

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 of 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
July 26, 1994

CHEVRON CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	1-368-2	94-0890210
----- (State or other jurisdiction of incorporation)	----- (Commission File Number)	----- (I.R.S. Employer No.)

225 Bush Street, San Francisco, CA	94104
----- (Address of principal executive offices)	----- (Zip Code)

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

Item 5. Other Events.

On July 26, 1994, the Registrant issued a Press Release announcing the earnings results for the second quarter and six months ended June 30, 1994, a copy of which is attached hereto as Exhibit 99.1 and made a part hereof.

Item 7. Financial Statements and Exhibits.

(c) Exhibits.

99.1 Press Release of Chevron Corporation dated July 26, 1994, entitled "Chevron Announces Second Quarter Earnings of \$257 Million."

SIGNATURES

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 hereunto duly authorized.

Dated: August 4, 1994

CHEVRON CORPORATION

By M. J. McAuley

M. J. McAuley
Secretary

Chevron Corporation
Public Affairs
PO Box 7753
San Francisco, CA 94120-7753
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FOR RELEASE AT 6:00 AM PDT
JULY 26, 1994

CHEVRON ANNOUNCES SECOND QUARTER EARNINGS OF \$257 MILLION

SAN FRANCISCO, July 26-- Chevron Corporation today reported second quarter net income of \$257 million (\$.39 per share). In last year's second quarter a \$515 million special charge was recorded, mostly related to restructuring the company's U.S. refining and marketing operations, which reduced net income to \$50 million (\$.08 per share). Net income in the 1994 second quarter was reduced by \$5 million of special charges.

Excluding special items in both quarters, 1994 earnings were \$262 million (\$.40 per share) compared with 1993's strong second quarter operating results of \$565 million (\$.87 per share).

Net income for the first six months of 1994 was \$645 million (\$.99 per share), up 17 percent from \$551 million (\$.85 per share) reported for the 1993 first half. The 1994 six months results were reduced by \$41 million of special charges; the 1993 period included special charges totaling \$517 million, related primarily to the restructuring of the U.S. refining and marketing operations.

"We were extremely disappointed in our refining and marketing results for the quarter, especially in the U.S. where our downstream operations lost \$42 million," said Chairman and CEO Ken Derr. "The major factor in our low earnings was the deterioration in the refining margins in our downstream business. We also experienced some operational problems at our core U.S. refineries. Our Pascagoula refinery was impacted by a fire which put its FCC unit out of operation for nearly two months and our two key West Coast refineries both experienced problems. Finally, our results were affected by charges for the estimated uninsured costs of the inadvertent contamination of aviation gasoline by small quantities of jet fuel distributed in Northern California in May.

"Industry margins were severely squeezed by the rapid rise in crude oil prices that occurred during the quarter," said Derr. "In the U.S., for example, our average crude oil prices rose about \$3.00 per barrel from the first quarter, yet our average refined product prices increased only slightly more than \$1.00 per barrel because of market lags in recovering the higher costs, particularly in the East.

"We began to see some signs of improvement in June," continued Derr. "In recent weeks, product prices have strengthened and appear to be better reflecting their raw material costs. If this trend continues, the improvement in our downstream operations, coupled with higher crude prices in our upstream operations, should result in stronger earnings during the second half of this year."

Derr noted that aside from downstream activities, most of the company's operations improved compared with the first quarter of this year. However, worldwide upstream earnings were not as strong as last year due to lower oil and gas prices. Even with the rapid run-up in crude oil prices that occurred

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during the quarter, the company's average oil prices in the United States were still \$1.63 per barrel lower than in the year-ago quarter. International liquids production was up 67,000 barrels per day, or 12 percent, which drove worldwide oil and gas production volumes to over 1.4 million equivalent barrels per day.

Derr continued, "A bright spot in our results was the significant improvement in chemicals, where quarterly earnings, excluding special items, were the highest in more than three years. We believe our chemicals business is well positioned to benefit from improving industry conditions."

