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

Form 10-K

☑ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended **December 31, 2010**
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 001-00368

Chevron Corporation

(Exact name of registrant as specified in its charter)

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

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

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

Title of Each Class	Name of Each Exchange on Which Registered
Common stock, par value $.75 per share	New York Stock Exchange, Inc.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☑

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a	Smaller reporting company ☐

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Chevron Corporation:

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income, comprehensive income, equity and of cash flows present fairly, in all material respects, the financial position of Chevron Corporation and its subsidiaries at December 31, 2010 and December 31, 2009 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15 (a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/PricewaterhouseCoopers LLP

San Francisco, California
February 24, 2011

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and design with final investment decision expected in 2011; (f) $73 (two projects) – development concept under review by government; $39 – miscellaneous activities for five projects with smaller amounts suspended. While progress was being made on all 53 projects, the decision on the recognition of proved reserves under SEC rules in some cases may not occur for several years because of the complexity, scale and negotiations connected with the projects. The majority of these decisions are expected to occur in the next three years.

The $2,299 of suspended well costs capitalized for a period greater than one year as of December 31, 2010, represents 176 exploratory wells in 53 projects. The tables below contain the aging of these costs on a well and project basis:

Aging based on drilling completion date of individual wells:	Amount	Number of wells
1992	$ 8	3
1997–1999	27	6
2000–2004	442	54
2005–2009	1,822	113
Total	$ 2,299	176

Aging based on drilling completion date of last suspended well in project:	Amount	Number of projects
1992	$ 8	1
1999	8	1
2003–2005	340	9
2006–2010	1,943	42
Total	$ 2,299	53

Note 20

Stock Options and Other Share-Based Compensation

Compensation expense for stock options for 2010, 2009 and 2008 was $229 ($149 after tax), $182 ($119 after tax) and $168 ($109 after tax), respectively. In addition, compensation expense for stock appreciation rights, restricted stock, performance units and restricted stock units was $194 ($126 after tax), $170 ($110 after tax) and $132 ($86 after tax) for 2010, 2009 and 2008, respectively. No significant stock-based compensation cost was capitalized at December 31, 2010 and 2009.

Cash received in payment for option exercises under all share-based payment arrangements for 2010, 2009 and 2008 was $385, $147 and $404, respectively. Actual tax benefits realized for the tax deductions from option exercises were $66, $25 and $103 for 2010, 2009 and 2008, respectively.

Cash paid to settle performance units and stock appreciation rights was $140, $89 and $136 for 2010, 2009 and 2008, respectively.

Chevron Long-Term Incentive Plan (LTIP) Awards under the LTIP may take the form of, but are not limited to, stock options, restricted stock, restricted stock units, stock appreciation rights, performance units and nonstock grants. From April 2004 through January 2014, no more than 160 million shares may be issued under the LTIP, and no more than 64 million of those shares may be in a form other than a stock option, stock appreciation right or award requiring full payment for shares by the award recipient. For the major types of awards outstanding as of December 31, 2010, the contractual terms vary between three years for the performance units and 10 years for the stock options and stock appreciation rights.

Texaco Stock Incentive Plan (Texaco SIP) On the closing of the acquisition of Texaco in October 2001, outstanding options granted under the Texaco SIP were converted to Chevron options. These options, which have 10-year contractual lives extending into 2011, retained a provision for being restored. This provision enables a participant who exercises a stock option to receive new options equal to the number of shares exchanged or who has shares withheld to satisfy tax withholding obligations to receive new options equal to the number of shares exchanged or withheld. The restored options are fully exercisable six months after the date of grant, and the exercise price is the market value of the common stock on the day the restored option is granted. Beginning in 2007, restored options were issued under the LTIP. No further awards may be granted under the former Texaco plans.

Unocal Share-Based Plans (Unocal Plans) When Chevron acquired Unocal in August 2005, outstanding stock options and stock appreciation rights granted under various Unocal Plans were exchanged for fully vested Chevron options and appreciation rights. These awards retained the same provisions as the original Unocal Plans. Unexercised awards began expiring in early 2010 and will continue to expire through early 2015.

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Note 20 Stock Options and Other Share-Based Compensation - Continued

The fair market values of stock options and stock appreciation rights granted in 2010, 2009 and 2008 were measured on the date of grant using the Black-Scholes option-pricing model, with the following weighted-average assumptions:

	Year ended December 31		
	2010	2009	2008
Stock Options			
Expected term in years[1]	**6.1**	6.0	6.1
Volatility[2]	**30.8%**	30.2%	22.0%
Risk-free interest rate based on zero coupon U.S. treasury note	**2.9%**	2.1%	3.0%
Dividend yield	**3.9%**	3.2%	2.7%
Weighted-average fair value per option granted	**$16.28**	$15.36	$15.97
Restored Options			
Expected term in years[1]	**1.2**	1.2	1.2
Volatility[2]	**38.9%**	45.0%	23.1%
Risk-free interest rate based on zero coupon U.S. treasury note	**0.6%**	1.1%	1.9%
Dividend yield	**3.8%**	3.5%	2.7%
Weighted-average fair value per option granted	**$12.91**	$12.38	$10.01

1 Expected term is based on historical exercise and postvesting cancellation data.
2 Volatility rate is based on historical stock prices over an appropriate period, generally equal to the expected term.

