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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):
March 18, 1997

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)

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Item 5. Other Events
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1. On March 18, 1997, the Registrant announced that it and Shell Oil Company signed a memorandum of understanding to combine the major elements of their midwestern and western U. S. refining and marketing activities and their total U. S. transportation, trading and lubricants businesses. The new company will continue to market gasoline under both the Texaco and Shell brands through the thousands of independent wholesalers and retailers who bring the products to the consumer.

   The two companies also announced that they and Saudi Refining Inc. (SRI), have made significant progress in discussions toward a separate memorandum of understanding to combine Star Enterprise (a 50/50 joint venture between SRI and Texaco in the eastern U. S.) with Shell's eastern U. S. refining and marketing business. An agreement could be reached in the second quarter of 1997.

   Under the terms of the memorandum of understanding, Texaco and Shell will form a limited liability company comprising their midwestern and western refining and marketing activities and nationwide transportation and lubricants businesses. Shell will own 56 percent and Texaco 44 percent of the new company, which is expected to be formed as soon as practical following regulatory review and the signing of definitive agreements.

   On March 18, 1997 the Registrant issued a Press Release entitled "Shell And Texaco Sign Memorandum Of Understanding To Combine U.S. Refining, Marketing, Transportation, Trading And Lubricants Operations," 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
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(c) Exhibits

99.1 Press Release issued by Texaco Inc. dated March 18, 1997, entitled "Shell And Texaco Sign Memorandum Of Understanding To Combine U. S. Refining, Marketing, Transportation, Trading And Lubricants Operations."

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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: C. B. DAVIDSON

(Vice President and Secretary)

Date: March 19, 1997

EXHIBIT 99.1

SHELL AND TEXACO SIGN MEMORANDUM OF UNDERSTANDING TO COMBINE U.S. REFINING, MARKETING, TRANSPORTATION, TRADING AND LUBRICANTS OPERATIONS

Agreement Expected Soon Among Texaco, Shell and Saudi Refining Inc. to Combine U.S. Eastern Refining and Marketing Operations

FOR RELEASE: TUESDAY, MARCH 18, 1997.

WHITE PLAINS, N.Y., March 18 - Shell Oil Company and Texaco Inc. today announced the signing of a memorandum of understanding to combine the major elements of their midwestern and western U.S. refining and marketing activities and their total U.S. transportation, trading and lubricants businesses. The new company will continue to market gasoline under both the Texaco and Shell brands through the thousands of independent wholesalers and retailers who bring the products to the consumer.

The two companies also announced that they and Saudi Refining Inc. (SRI) have made significant progress in discussions to combine their eastern U.S. refining and marketing businesses. They are very optimistic that an agreement will be reached in the second quarter of 1997.

In making the announcement Shell Oil Co. President and CEO Philip J. Carroll said, "There is a powerful case for fundamental change in the way petroleum refining and marketing companies operate in the United States. For several years, the industry has faced difficult business conditions requiring increased efficiencies. This initiative will create new opportunities for our customers, employees, vendors and the communities in which we work and live."

Texaco Chairman and CEO Peter I. Bijur added, "An alliance of Texaco's and Shell's downstream operations is a major step toward much needed change. By uniting the complementary strengths of these organizations, we will create a new entity with economic potential far greater than the sum of its parts. The result will be a more competitive company with the ability to create long-term jobs, greater value for both brands, reliable sources of quality products at competitive prices and the best possible returns for our shareholders."

Memorandum of Understanding to Form New Company

Under the terms of the memorandum of understanding signed today, Texaco and Shell will form a limited liability company comprising their midwestern and western refining and marketing activities and nationwide transportation and lubricants businesses. Shell will have 56 percent ownership and Texaco will hold 44 percent of the new company, which is expected to be formed as soon as practical following regulatory review and the signing of a definitive agreement.

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The exploration, production and chemical businesses of these companies are not included in the new company.

The new company expects to be able to achieve substantial efficiencies largely by adopting best practices of both companies, and from shared management systems, business processes and support functions. These savings are not contingent upon closure of refineries or other major operating facilities. However, future decisions regarding the new company will be made on the basis of achieving the objectives of the business plan.

Messrs. Carroll and Bijur emphasized that the philosophy underpinning the venture is to improve performance and growth opportunities in the United States. As the new company structure is established there may be some reduction in workforce during the transition, but the expectation is that net job creation will ultimately result from long-term growth opportunities generated by the new venture.

Both Texaco and Shell have agreed to the strategic importance of establishing a new company that will be a leader in diversity, which will embrace inclusion, openness and equal opportunity for all employees and business partners. As part of establishing the new company, comprehensive employment and business partnering initiatives will be developed that are aligned with its business objectives.