Operating expenses for the second quarter were \$6.96 per barrel, up 29 cents from the second quarter of 1993. Year-to-date expense was \$6.71 versus \$6.60 in the 1993 year-to-date period. Derr said, "Refinery problems had a major impact on first half 1994 operating expenses. However, despite the

increased costs associated with these problems, we expect annual operating cost savings versus 1991 to be over \$1 billion. Cost awareness has become a way of life at Chevron, and we are determined to further reduce our cost structure by continuing the programs we've put in place."

Total revenues were \$8.8 billion in the 1994 second quarter, down from \$9.9 billion in last year's second quarter. Total revenues for the first six months were \$17.1 billion, compared with \$18.9 billion in 1993's first half. Revenues declined on lower prices for crude oil and refined products.

Foreign exchange losses totaling \$21 million were included in both the second quarter and first half net income. In contrast, the comparable prior-year quarter and six months included foreign exchange gains of \$37 million and \$33 million, respectively.

EXPLORATION AND PRODUCTION

U.S. EXPLORATION AND PRODUCTION net earnings declined to \$152 million in the second quarter from the \$207 million earned in the 1993 second quarter. Although average crude oil realizations increased sharply from the first quarter of 1994, they were still below last year's second quarter. Average crude oil realizations were \$14.34 per barrel, compared with \$15.97 per barrel in the 1993 second quarter. Lower natural gas prices also contributed to the lower earnings. The company's average natural gas sales price declined to \$1.79 per thousand cubic feet from \$2.06 in last year's second quarter, when prices were unseasonably strong.

Net liquids production for the quarter declined 7 percent to 371,000 barrels per day, largely due to normal field declines, but net natural gas production volumes were up 6 percent to 2.1 billion cubic feet per day, as new production in the Gulf of Mexico more than offset normal field declines.

INTERNATIONAL EXPLORATION AND PRODUCTION net earnings for the quarter were \$134 million compared with \$142 million in the prior-year second quarter, which included \$26 million of special charges for prior-year tax adjustments and asset write-offs.

The benefit of higher production volumes did not fully offset lower crude oil prices. Net liquids production increased 12 percent to 613,000 barrels per day. New field production in the North Sea and Nigeria and increased production in Indonesia and Kazakhstan contributed to the higher 1994 volumes. Also, natural gas production was up 5 percent to 519 million cubic feet per day.

Foreign exchange losses were \$5 million, compared with gains of \$21 million in the prior year second quarter.

REFINING AND MARKETING

U.S. REFINING AND MARKETING operations lost \$42 million in the 1994 second quarter, compared with earnings of \$97 million in the 1993 second quarter before special charges of \$604 million, mostly related to a restructuring provision. Results for the current year quarter included a special charge of \$5 million for environmental remediation programs.

Excluding special items, the 1994 results reflected poor sales margins as the surge in crude oil costs during the quarter could not be recovered through higher refined products prices. In addition, an unusual amount of refinery downtime resulted in higher operating expenses and required more costly third-party product purchases to supply the company's marketing system. Operating expenses also included charges for estimated uninsured costs related to the inadvertent contamination of aviation gasoline by small quantities of jet fuel distributed in Northern California in May. Total refined product sales volumes declined 2 percent from last year's second quarter.

INTERNATIONAL REFINING AND MARKETING net earnings declined to \$27 million from \$107 million earned in the 1993 second quarter. Earnings in the 1993 quarter included a \$13 million asset sale gain.

Similar to the U.S. industry conditions, refined products prices did not keep pace with the increase in crude oil costs. Also, results included foreign exchange losses of \$9 million, whereas the prior-year quarter included \$14 million of foreign exchange gains. Total sales volumes declined 4 percent as lower export sales in the company's trading operations more than offset an increase in marketing sales volumes.

