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):
April 21, 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)

Item 5. Other Events

1. On April 21, 1997, the Registrant announced that it had been notified that the U. S. Supreme Court has decided not to review the decisions of the U. S. Court of Appeals for the Fifth Circuit and the U. S. Tax Court in the so-called "Aramco Advantage" case. This action ends the company's long-standing dispute with the Internal Revenue Service (IRS).

   This decision by the Supreme Court, affirming Texaco's position, will result in an earnings benefit of $488 million in the first quarter 1997, representing the after-tax effect of the expected refund of payments, with associated interest, made to the IRS in previous years for potential tax claims. Texaco expects a refund, including interest, exceeding $700 of which a significant portion is expected to be received in 1997.

   On April 21, 1997, the Registrant issued a Press Release entitled "Texaco Advised Supreme Court Will Let Stand Favorable Decision in `Aramco Advantage' Case," a copy of which is attached hereto as Exhibit 99.1 and made a part hereof.

2. On April 22, 1997, the Registrant issued an Earnings Press Release entitled "Texaco Reports Significant Increase In Net Income: First Quarter 1997 Earnings Reach $980 Million," a copy of which is attached hereto as Exhibit 99.2 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 April 21, 1997, entitled "Texaco Advised Supreme Court Will Let Stand Favorable Decision in `Aramco Advantage' Case."

99.2 Press Release issued by Texaco Inc. dated April 22, 1997, entitled "Texaco Reports Significant Increase In Net Income: First Quarter 1997 Earnings Reach $980 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.

TEXACO INC.

(Registrant)

By: R. E. KOCH

(Assistant Secretary)

Date: April 22, 1997

FDeB:bbm
(8Kapr21)

EXHIBIT 99.1

TEXACO ADVISED SUPREME COURT WILL LET STAND FAVORABLE DECISION IN "ARAMCO ADVANTAGE" CASE

FOR RELEASE: MONDAY, APRIL 21, 1997.

WHITE PLAINS, N.Y., April 21 - Texaco Inc. has been notified that the United States Supreme Court has decided not to review the decisions of the United States Court of Appeals for the Fifth Circuit and the U.S. Tax Court in the so-called "Aramco Advantage" case.

From 1979 through 1981, as a result of a directive from the Saudi Arab Government, Texaco was limited in the amount that it could charge for crude oil purchased from Saudi Arabia. The IRS claimed that Texaco should pay taxes on the sale of crude oil based on higher prices than Texaco actually received for the oil.

By rejecting the IRS's request for review, the Court precluded further challenges to the Fifth Circuit and Tax Court decision.

In previous years Texaco made payments to the IRS for potential tax claims. As a result of the Supreme Court action, Texaco expects a refund, including interest, of $700 million. A significant portion of this amount is expected in 1997. An associated earnings benefit of $488 million will be included in Texaco's first quarter 1997 results.

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CONTACT: Jim Swords 914-253-4156

EXHIBIT 99.2

TEXACO REPORTS SIGNIFICANT INCREASE IN NET INCOME;

FIRST QUARTER 1997 EARNINGS REACH $980 MILLION

FOR IMMEDIATE RELEASE: TUESDAY, APRIL 22, 1997.

WHITE PLAINS, N.Y., April 22 - Texaco achieved a significant increase in net income for the first quarter of 1997, Chairman and Chief Executive Officer Peter I. Bijur reported today. "We are off to a good start this year as we continue to align our operations for growth. We are also gratified that our long-standing dispute with the Internal Revenue Service in the `Aramco Advantage' case has ended," Bijur said.

Total net income for the first quarter of 1997 was $980 million, or $3.72 per share, including the benefit associated with the resolution of the "Aramco Advantage" case. Net income before this benefit was $492 million, or $1.84 per share, up significantly from first quarter 1996 net income of $386 million, or $1.42 per share. In the first quarter of 1997:

* Net income from operations increased 27 percent -- representing the 11th consecutive quarter that earnings from operations exceeded previous years' levels.
* Worldwide daily production rose 4 percent.
* Capital and exploratory expenditures grew 25 percent to $799 million.
* Total debt to total borrowed and invested capital was 32 percent, at the low end of our target range.
* Expenses continue to be managed at levels less than inflation.

