UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported):
October 21, 1996

TEXACO INC.
(Exact name of registrant as specified in its charter)

Delaware	1-27	74-1383447
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

2000 Westchester Avenue, White Plains, New York	10650
(Address of principal executive offices)	(Zip Code)

(914) 253-4000

(Registrant's telephone number, including area code)

Item 5. Other Events

1. On October 21, 1996, the Registrant issued an Earnings Press Release entitled "Texaco Reports Results for Third Quarter and Nine Months 1996," a copy of which is attached hereto as Exhibit 99.1 and made a part hereof.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(c) Exhibits

99.1 Press Release issued by Texaco Inc. dated October 21, 1996, entitled"Texaco Reports Results for the Third Quarter and Nine Months 1996."

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.

TEXACO INC.

(Registrant)

By: R. E. KOCH

(Assistant Secretary)

Date: October 21,1996

EXHIBIT 99.1

TEXACO REPORTS RESULTS

FOR THE THIRD QUARTER AND NINE MONTHS 1996

FOR IMMEDIATE RELEASE: MONDAY, OCTOBER 21, 1996.

WHITE PLAINS, NY., Oct. 21 - Texaco announced today a 50 percent increase in third quarter 1996 results over the same period last year. The company cited increased worldwide crude oil and natural gas production and higher commodity prices as major contributors to its earnings improvement.

Total Texaco worldwide net income for the third quarter of 1996 was $434 million, or $1.61 per share, as compared with $290 million, or $1.06 per share, for the third quarter of 1995. For the first nine months of 1996, net income was $1,509 million, or $5.62 per share, as compared with $858 million, or $3.13 per share, for the first nine months of 1995. Net income for both years included special items.

Earnings before special items for nine months 1996 increased 64 percent to $1,285 million, or $4.76 per share, as compared with $785 million, or $2.84 per share, for the nine months of 1995. Third quarter 1996 results had no special items, while third quarter 1995 results before special items were $288 million, or $1.05 per share.

In commenting on 1996 results, Texaco Inc. Chairman and Chief Executive Officer Peter I. Bijur stated, "Texaco's higher worldwide crude oil and natural gas production and the continuing strength in commodity prices led our strong third quarter and year-to-date results. We have been successful this year in reversing previous production declines from maturing fields and non-core asset sales. Our success was bolstered by increased production from new fields in the Gulf of Mexico, China and Angola, and improved recovery from existing fields, most notably in our Kern River, Calif., and Partitioned Neutral Zone operations.

"In the downstream, higher margins, increased branded gasoline sales volumes and better operating performance at our refineries, particularly on the West Coast, contributed to our improved results in the United States. However, in the international sector, results were lower this year as the effects of intense competitive pressure in Europe and poor margins in the Caltex operating areas more than offset solid results achieved by our Latin American marketing operations," Bijur said.

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"While growing the business, we have continued our strict commitment to cost containment throughout Texaco's worldwide operations as shown by this year's decline in per barrel cash operating expenses. In addition, our strong earnings and cash flow, both important measures of our plan for growth, enabled us to increase our quarterly dividend rate to $.85 per share in July and to maintain an aggressive capital expenditure program this year. Year-to-date capital expenditures were $2,252 million, up $208 million or 10 percent from last year, with the majority of funds targeted to key upstream opportunities."

	Third Quarter		Nine Months	
Texaco Inc. (Millions):	1996	1995	1996	1995
Net income before special items	$ 434	$ 288	$ 1,285	$ 785
Gain on sale of an interest in an affiliate	-	-	224	-
Gains on major asset sales	-	27	-	232
Tax benefits on asset sales	-	44	-	44
Employee separation costs	-	(56)	-	(56)
Other	-	(13)	-	(26)
Cumulative effect of accounting change SFAS - 121	-	-	-	(121)
	-	2	224	73
Total net income	$ 434	$ 290	$ 1,509	$ 858

Details on special items are included in the following analysis of functional net income.

ANALYSIS OF FUNCTIONAL NET INCOME

OPERATING EARNINGS
PETROLEUM AND NATURAL GAS
EXPLORATION AND PRODUCTION

United States (Millions):	Third Quarter 1996	Third Quarter 1995	Nine Months 1996	Nine Months 1995
Operating earnings before special items	$ 262	$ 162	$ 772	$ 483
Special items	-	-	-	112
Total operating net income	$ 262	$ 162	$ 772	$ 595

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In the U.S. upstream operations, the strong growth in earnings for both the comparative third quarter and nine months of 1996 resulted from increased crude oil and natural gas production and higher prices. Increased crude oil, natural gas liquids (NGL), and natural gas production, which in total are up 2.5 percent for the year, reflects success in adding new production, most notably from the Gulf of Mexico, and enhancing production from existing fields, primarily in the Kern River, Calif., operations. This new production reverses previous declines from maturing fields and non-core asset sales, and is in contrast to U.S. oil industry statistics which indicate an overall decline in U.S. crude oil production. Increased exploratory expenses for both the third quarter and nine months reflect an increased level of exploration activity, and complement this year's success in acquiring lease acreage and the discovery and development of new prospects.