Progress on Establishing a U.S. Eastern Refining and Marketing Company

SRI, Texaco and Shell have made significant progress in discussions toward a separate memorandum of understanding to combine Star Enterprise (a 50/50 joint venture between SRI and Texaco in the eastern U.S.) with Shell's eastern U.S. refining and marketing business. They anticipate that an announcement will be made soon.

Until completion of regulatory review and definitive agreements, all Texaco, Star Enterprise and Shell downstream operations will continue to operate separately.

Shell Oil Co. is a Houston-based affiliate of the Royal Dutch/Shell Group of Companies. Texaco Inc. is based in White Plains, N.Y. SRI is a Houston-based affiliate of Saudi Aramco.

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For more information contact:	Shell Oil Co. Media Relations Kitty Borah, Stacy Hutchinson	(713) 241-4544
	Texaco Media Center	(914) 253-4177

NOTE TO EDITORS: The attached fact sheet identifies operations included in the new company.

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

TOTAL ASSETS OF NEW COMPANY
FACT SHEET

TEXACO ASSETS	SHELL ASSETS	ASSETS OF NEW COMPANY
Texaco Refineries (4)	Shell Refineries (4)	New Company Refineries (8)
Anacortes, Wash. Capacity: 136,000 bpd		Anacortes, Wash. Capacity: 136,000 bpd
	Martinez, Calif. Capacity: 155,000 bpd	Martinez, Calif. Capacity: 155,000 bpd
El Dorado, Kan. Capacity: 100,000 bpd		El Dorado, Kan. Capacity: 100,000 bpd
	Wood River, Ill. Capacity: 271,000 bpd	Wood River, Ill. Capacity: 271,000 bpd
Los Angeles, Calif. Capacity: 92,000 bpd		Los Angeles, Calif. Capacity: 92,000 bpd
	Anacortes, Wash. Capacity: 108,000 bpd	Anacortes, Wash. Capacity: 108,000 bpd
Bakersfield, Calif. Capacity: 58,000 bpd		Bakersfield, Calif. Capacity: 58,000 bpd
	Odessa, Tx. Capacity: 28,000 bpd	Odessa, Tx. Capacity: 28,000 bpd
Total Texaco Capacity: 386,000 bpd	Total Shell Capacity: 562,000 bpd	Total Combined Refinery Capacity: 948,000 bpd
Texaco Percent of U.S. Capacity: 2.5%	Shell Percent of U.S. Capacity: 3.6%	

Terminals	Terminals	Terminals
19 crude oil and products terminals (own or have partial interest)	57 crude oil and products terminals (own or have partial interest)	76 crude oil and products terminals (own or have partial interest)

Retail Marketing	Retail Marketing	Retail Marketing
Approximately 6,735 Texaco-branded outlets in 24 states.	Approximately 4,477 Shell-branded outlets in 19 states.	Approximately 11,212 branded outlets in 28 states.
Texaco percent of marketshare in joint venture area: 6%	Shell percent of marketshare in joint venture area: 8%	Total combined percent of marketshare in joint venture area: 14%

Pipeline	Pipeline	Pipeline
Ownership interest in approximately 30,000 miles of pipeline throughout the United States	Ownership interest in approximately 15,600 miles of pipeline throughout the United States	

Lubricants Plants (5)	Lubricants Plants (5)	Lubricants Plants (10)
River Rouge, MI Capacity: 7,300 bpd		River Rouge, MI Capacity: 7,300 bpd
	Deer Park, TX Capacity: 9,500 bpd (2 trains)	Deer Park, TX Capacity: 9,500 bpd (2 trains)

Charleston, SC Capacity: 8,250 bpd		Charleston, SC Capacity: 8,250 bpd

TEXACO ASSETS	SHELL ASSETS	ASSETS OF NEW COMPANY
Lubricants Plants cont.	Lubricants Plants cont.	Lubricants Plants cont.
	Martinez, CA Capacity: 5,000 bpd	Martinez, CA Capacity: 5,000 bpd
Galena Park, TX Capacity: 8,600 bpd		Galena Park, TX Capacity: 8,600 bpd
	Wood River, IL Capacity: 8,300 bpd (2 units)	Wood River, IL Capacity: 8,300 bpd (2 units)
Los Angeles, Calif. Capacity: 5,500 bpd		Los Angeles, Calif. Capacity: 5,500 bpd
	Carson, Calif. Capacity: 2,300 bpd	Carson, Calif. Capacity: 2,300 bpd
Norfolk, Va. Capacity: 4,100 bpd		Norfolk, Va. Capacity: 4,100 bpd
	Metairie, La. Capacity: 3,300 bpd	Metairie, La. Capacity: 3,300 bpd