Commenting on first quarter 1997 results, Bijur said, "Our upstream business had another strong quarter, as higher commodity prices were enhanced by increased daily crude oil and natural gas production. In the downstream business, earnings continued to grow in our expanding Latin American marketing operations and margins in Europe improved over last year's depressed levels. However, earnings in the Caltex operating areas were lower, and U.S. downstream results were level with last year.

"During the first quarter, we increased capital and exploratory spending, focusing on upstream growth opportunities in the U.S., as appraisal and development work continued in the Gulf of Mexico. After some unexpected operating delays, first oil flowed from the U.K. North Sea Captain field in March and production is increasing rapidly. Also, government approval was secured for developing the U.K. Galley field, and we announced natural gas discoveries in Australia and Thailand.

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"In the downstream, we moved forward in March with the signing of a memorandum of understanding with Shell to combine major elements of our U.S. operations, and we completed the sale of our remaining chemical business," Bijur said.

On April 21, 1997, Texaco was notified that the United States Supreme Court decided not to review the favorable decisions of the United States Court of Appeals for the Fifth Circuit and the United States Tax Court in the "Aramco Advantage" case. This decision by the Supreme Court, affirming Texaco's position, resulted in an earnings benefit of $488 million, or $1.88 per share. This benefit represents the after-tax effect of the expected refund of payments, with associated interest, made to the Internal Revenue Service in previous years for potential tax claims. The total refund from the IRS, including interest, will exceed $700 million. A significant portion of this amount is expected to be received in 1997.

ANALYSIS OF OPERATING EARNINGS

EXPLORATION AND PRODUCTION

UNITED STATES

First quarter 1997 earnings were $311 million, compared with $267 million for the first quarter of 1996. The 16-percent earnings improvement was due to higher prices and continuing success in enhancing production from existing fields, particularly in the Gulf of Mexico and Louisiana.

Texaco's average realized crude oil price for the first quarter 1997 was $19.62, an increase of $3.11 per barrel over 1996. Average realized natural gas price was $2.66 per thousand cubic feet (MCF), an increase of $.51 per MCF over

1996. A price spike late in 1996, attributed to lean stock levels at a time of seasonally strong demand, extended into January 1997. Prices retreated in February and March, due to abnormally mild weather and increasing worldwide supplies.

Partially offsetting the favorable factors were lower gas trading results and higher exploratory expenses. Exploratory expenses in the first quarter of 1997 were $42 million before tax versus $23 million in the first quarter of 1996. This sharp increase is attributed to higher seismic and exploratory drilling activity of promising prospects, mostly in the Gulf of Mexico.

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INTERNATIONAL

First quarter 1997 earnings were $156 million, as compared with $130 million for the first quarter of 1996. The 20-percent improvement in earnings included the effects of higher crude oil prices, up 8 percent, and increased liquids and natural gas production.

Total daily production increased 9 percent as a result of new production in the Wafra field in the Partitioned Neutral Zone between Saudi Arabia and Kuwait, the Bagre field offshore Angola, and in the Danish North Sea coming onstream late in 1996. Additionally, natural gas production benefited from a full quarter's operations at the Dolphin field in Trinidad. These production increases, as well as continued field development programs, more than offset the impact of maturing fields. Higher exploratory expenses associated with Texaco's aggressive exploration program, as well as lower gas trading results in the U.K., partially offset these favorable results.

Operating results for the first quarter 1997 included a non-cash currency benefit of $19 million due to the weakening of the Pound Sterling versus the U.S. dollar relating to deferred income taxes, compared with a benefit of $4 million for the first quarter 1996.

MANUFACTURING, MARKETING AND DISTRIBUTION

UNITED STATES

First quarter 1997 earnings were $6 million, compared with $4 million for the first quarter of 1996. Earnings in 1997 reflected improved refining results due to increased throughput and higher wholesale product prices. This improvement was somewhat reduced by the impact of refinery fires late in 1996 and early 1997 that resulted in property damage and adversely affected product yields in the first quarter. The refining system returned to normal operations by the middle of March.