The Texaco U.S. average natural gas price for the third quarter of 1996 was $.50 per thousand cubic feet (MCF) higher than 1995, while the price for the nine months of 1996 was $.48 per MCF higher than 1995. These price improvements were primarily due to unusually cold weather earlier this year and the resulting increase in industry demand to replenish depleted natural gas storage.

The 1996 average price for Texaco U.S. crude oil was $3.05 and $2.07 per barrel higher for the third quarter and nine months, respectively. These higher prices reflect increased demand combined with historically low inventory levels in 1996 and market uncertainty related to delays in the possible resumption of Iraqi crude sales.

Results for 1995 included a special first quarter net gain of $112 million, principally resulting from the sale of non-core assets.

	Third Quarter		Nine Months	
International (Millions):	1996	1995	1996	1995
Total operating net income	$ 132	$ 87	$ 365	$ 253

In the international upstream, results for both the third quarter and nine months of 1996 benefited from higher crude oil prices. Additionally, crude oil production increased primarily from activity in Angola, China and the Partitioned Neutral Zone, located between Saudi Arabia and Kuwait. In Angola, the production increases were the result of new offshore fields as well as the resumption of onshore production early this year. Production increased in China due to new fields and in the Partitioned Neutral Zone due to continuing development programs. Lower production from maturing fields in the United Kingdom (U.K.) and Australia partly offset overall production improvements for the third quarter and nine months of 1996. Third quarter 1996 natural gas production reflected the continued development of the Dolphin field in Trinidad.

MANUFACTURING, MARKETING AND DISTRIBUTION

United States (Millions):	Third Quarter 1996	Third Quarter 1995	Nine Months 1996	Nine Months 1995
Operating earnings before special items	$ 94	$ 70	$ 242	$ 81
Special items	-	(11)	-	(11)
Total operating net income	$ 94	$ 59	$ 242	$ 70

In the U.S. downstream operations, results for the third quarter and nine months of 1996 benefited primarily from higher West Coast refinery margins as compared to the same period of 1995. Although third quarter 1996 refining margins have steadily deteriorated from their peak in May, they exceeded the depressed levels of the comparable period of 1995.

The significant improvement in West Coast refining margins this year reflected product price increases due to shortages resulting from regional refining problems and new California gasoline formulation requirements during the first half of the year when the seasonal increase in market demand occurred. Improved refinery operations and continued cost containment efforts also contributed to the improved 1996 results.

For the third quarter and nine months of 1996, marketing margins for most refined products were lower than the comparable period of 1995. This was offset partially by the continued strength in gasoline and diesel sales volumes, with Texaco branded gasoline sales up more than three percent for both the comparative third quarter and nine months. Additionally, downstream results for the nine months of 1996 benefited from improved profits in the distribution and transportation businesses, particularly in the second quarter.

Third quarter 1995 results included special charges of $11 million relating to employee separations.

International (Millions):	Third Quarter 1996	Third Quarter 1995	Nine Months 1996	Nine Months 1995
Operating earnings before special items	$ 37	$ 58	$ 209	$ 241
Special items	-	(42)	224	38
Total operating net income	$ 37	$ 16	$ 433	$ 279

In the international downstream, comparative third quarter and nine months 1996 earnings reflected lower margins in both the Europe and Caltex operating areas offset partially by improved results in Brazil from increased volumes and higher product margins.

In Europe, marketing margins were significantly depressed from excess gasoline supply and a highly competitive market, especially in the U.K., and only partially offset by higher refining margins. In the Caltex operating markets, significantly lower margins in Korea and Thailand, primarily due to higher crude costs not fully recovered in the market, were somewhat offset by higher margins in Bahrain and Singapore. Additionally, earnings in Japan were lower as a result of the April 1996 sale of the Nippon Petroleum Refining Company, Limited (NPRC).

Results for nine months 1996 included a special second quarter gain of $224 million relating to the sale by Caltex of its interest in NPRC. Nine months 1995 results included a $42 million third quarter special charge relating to employee separations in subsidiary operations and Caltex restructuring charges, and first quarter net special gains of $80 million, primarily relating to the sale of land by a Caltex affiliate in Japan.

NONPETROLEUM

(Millions):	Third Quarter 1996	Third Quarter 1995	Nine Months 1996	Nine Months 1995
Operating earnings before special items	$ 6	$ 9	$ 11	$ 20
Special items	-	27	-	27
Total operating net income	$ 6	$ 36	$ 11	$ 47

Nonpetroleum results for 1996 reflected higher gasification licensing revenues, while 1995 mainly reflected improved loss experience of insurance operations.