A summary of option activity during 2010 is presented below:

	Shares (Thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2010	69,463	$ 63.70		
Granted	15,454	$ 73.70		
Exercised	(8,133)	$ 49.82		
Restored	27	$ 78.41		
Forfeited	(1,959)	$ 73.34		
Outstanding at December 31, 2010	74,852	$ 67.04	6.4 yrs	$ 1,813
Exercisable at December 31, 2010	48,174	$ 63.29	5.2 yrs	$ 1,348

The total intrinsic value (i.e., the difference between the exercise price and the market price) of options exercised during 2010, 2009 and 2008 was $259, $91 and $433, respectively. During this period, the company continued its practice of issuing treasury shares upon exercise of these awards.

As of December 31, 2010, there was $242 of total unrecognized before-tax compensation cost related to nonvested share-based compensation arrangements granted or restored under the plans. That cost is expected to be recognized over a weighted-average period of 1.7 years.

At January 1, 2010, the number of LTIP performance units outstanding was equivalent to 2,679,108 shares. During 2010, 1,104,000 units were granted, 881,759 units vested with cash proceeds distributed to recipients and 173,475 units were forfeited. At December 31, 2010, units outstanding were 2,727,874, and the fair value of the liability recorded for these instruments was $266. In addition, outstanding stock appreciation rights and other awards that were granted under various LTIP and former Texaco and Unocal programs totaled approximately 1.6 million equivalent shares as of December 31, 2010. A liability of $40 was recorded for these awards.

In March 2009, Chevron granted all eligible LTIP employees restricted stock units in lieu of an annual cash bonus. A total of 453,965 units were granted at $69.70 per unit at the time of the grant. The expense associated with these special restricted stock units was recognized in 2009. All of the special restricted stock units were distributed in November 2010.

Note 21

Employee Benefit Plans

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

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

Under accounting standards for postretirement benefits (ASC 715), the company recognizes the overfunded or underfunded status of each of its defined benefit pension and OPEB plans as an asset or liability on the Consolidated Balance Sheet.

Millions of dollars, except per-share amounts

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is based in part on the probability that a future remediation commitment will be required. For crude oil, natural gas and mineral-producing properties, a liability for an ARO is made, following accounting standards for asset retirement and environmental obligations. Refer to Note 25, on page FS-62, for a discussion of the company's AROs.

For federal Superfund sites and analogous sites under state laws, the company records a liability for its designated share of the probable and estimable costs and probable amounts for other potentially responsible parties when mandated by the regulatory agencies because the other parties are not able to pay their respective shares.

The gross amount of environmental liabilities is based on the company's best estimate of future costs using currently available technology and applying current regulations and the company's own internal environmental policies. Future amounts are not discounted. Recoveries or reimbursements are recorded as assets when receipt is reasonably assured.

Currency Translation The U.S. dollar is the functional currency for substantially all of the company's consolidated operations and those of its equity affiliates. For those operations, all gains and losses from currency remeasurement are included in current period income. The cumulative translation effects for those few entities, both consolidated and affiliated, using functional currencies other than the U.S. dollar are included in "Currency translation adjustment" on the Consolidated Statement of Equity.

Revenue Recognition Revenues associated with sales of crude oil, natural gas, coal, petroleum and chemicals products, and all other sources are recorded when title passes to the customer, net of royalties, discounts and allowances, as applicable. Revenues from natural gas production from properties in which Chevron has an interest with other producers are generally recognized on the entitlement method. Excise, value-added and similar taxes assessed by a governmental authority on a revenue-producing transaction between a seller and a customer are presented on a gross basis. The associated amounts are shown as a footnote to the Consolidated Statement of Income on page FS-27. Purchases and sales of inventory with the same counterparty that are entered into in contemplation of one another (including buy/sell arrangements) are combined and recorded on a net basis and reported in "Purchased crude oil and products" on the Consolidated Statement of Income.

Stock Options and Other Share-Based Compensation The company issues stock options and other share-based compensation to its employees and accounts for these transactions under the accounting standards for share-based compensation (ASC 718). For equity awards, such as stock options, total compensation cost is based on the grant date fair value, and for liability awards, such as stock appreciation rights, total compensation cost is based on the settlement value. The company recognizes stock-based compensation expense for all awards over the service period required to earn the award, which is the shorter of the vesting period or the time period an employee becomes eligible to retain the award at retirement. Stock options and stock appreciation rights granted under the company's Long-Term Incentive Plan have graded vesting provisions by which one-third of each award vests on the first, second and third anniversaries of the date of grant. The company amortizes these graded awards on a straight-line basis.

Note 2
Agreement to Acquire Atlas Energy, Inc.

In November 2010, Chevron announced plans to acquire Atlas Energy, Inc. The acquisition was completed in February 2011 for $4,470, including assumed debt. The acquisition will be accounted for as a business combination (ASC 805). Atlas holds one of the premier acreage positions in the Marcellus Shale, concentrated in southwestern Pennsylvania.

Note 3
Noncontrolling Interests

The company adopted accounting standards for noncontrolling interests (ASC 810) in the consolidated financial statements effective January 1, 2009, and retroactive to the earliest period presented. Ownership interests in the company's subsidiaries held by parties other than the parent are presented separately from the parent's equity on the Consolidated Balance Sheet. The amount of consolidated net income attributable to the parent and the noncontrolling interests are both presented on the face of the Consolidated Statement of Income. The term "earnings" is defined as "Net Income Attributable to Chevron Corporation."

Activity for the equity attributable to noncontrolling interests for 2010, 2009 and 2008 is as follows:

	2010	2009	2008
Balance at January 1	**$ 647**	$ 469	$ 204
Net income	**112**	80	100
Distributions to noncontrolling interests	**(72)**	(71)	(99)
Other changes, net	**43**	169	264
Balance at December 31	**$ 730**	$ 647	$ 469