CHEMICALS

CHEMICALS earned \$49 million in the 1994 second quarter compared with \$141 million in the prior-year quarter, which included a \$135 million gain from the sale of the Ortho lawn and garden products business. Excluding the prior-year asset sale gain, earnings improved significantly in the 1994 second quarter, particularly in the company's olefins business. As the U.S. economy improves, increased demand has resulted in stronger prices and higher sales volumes for the company's major product lines.

CORPORATE AND OTHER

CORPORATE AND OTHER charges were \$75 million in the 1994 quarter compared with charges of \$48 million in the comparable period last year, which included a \$33 million litigation provision.

In 1994, the company changed its method of distributing certain corporate expenses to its business segments. As a result, corporate and other charges in the 1994 second quarter include approximately \$58 million that, under the previous method, would have been allocated to the various business segments. This change had no net income effect nor did it affect any segment operational trends.

CAPITAL AND EXPLORATORY EXPENDITURES

CAPITAL AND EXPLORATORY EXPENDITURES, including the company's share of affiliate expenditures, were \$1.073 billion in the quarter, up slightly from \$1.014 billion spent in the 1993 second quarter. Total expenditures for the first six months of 1994 were \$2.132 billion, up 19 percent from the \$1.792 billion spent in last year's first half.

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CHEVRON CORPORATION - FINANCIAL REVIEW
(MILLIONS OF DOLLARS)

CONSOLIDATED STATEMENT OF INCOME

(unaudited)	Second Quarter		Six Months	
	1994	1993	1994	1993
REVENUES:				
Sales and Other Operating Revenues (1)	\$ 8,702	\$ 9,413	\$ 16,807	\$ 18,316
Equity in Net Income of Affiliated Companies and Other Income	122	441	281	620
	8,824	9,854	17,088	18,936
COSTS AND OTHER DEDUCTIONS:				
Purchased Crude Oil and Products	4,200	4,883	7,884	9,488
Operating Expenses	1,603	2,401	3,100	3,741
Exploration Expenses	73	69	178	143
Selling and Administrative Expenses	325	395	633	761
Depreciation, Depletion and Amortization	615	596	1,207	1,185
Taxes Other Than on income (1)	1,403	1,227	2,748	2,364
Interest and Debt Expense	83	81	156	168
	8,302	9,652	15,906	17,850
Income Before Income Tax Expense	522	202	1,182	1,086
Income Tax Expense	265	152	537	535
NET INCOME	\$ 257	\$ 50	\$ 645	\$ 551
PER SHARE AMOUNTS				
NET INCOME	\$.39	\$.08	\$.99	\$.85
DIVIDENDS	\$.4625	\$.4375	\$.925	\$.875
Average Common Shares Outstanding (000's) (2)	651,675	650,810	651,650	650,640

EARNINGS BY MAJOR OPERATING AREA (3)

(unaudited)	Second Quarter		Six Months	
	1994	1993	1994	1993
Exploration and Production				
United States	\$ 152	\$ 207	\$ 276	\$ 402
International	134	142	245	307
Total Exploration and Production	286	349	521	709
Refining, Marketing and Transportation				
United States	(42)	(507)	56	(407)
International	27	107	90	129
Total Refining, Marketing and Transportation	(15)	(400)	146	(278)
Total Petroleum Operations	271	(51)	667	431
Chemicals	49	141	75	159
Coal and Other Minerals	12	8	27	28
Corporate and Other (4)	(75)	(48)	(124)	(67)
NET INCOME	\$ 257	\$ 50	\$ 645	\$ 551

(1) Includes consumer excise taxes. \$ 1,206 \$ 1,013 \$ 2,358 \$ 1,940

(2) On May 11, 1994, the company effected a two-for-one stock split. All per share amounts have been restated to reflect the stock split for all periods presented.

(3) In 1994, the company changed its method of distributing certain corporate expenses to its business segments. As a result, about \$58

million in the second quarter and \$78 million in the first half of 1994 are classified as Corporate and Other that would previously have been distributed to the various business segments.

- (4) "Corporate and other, includes interest expense, interest income on cash and marketable securities, corporate center costs, and real estate and insurance activities.