Improved refining earnings were largely offset by lower West Coast marketing margins due to intense competition in the marketplace. Results in the distribution and transportation business and chemicals were also lower than the first quarter of 1996.

INTERNATIONAL

First quarter 1997 earnings were $104 million, compared to $92 million for the first quarter of 1996. The earnings were driven by improved results in Europe and Latin America. Caltex' results were below the first quarter of last year, but reflect a significant improvement over the latter half of 1996.

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Higher refining earnings in Europe and Latin America in the first quarter of 1997 were primarily due to the improved recovery of crude costs in the U.K. and Panama. Marketing margins in Latin America also improved in the first quarter 1997 versus the same quarter in 1996 due to higher prices.

Caltex' improved operating margins in Korea were more than offset by unfavorable refining margins in Thailand, and higher currency losses of $26 million, mostly from the significant weakening of the Korean Won.

Refined product sales decreased due to Caltex' April 1, 1996, sale of its interest in refining operations in Japan and reduced purchase/sale activity to balance the system.

Operating results for the first quarter 1997 included a non-cash currency benefit of $5 million due to the weakening of the Pound Sterling versus the U.S. dollar relating to deferred income taxes, compared with a benefit of $4 million for the first quarter 1996.

CORPORATE/NONOPERATING RESULTS

Corporate and nonoperating results for the first quarter of 1997 included a $488 million benefit associated with the resolution of the "Aramco Advantage" case. Excluding this benefit, corporate and nonoperating charges were $97 million as compared with $109 million for the first quarter of 1996. The comparative improvement of $12 million was primarily attributable to reduced interest expense due to lower debt levels and slightly lower interest rates.

CAPITAL AND EXPLORATORY EXPENDITURES

Capital and exploratory expenditures, including equity in such expenditures of affiliates, were $799 million for the first quarter of 1997 as compared with $641 million for the same period of 1996.

In the U.S., Texaco's aggressive 1997 exploration and development drilling program is focused on strategic opportunities onshore and offshore. Offshore development continued in the deepwater Gulf of Mexico where Texaco holds a strong lease-acreage position. Platform construction and development drilling is underway in the Petronius and Arnold fields while delineation drilling continues in the Fuji and Gemini prospects. Texaco also continues an aggressive drilling and development program in traditional offshore shelf areas and onshore. Expenditures in 1997 reflect enhanced oil recovery projects using advanced thermal and CO2 techniques to increase production and lower per-barrel operating expenses. Thermal steam-flooding has been particularly successful at Kern River in Bakersfield, California.

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Internationally, higher expenditures reflect development work in the U.K. North Sea, including the Erskine and Galley fields and drilling and development expenditures for the Mariner project. Development work was completed in the Captain field which came onstream late in the first quarter of 1997. Additionally, exploration and development work continued in Nigeria, China, Indonesia, and the Partitioned Neutral Zone.

Downstream expenditures in the U.S. declined somewhat, reflecting the completion of refinery upgrades. Internationally, expenditures increased due to marketing expenditures in the Pacific Rim by Texaco's affiliate, Caltex Petroleum Corporation.

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

FUNCTIONAL NET INCOME ($000,000)	First Quarter 1997	First Quarter 1996
Operating Earnings		
Petroleum and natural gas		
Exploration and production		
United States	$ 311	$ 267
International	156	130
Total	467	397
Manufacturing, marketing and distribution		
United States	6	4
International	104	92
Total	110	96
Total petroleum and natural gas	577	493
Nonpetroleum	12	2
Total operating earnings	589	495
Corporate/Nonoperating (a)	391	(109)
Total net income (b)	$ 980	$ 386
Net income per common share (dollars)	$3.72	$1.42
Average number of common shares outstanding for computation of earnings per share (000,000)	260.1	260.7