Third quarter 1995 results included a special gain of $27 million from the sale of the company's interest in Pekin Energy Company.

CORPORATE/NONOPERATING RESULTS

(Millions):	Third Quarter 1996	Third Quarter 1995	Nine Months 1996	Nine Months 1995
Results before special items	$ (97)	$ (98)	$ (314)	$ (293)
Special items	-	28	-	28
Total corporate/nonoperating	$ (97)	$ (70)	$ (314)	$ (265)

Corporate/Nonoperating results for 1995 included first quarter gains of $25 million, principally from sales of equity securities held for investment by insurance operations.

The third quarter 1995 results included $44 million of special gains related to tax benefits realizable through the sale of an interest in a subsidiary. In addition, special charges for employee separations totaled $16 million for the third quarter of 1995.

The company has been notified that the United States Court of Appeals for the Fifth Circuit affirmed the 1993 U.S. Tax Court decision in the so-called "Aramco Advantage" case and upheld Texaco's position in this dispute with the Internal Revenue Service (IRS).

From 1979 through 1981, as a result of a directive from the Saudi Arabian Government, Texaco was limited as to what price it could receive for crude oil it bought from Saudi Arabia and resold. In this case, the IRS claimed that Texaco should be required to pay taxes on the sale of crude oil based on a higher price than Texaco was actually permitted to receive for the oil. In its decision, the Fifth Circuit affirmed the Tax Court's finding that the company was not required to pay taxes on money that it was not able to receive.

In March 1988, prior to the commencement of the Tax Court action, Texaco, as a condition of its emergence from Chapter 11 proceedings, made certain cash deposits to the IRS in contemplation of potential tax claims. The remaining portion of these deposits, together with interest, currently exceed $700 million. Disposition of the deposit and interest will be determined when the IRS has exhausted its legal options.

CAPITAL AND EXPLORATORY EXPENDITURES

Capital and exploratory expenditures, including equity in such expenditures of affiliates, were $2,252 million for the first nine months of 1996, as compared to $2,044 million for the same period of 1995. Expenditures for the third quarter of 1996 amounted to $815 million versus $772 million for the third quarter of 1995.

Increased U.S. exploration and development expenditures during 1996 reflect solid opportunities in traditional offshore and key deepwater areas of the Gulf of Mexico. Texaco continued its aggressive acquisition of acreage at the latest Gulf of Mexico lease sale, adding to significant deepwater acreage acquired at the federal lease sale earlier this year. Progress on design and construction for the Petronius deepwater project continued during the third quarter.

Aggressive international upstream investment also continued this year as increased expenditures focused in Colombia, Australia, Nigeria, the Partitioned Neutral Zone and Denmark, while development work continues in the Captain and Erskine Fields in the U.K. North Sea and in Indonesia.

Comparative downstream expenditure levels decreased due to the completion of major refinery construction projects in Thailand and Singapore by Caltex and the completion of refinery upgrades in the U.S. and Panama. Increased investments in 1996 relating to the Poseidon oil pipeline, which will service new deepwater and subsalt oil production from the central Gulf of Mexico as well as selected worldwide marketing investments particularly in Latin American growth areas and by Caltex in Singapore, partially offset the decrease in refinery spending.

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Additional Texaco information is available on the World Wide Web at: http://www.texaco.com

	Third Quarter 1996	Third Quarter 1995(a)	Nine Months 1996	Nine Months 1995 (a)
FUNCTIONAL NET INCOME ($000,000)				
Operating Earnings (Losses)				
Petroleum and natural gas				
Exploration and production				
United States	$ 262	$ 162	$ 772	$ 595 (b)
International	132	87	365	253
Total	394	249	1,137	848
Manufacturing, marketing and distribution				
United States	94	59 (b)	242	70 (b)
International	37	16 (b)	433 (b)	279 (b)
Total	131	75	675	349
Total petroleum and natural gas	525	324	1,812	1,197
Nonpetroleum	6	36 (b)	11	47 (b)
Total operating earnings	531	360	1,823	1,244
Corporate/Nonoperating	(97)	(70)(b)	(314)	(265)(b)
Net income before accounting change (c)	434	290	1,509	979
Cumulative effect of adoption of SFAS 121	--	--	--	(121)
Total net income	$ 434	$ 290	$ 1,509	$ 858
EARNINGS (LOSS) PER COMMON SHARE (dollars)				
Net income before cumulative effect of accounting change	$ 1.61	$ 1.06	$ 5.62	$ 3.60
Cumulative effect of accounting change	--	--	--	(.47)
Total net income	$ 1.61	$ 1.06	$ 5.62	$ 3.13
Average number of common shares outstanding for computation of earnings per share (000,000)	260.8	260.1	260.7	259.9