CHEVRON CORPORATION - FINANCIAL REVIEW
(MILLIONS OF DOLLARS)

SPECIAL ITEMS BY MAJOR OPERATING AREA

	(unaudited)			
	Second Quarter		Six Months	
	1994	1993	1994	1993
U. S. Exploration and Production	\$ -	\$ -	\$ (15)	\$ (12)
International Exploration and Production	-	(26)	-	(7)
U. S. Refining, Marketing and Transportation	(5)	(604)	(26)	(618)
International Refining, Marketing and Transportation	-	13	-	13
Chemicals	-	135	-	135
Coal and Other Minerals	-	-	-	5
Corporate and Other (1)	-	(33)	-	(33)
TOTAL SPECIAL ITEMS	\$ (5)	\$ (515)	\$ (41)	\$ (517)

SUMMARY OF SPECIAL ITEMS

	(unaudited)			
	Second Quarter		Six Months	
	1994	1993	1994	1993
Asset Dispositions	\$ -	\$ 148	\$ -	\$ 153
Asset Write-offs and Revaluations	-	(12)	-	(24)
Environmental Remediation Provisions	(5)	(39)	(26)	(53)
Prior-Year Tax Adjustments	-	(20)	-	(1)
Restructurings & Reorganizations	-	(552)	-	(552)
Other, Net	-	(40)	(15)	(40)
TOTAL SPECIAL ITEMS	\$ (5)	\$ (515)	\$ (41)	\$ (517)

FOREIGN EXCHANGE (LOSSES) GAINS	\$ (21)	\$ 37	\$ (21)	\$ 33
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EARNINGS BY MAJOR OPERATING AREA
EXCLUDING SPECIAL ITEMS

	(unaudited)			
	Second Quarter		Six Months	
	1994	1993	1994	1993
Exploration and Production				
United States	\$ 152	\$ 207	\$ 291	\$ 414
International	134	168	245	314
Total Exploration and Production	286	375	536	728
Refining, Marketing and Transportation				
United States	(37)	97	82	211
International	27	94	90	116
Total Refining, Marketing and Transportation	(10)	191	172	327
Total Petroleum Operations	276	566	708	1,055
Chemicals	49	6	75	24
Coal and Other Minerals	12	8	27	23
Corporate and Other (1) (2)	(75)	(15)	(124)	(34)
EARNINGS EXCLUDING SPECIAL ITEMS	262	565	686	1,068
Special Items	(5)	(515)	(41)	(517)
NET INCOME	\$ 257	\$ 50	\$ 645	\$ 551

- (1) "Corporate and Other includes interest expenses, interest income on cash and marketable securities, corporate center costs, and real estate and insurance activities.
- (2) In 1994, the company changed its method of distributing certain corporate expenses to its business segments. As a result, about \$58 million in the second quarter and \$78 million in the first half of 1994 are classified as Corporate and Other that would previously have been distributed to the various business segments.

CHEVRON CORPORATION - FINANCIAL REVIEW
(MILLIONS OF DOLLARS)

CONSOLIDATED BALANCE SHEET

(Unaudited)	June 30, 1994	Dec. 31, 1993
ASSETS:		
Cash and Cash Equivalents	\$ 1,203	\$ 1,644
Other Current Assets	7,794	7,038
Total Current Assets	8,997	8,682
Investments and Advances	3,942	3,623
Properties, Plant and Equipment-Net	21,831	21,865
Other	606	566
TOTAL ASSETS	\$ 35,376	\$ 34,736
LIABILITIES:		
Short-Term Debt	\$ 4,296	\$ 3,456
Other Current Liabilities	7,018	7,150
Total Current Liabilities	11,314	10,606
Long-Term Debt and Capital Lease Obligations	3,877	4,082
Deferred Income Taxes	2,985	2,916
Reserves For Employee Benefit Plans	1,548	1,458
Deferred Credits and Other Noncurrent Obligations	1,464	1,677
TOTAL LIABILITIES	21,188	20,739
STOCKHOLDERS' EQUITY	14,188	13,997
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 35,376	\$ 34,736

CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited)	SIX MONTHS	
	1994	1993
OPERATING ACTIVITIES		
Net Income	\$ 645	\$ 551
Adjustments		
Depreciation, depletion and amortization	1,207	1,185
Dry hole expense related to prior years' expenditures	26	10
Distributions less than equity in affiliates' income	(22)	(114)
Net before-tax (gains) losses on asset retirements and sales	(26)	267
Net currency transaction losses (gains)	9	(19)
Net increase in operating working capital	(829)	(255)
Deferred income tax provision	76	(237)
Other	(73)	3
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,013	1,391
INVESTING ACTIVITIES		
Capital expenditures	(1,407)	(1,410)
Proceeds from asset sales	140	642
Net (purchases) sales of marketable securities	(2)	3
NET CASH USED FOR INVESTING ACTIVITIES	(1,269)	(765)
FINANCING ACTIVITIES		
Net borrowings of short-term obligations	880	422
Proceeds from issuance of long-term debt	4	201
Repayments of long-term debt and other financing obligations	(462)	(663)
Cash dividends paid	(602)	(569)
Purchases of treasury shares	(3)	(2)
NET CASH USED FOR FINANCING ACTIVITIES	(183)	(611)
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	(2)	10
NET CHANGE IN CASH AND CASH EQUIVALENTS	(441)	25
CASH AND CASH EQUIVALENTS AT JANUARY 1, 1994 AND 1993	1,644	1,292
CASH AND CASH EQUIVALENTS AT JUNE 30, 1994 AND 1993	\$ 1,203	\$ 1,317

CHEVRON CORPORATION - FINANCIAL REVIEW

CAPITAL AND EXPLORATORY EXPENDITURES (1)

(millions of dollars)

	Second Quarter		Six Months	
	1994	1993	1994	1993
UNITED STATES				
Exploration and Production	\$ 174	\$ 184	\$ 340	\$ 306
Refining, Marketing and Transportation	213	192	398	319
Chemicals	18	42	34	94
Other	33	23	65	37
TOTAL UNITED STATES	438	441	837	756
INTERNATIONAL				
Exploration and Production	424	439	906	735
Refining, Marketing and Transportation	203	119	371	275
Chemicals	3	13	10	21
Other	5	2	8	5
TOTAL INTERNATIONAL	635	573	1,295	1,036
Worldwide	\$ 1,073	\$ 1,014	\$ 2,132	\$ 1,792

OPERATING STATISTICS (1)

NET LIQUIDS PRODUCTION (MB/D):				
United States	371	398	372	398
International	613	546	608	540
Worldwide	984	944	980	938
NET NATURAL GAS PRODUCTION (MMCF/D):				
United States	2,146	2,027	2,168	2,060
International	519	492	525	485
Worldwide	2,665	2,519	2,693	2,545
SALES OF NATURAL GAS (MMCF/D):				
United States	2,622	2,279	2,673	2,245
International	490	464	478	464
Worldwide	3,112	2,743	3,151	2,709
SALES OF NATURAL GAS LIQUIDS (MB/D):				
United States	185	201	198	205
International	26	31	33	32
Worldwide	211	232	231	237
SALES OF REFINED PRODUCTS (MB/D):				
United States	1,344	1,376	1,326	1,394
International	891	931	918	900
Worldwide	2,235	2,307	2,244	2,294
REFINERY INPUT (MB/D):				
United States	1,237	1,285	1,195	1,269
International	625	540	632	559
Worldwide	1,862	1,825	1,827	1,828
CHEMICALS SALES & OTHER OPERATING REVENUES (millions of dollars) (2)				
United States	\$ 742	\$ 706	\$ 1,395	\$ 1,433
International	156	147	304	282

Worldwide	\$ 898	\$ 853	\$ 1,699	\$ 1,715
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(1) Includes interest in affiliates.

(2) Includes sales to other Chevron companies.