(a) Includes "Aramco Advantage" benefit as detailed in news release text

(b) Includes (benefit) provision for income taxes ($000,000) $(194) $ 278

OTHER FINANCIAL DATA ($000,000)	First Quarter 1997	1996
Revenues	$12,029	$10,271
Total assets as of March 31	$27,008	$24,639
Stockholders' equity as of March 31	$11,062	$ 9,653
Total debt as of March 31	$ 5,495	$ 5,633
Capital and exploratory expenditures (includes equity in affiliates)		
Exploration and production		
United States	$ 352	$ 266
International	282	207
Total	634	473
Manufacturing, marketing and distribution		
United States	60	77
International	101	87
Total	161	164
Other	4	4
Total	$ 799	$ 641
Texaco Inc. and subsidiary companies		
Exploratory expenses included above:		
United States	$ 42	$ 23
International	57	46
Total	$ 99	$ 69
Dividends paid to common stockholders	$ 221	$ 208
Dividends per common share (dollars)	$ .85	$ .80
Dividend requirements for preferred stockholders	$ 14	$ 15

CONDENSED CONSOLIDATED BALANCE SHEET ($000,000)

	As Of March 31, 1997 (Unaudited)	As Of December 31, 1996
ASSETS		
Current Assets		
Cash and cash equivalents	$ 619	$ 511
Other current assets	6,742	7,154
Total current assets	7,361	7,665
Investments and Advances	5,301	4,996
Net Properties, Plant and Equipment	13,402	13,411
Deferred Charges	944	891
Total	$27,008	$26,963
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term debt	$ 466	$ 465
Other current liabilities	5,276	5,719
Total current liabilities	5,742	6,184
Long-Term Debt and Capital Lease Obligations	5,029	5,125
Deferred Income Taxes	769	795
Other Noncurrent Liabilities	3,737	3,829
Minority Interest in Subsidiary Companies	669	658
Stockholders' Equity	11,062	10,372
Total	$27,008	$26,963

	First Quarter 1997	First Quarter 1996
OPERATING DATA - INCLUDING INTERESTS IN AFFILIATES		
Exploration and Production		
United States		
Net production of crude oil and natural gas liquids (000 BPD)	384	382
Net production of natural gas - available for sale (000 MCFPD)	1,656	1,648
Total net production (000 BOEPD)	660	657
Natural gas sales (000 MCFPD)	3,841	3,235
Natural gas liquids sales (including purchased LPGs) (000 BPD)	203	245
Average U.S. crude (per bbl.)	$19.62	$16.51
Average U.S. natural gas (per mcf)	$ 2.66	$ 2.15
Average WTI (Spot) (per bbl.)	$22.76	$19.75
Average Kern (Spot) (per bbl.)	$15.98	$14.90
International		
Net production of crude oil and natural gas liquids (000 BPD)		
Europe	114	119
Indonesia	140	137
Partitioned Neutral Zone	90	72
Other	69	62
Total	413	390
Net production of natural gas - available for sale (000 MCFPD)		
Europe	241	205
Colombia	132	115
Other	102	53
Total	475	373
Total net production (000 BOEPD)	492	452
Natural gas sales (000 MCFPD)	620	475
Natural gas liquids sales (including purchased LPGs) (000 BPD)	83	116
Average International crude (per bbl.)	$19.48	$18.02
Average U.K. natural gas (per mcf)	$ 2.85	$ 2.63
Average Colombia natural gas (per mcf)	$ 1.05	$ .94

OPERATING DATA - INCLUDING INTERESTS IN AFFILIATES

Manufacturing, Marketing and Distribution

	First Quarter 1997	First Quarter 1996
United States		
Refinery input (000 BPD)		
Subsidiary	409	395
Affiliate - Star Enterprise	336	316
Total	745	711
Refined product sales (000 BPD)		
Gasolines	497	476
Avjets	89	131
Middle Distillates	214	219
Residuals	85	61
Other	120	134
Total	1,005	1,021
International		
Refinery input (000 BPD)		
Europe	348	334
Affiliate - Caltex	407	499
Latin America/West Africa	62	59
Total	817	892
Refined product sales (000 BPD)		
Europe	467	475
Affiliate - Caltex	586	712
Latin America/West Africa	366	389
Other	44	71
Total	1,463	1,647