(a) Results for 1995 have been reclassified and restated for the adoption of SFAS 121
(b) Includes special items as detailed in news release text
(c) Includes provision for income taxes ($000,000) $ 348 $ 96 $ 968 $ 488

OTHER FINANCIAL DATA ($000,000)	Third Quarter 1996	Third Quarter 1995	Nine Months 1996	Nine Months 1995
Revenues	$ 11,097	$ 8,814	$ 32,629	$ 27,140
Total assets as of September 30			(d) $ 25,600	$ 25,009
Stockholders' equity as of September 30			(d) $ 10,240	$ 9,997
Total debt as of September 30			(d) $ 5,650	$ 5,952
Capital and exploratory expenditures (includes equity in affiliates)				
Exploration and production				
United States	$ 273	$ 232	$ 894	$ 619
International	312	289	762	727
Total	585	521	1,656	1,346
Manufacturing, marketing and distribution				
United States	78	96	234	263
International	144	147	345	415
Total	222	243	579	678
Other	8	8	17	20
Total	$ 815	$ 772	$ 2,252	$ 2,044
Texaco Inc. and subsidiary companies Exploratory expenses included above:				
United States	$ 45	$ 30	$ 112	$ 63
International	39	36	131	117
Total	$ 84	$ 66	$ 243	$ 180
Dividends paid to common stockholders	$ 222	$ 208	$ 638	$ 624
Dividends per common share (dollars)	$ .85	$ .80	$ 2.45	$ 2.40
Dividend requirements for preferred stockholders	$ 14	$ 15	$ 43	$ 46

(d) Preliminary

OPERATING DATA - INCLUDING INTERESTS IN AFFILIATES	Third Quarter 1996	Third Quarter 1995	Nine Months 1996	Nine Months 1995
Exploration and Production				
United States				
Net production of crude oil and natural gas liquids (000 BPD)	393	373	388	381
Net production of natural gas - available for sale (000 MCFPD)	1,708	1,618	1,680	1,627
Total net production (000 BOEPD)	678	643	668	652
Natural gas sales (000 MCFPD)	3,059	3,046	3,100	3,162
Natural gas liquids sales (including purchased LPGs) (000 BPD)	191	207	208	214
Average U.S. crude (per bbl.)	$ 17.93	$ 14.88	$ 17.24	$ 15.17
Average U.S. natural gas (per mcf)	$ 2.02	$ 1.52	$ 2.08	$ 1.60
Average WTI (Spot) (per bbl.)	$ 22.41	$ 17.85	$ 21.30	$ 18.52
Average Kern (Spot) (per bbl.)	$ 14.41	$ 13.84	$ 14.92	$ 13.90
International				
Net production of crude oil and natural gas liquids (000 BPD):				
Europe	115	118	115	117
Indonesia	146	153	143	149
Partitioned Neutral Zone	79	63	75	56
Other	65	56	62	55
Total	405	390	395	377
Net production of natural gas - available for sale (000 MCFPD):				
Europe	162	172	182	210
Colombia	124	117	117	118
Other	77	46	66	52
Total	363	335	365	380
Total net production (000 BOEPD)	466	446	456	440
Natural gas sales (000 MCFPD)	450	398	456	434
Natural gas liquids sales (including purchased LPGs) (000 BPD)	74	86	95	79
Average International crude (per bbl.)	$ 19.43	$ 15.45	$ 18.64	$ 16.32
Average U.K. natural gas (per mcf)	$ 2.55	$ 2.55	$ 2.56	$ 2.63
Average Colombia natural gas (per mcf)	$ .97	$ .92	$ .94	$ .87

OPERATING DATA - INCLUDING INTERESTS IN AFFILIATES	Third Quarter 1996	Third Quarter 1995	Nine Months 1996	Nine Months 1995
Manufacturing, Marketing and Distribution				
United States				
Refinery input (000 BPD)				
Subsidiary	417	406	405	391
Affiliate - Star Enterprise	325	297	320	300
Total	742	703	725	691
Refined product sales (000 BPD)				
Gasolines	515	458	499	448
Avjets	122	94	127	89
Middle Distillates	217	195	214	193
Residuals	70	66	65	53
Other	132	129	133	130
Total	1,056	942	1,038	913
International				
Refinery input (000 BPD)				
Europe	334	312	336	284
Affiliate - Caltex	340	451	368	441
Latin America/West Africa	68	43	64	37
Total	742	806	768	762
Refined product sales (000 BPD)				
Europe	431	487	453	453
Affiliate - Caltex	555	622	602	645
Latin America/West Africa	408	353	397	356
Other	39	54	61	75
Total	1,433	1,516	1,513	1,529