base salary in excess of the limitation on earnings imposed under section 401 (a) (17) of the Code for the applicable Plan Year.

A deferral election shall be null, void and without effect if at the time of making the deferral election the Participant fails to also submit to the Committee an investment election form indicating the Participant's election to have the value of the Participant's Account determined by crediting it with such earnings, gains and losses as would have accrued had the Account actually been invested and reinvested in one or more of the following funds maintained in the Savings component of the Chevron Corporation Profit Sharing/Savings Plan. This investment election shall be made in whole percentages totaling 100% of the deferred amount. These funds are as follows:

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Chevron Stock Fund
Short-Term Income Fund
Long-Term Income Fund
Balanced Fund
Diversified Equity Fund
Value Stock Fund
Growth Stock Fund
Small Cap Stock Fund
International Stock Fund

If an investment fund is eliminated from the Savings component of the Profit Sharing/Savings Plan, the value of the portion of the Participant's Account that the Participant previously had elected be determined with reference to such investment fund shall thereafter be determined by the Committee in its sole discretion.

Once each calendar year a Participant may elect to transfer amounts credited to his or her Account among any of the available investment funds by following the procedures prescribed by the Committee for this purpose. Transfers between funds shall be effective on the last business day of the calendar quarter in which the election is received, provided that the election is received on or before the business day immediately preceding the last business day of that quarter. Any election received after the business day immediately preceding the last business day of a calendar quarter shall be effective on the last business day of the following calendar quarter.

If no form is filed, the Eligible Employee will be deemed to have made no deferral election for that Plan Year and shall not be a Participant in the Plan for the Plan Year. Each deferral election filed with the Committee shall become irrevocable on the date it is filed; provided, however that an Eligible Employee may suspend his or her deferral election at any time during a Plan Year by giving notice of suspension to the Committee. Such suspension shall be effective with respect to base salary earned in the first payroll period commencing after the date the suspension notice is received by the Committee.

Any other provision of this Plan to the contrary notwithstanding, a Participant's deferral election shall be null, void and without effect if the Committee determines that under the laws of the country or countries in which the Participant is currently subject to income taxation the deferral election would not be recognized for purposes of determining the Participant's income tax liability. The foregoing sentence shall not apply if the Participant is on an "expatriate assignment" (as determined by the Committee) and the Committee determines that under the laws of the Participant's home country the deferral election would be recognized for purposes of determining the Participant's tax liability.

6. TIME OF DISTRIBUTION.

(a) Distribution of a Participant's Account shall be made at such time or times as the Committee shall determine in its sole discretion. In order to assist the Committee in making such determinations, the following procedures are established:

(i) Unless the Committee approves a Participant's distribution request pursuant to Section 6(b), distribution shall commence in the first January, April, July or October that is at least 12 months after the date of the Participant's termination of employment and shall be made in ten approximately equal annual installments.

(ii) At any time prior to the termination of a Participant's employment with the Corporation and its Subsidiaries Participant may make a request for distribution at the time described in (A) or (B) below by filing the prescribed form with the Committee. A Participant may make only one such request at any time and may not make such a request after termination of employment with the Corporation and its Subsidiaries. Distribution shall be made in accordance with such request, unless the Committee has disapproved the Participant's request or has determined that the distribution shall be made at some other time; provided, however, that no distribution may be made pursuant to such request within the 12-month period commencing on the date the request is filed with the Committee and any distribution scheduled to be made pursuant to Section 6(a) (i) within the 12-month period commencing on the date the request is filed with the Committee shall be made in accordance with the schedule determined pursuant to Section 6(a) (i) and without regard to the request made pursuant to this Section 6(a) (ii):

(A) In a lump sum in any January, April, July or October after the Participant's termination of employment with the Corporation and its Subsidiaries, but not later than the first January after the later of the date the Participant attains age 70 1/2 or the date the Participant's employment with the Corporation and its Subsidiaries terminates; or

(B) In fifteen or fewer annual installments, commencing in any January, April, July or October after the Participant's termination of employment with the Corporation and its Subsidiaries, but not later than the later of the first January after the date the Participant attains age 70 1/2 or the date the participant's employment with the Corporation and its Subsidiaries terminates.

(b) The time of distribution pursuant to the request made by a Participant under Section 6(a) (ii) or pursuant to a distribution scheduled to be made pursuant to Section 6(a) (i) may only be changed by the Committee. The Participant may request such a change by writing to the Committee setting forth the Participant's reason for such request. The Committee shall approve such distribution only upon a showing of hardship or significantly changed circumstances, based on substantial evidence. Any distribution so requested must be consistent with Section 6(a) (ii) (A) or (B) above.

(c) Distributions Prior to Termination of Employment. A Participant may request distribution of all or a portion of the amounts credited to the Participant's Deferred Account prior to the date of termination of the Participant's employment with the Corporation. Such request shall be made in writing to the Committee and shall set forth the reason for such request. The Committee shall approve such distribution only upon a showing of hardship or significantly changed circumstances, based on substantial evidence.

(d) Committee Guidelines. From time to time the Committee may establish guidelines for its own use in determining what requests made pursuant to Section 6(a) shall be disapproved, and what requests pursuant to Section 6(b) above shall be approved, but such guidelines shall not in any way limit the Committee's sole discretion to determine the time of distribution of a Participant' s Account.

(e) Employment with Affiliates. For purposes of this Section 6, employment with Aramco, Caltex, Amoseas, CPI or any other affiliate of the Corporation which is designated for this purpose by the Committee shall constitute employment with the Corporation or a Subsidiary for the purpose of determining whether a Participant has terminated employment.

7. DEATH OF PARTICIPANT.

In the event of the death of the Participant, the Participant's Account shall be paid to the Participant's Beneficiary at such time as the Committee shall determine in its sole discretion.

8. FORM AND VALUE OF DISTRIBUTION.

(a) Establishment of Account.

An amount deferred pursuant to a deferral election shall be credited to a separate bookkeeping Account for the Participant. The value of a Participant's Account shall be determined with reference to the Participant's investment and investment transfer elections made pursuant to Section 5.

(b) Distribution of Account.

The Participant's Account shall be distributed in cash at the time determined in Section 6; provided, however, that amounts attributable to the portion of the Participant's Account which the Participant had elected to have valued with reference to the Chevron Stock Fund shall be distributed in shares of Common Stock. If a distribution is to be made in a lump sum, the Account shall be paid in its entirety. If a distribution is to be made in installments, the amount of each annual installment shall be determined by dividing the balance of the Account by the number of annual payments remaining to be made. The value of the Account shall continue to be determined with reference to the investment funds elected by the Participant until the entire Account is distributed.

9. AMENDMENT OR TERMINATION OF THE PLAN.

The Board may amend, suspend or terminate the Plan at any time. In the event of such termination, the Accounts of Participants shall be paid at such times and in such forms as shall be determined pursuant to Section 6, unless the Board prescribes a different time or times for payment of such Accounts.

10. GENERAL.

(a) No Right of Employment.

Nothing contained in the Plan nor any action of the Committee pursuant to the Plan shall give any employee any right to remain in the employ of the Corporation or to impair the Corporation's right to terminate the employment of any employee at any time, with or without cause, which right is hereby reserved.

(b) Designation of Beneficiaries.

Participants may designate on the prescribed form one or more Beneficiaries to whom distribution shall be made of any outstanding Account balance at the time of the Participant's death. A Participant may change such designation at any time by filing the prescribed form with the Committee. If a Beneficiary has not been designated or if no designated Beneficiary survives the Participant, distribution will be made to the Participant's surviving spouse as Beneficiary if then living or, if not, in equal shares to the then living children of the Participant as Beneficiaries or, if none, to the Participant's estate as Beneficiary.

(c) Domestic Relations Orders.

The procedures established by the Corporation for the determination of the qualified status of domestic relations orders and for making distributions under qualified domestic relations orders, as provided in Section 206(d) of ERISA, shall apply to the Plan.

(d) Costs of the Plan.

The costs and expenses of administering the Plan shall be borne by the Corporation.

(e) Severability.

The provisions of the Plan shall be deemed severable and the validity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

(f) Binding Effect of Plan.

The Plan shall be binding upon and shall inure to the benefit of the Corporation, its successors and assigns, and the Corporation shall require any successor or assign to expressly assume and agree to perform the Plan in the same manner and to the same extent that the Corporation would be required to perform it if no such succession or assignment had taken place. The term "the Corporation" as used herein shall include such successors and assigns. The term "successors and assigns" as used herein shall mean a corporation or other entity acquiring all or substantially all the assets and business of the Corporation (including the Plan) whether by operation of law or otherwise.

(g) No Waiver of Breach.

No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of the Plan to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions of conditions at the same or at any prior or subsequent time.

(h) No Assignment.

The interest and property rights of any Participant under the Plan shall not be subject to option nor be assignable either by voluntary or involuntary assignment or by operation of law, including (without limitation) bankruptcy, garnishment, attachment or other creditor's process, and any act in violation of this Section 10(i) shall be void.

(i) Applicable Law.

The Plan shall be administered, construed and governed in accordance with ERISA and, to the extent not preempted by ERISA, the laws of the State of California.

(j) Participant's Rights Unsecured.

This Plan is not intended and shall not be construed to require the Corporation to fund any of the benefits provided hereunder or to establish a trust for such purpose. The interest under the Plan of any Participant and such Participant's right to receive a distribution of his or her Account shall be an unsecured claim against the general assets of the Corporation. The Account shall be a bookkeeping entry only and no Participant shall have any interest in or claim against any specific asset of the Company pursuant to the Plan.

(k) Authority to Establish a Grantor Trust.

The Committee is authorized in its sole discretion to establish a grantor trust for the purpose of providing security for the payment of benefits under the Plan; provided, however, that no Participant shall be considered to have a beneficial ownership interest (or any other sort of interest) in any specific asset of the Corporation or of its subsidiaries or affiliates as a result of the creation of such trust or the transfer of funds or other property to such trust.

(l) Other Benefit Plans.

To the extent permitted by applicable law, a Participant's deferral elections made pursuant to this Plan shall be disregarded for purposes of determining the Participant's benefits under any other benefit plan or program established or maintained by the Corporation or its Subsidiaries.

11. EXECUTION.

To record the adoption of the Chevron Corporation Salary Deferral Plan for Management Employees to read as set forth herein effective January 1, 1997, Chevron Corporation has caused its authorized officer to affix the corporate name hereto this 21st day of November, 1996.

CHEVRON CORPORATION

By: /s/ LYDIA I. BEEBE

Attest : /s/ H. P. WALKER
