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, 1998

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

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

On October 21, 1998, the Registrant issued an Earnings Press Release entitled "Texaco Reports Results: Third Quarter 1998 Earnings Total $215 Million," 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, 1998, entitled "Texaco Reports Results: Third Quarter 1998 Earnings Total $215 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: October 21, 1998

EXHIBIT 99.1

TEXACO REPORTS RESULTS:

THIRD QUARTER 1998 EARNINGS TOTAL $215 MILLION

FOR IMMEDIATE RELEASE: WEDNESDAY, OCTOBER 21, 1998.

WHITE PLAINS, N.Y., Oct. 21 - Weak worldwide crude oil and natural gas prices and depressed downstream margins in the Far East eroded third quarter earnings, Texaco Chairman and Chief Executive Officer Peter Bijur reported today. Worldwide production growth of nine percent and tight control over cash expenses helped to lessen these negative impacts.

Texaco's total reported net income for the third quarter of 1998 was $215 million ($.38 per share). Net income for the third quarter of 1997 was $490 million ($.90 per share). For the first nine months of 1998, total reported net income was $816 million ($1.46 per share), compared to $2,041 million ($3.75 per share) for the first nine months of 1997. Commenting on the third quarter of 1998, Bijur highlighted the following:

- Average quarterly crude oil prices slumped to their lowest levels since 1986;
- Continued economic instability in the Far East depressed downstream margins;
- Worldwide daily production rose nine percent for the quarter and 12 percent for nine months; and
- Year-to-date cash operating expenses per barrel decreased six percent.

Bijur further stated, "Average crude oil prices for the quarter reached a low point not seen since mid-1986. OPEC efforts to reduce production and lower inventory levels caused crude prices to rebound somewhat from their summer lows; however, prices have recently retreated and remain significantly below last year's levels. Storms in the Gulf of Mexico caused temporary production shut-ins which further dampened earnings."

Texaco's worldwide downstream results decreased from sluggish margins, especially in the Far East. Bijur pointed to the impact of the Asian financial and economic crisis noting that Singapore refinery margins were negative in the third quarter from extremely weak demand. In the U.S., results were down from an extremely strong quarter last year; however, in Latin America and Europe, margins and sales volumes remained strong.

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"To remain competitive in this environment, our affiliate Caltex announced a reorganization program. This program will focus the organization functionally and better position Caltex to identify growth opportunities. When fully implemented, it will yield expense savings in excess of $50 million annually. Also, our U.S. alliances with Shell Oil Company and Saudi Refining, Inc. continue to implement programs that will take advantage of existing synergies," Bijur concluded.

	Third Quarter		Nine Months	
TEXACO INC.(Millions):	1998	1997	1998	1997
Net income before special items	$ 208	$ 490	$ 802	$ 1,422
Caltex reorganization	(43)	-	(43)	-
U.S. alliance formation issues	25	-	(7)	-
U.S. tax issues	25	-	25	488
Gains on major asset sales	-	-	20	174
Tax benefits on asset sales	-	-	19	-
Financial reserves for various issues	-	-	-	(43)

Special items	7	-	14	619
Total reported net income	$ 215	$ 490	$ 816	$2,041

The following functional analysis includes details on special items.

ANALYSIS OF OPERATING EARNINGS

EXPLORATION AND PRODUCTION

	Third Quarter		Nine Months	
UNITED STATES (Millions):	1998	1997	1998	1997
Operating earnings before special items	$ 92	$ 232	$ 299	$ 775
Special items	-	-	20	(43)
Total operating net income	$ 92	$ 232	$ 319	$ 732

U.S. exploration and production earnings for the third quarter and nine months of 1998 were below last year's levels due to lower crude oil and natural gas prices. Average realized crude oil prices for the third quarter and nine months of 1998 were $10.06 and $10.87 per barrel; 39 percent lower than the 1997 periods. The dramatic price declines reflect a slowing in worldwide demand growth and continued high inventory levels. Crude oil prices recovered somewhat in late September as a result of the OPEC nations' efforts to cut production. For the third quarter and nine months of 1998, average natural gas prices were $1.89 and $2.03 per MCF; 11 percent lower than the 1997 periods. Lower natural gas prices were the result of excess supply in the marketplace.

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Production increased four percent for this year's third quarter and nine percent for the year. The increased production in the quarter included new production from the Arnold, Oyster and Barite South fields located in the Gulf of Mexico. Both production and earnings were negatively impacted by the recent storms in the Gulf of Mexico. This year included production from the Monterey properties acquired in November 1997.

Texaco continued to pursue new reserve opportunities in the Gulf of Mexico leading to higher exploration expenses this year. Exploration expenses for the nine months of 1998 were $195 million before tax, $73 million higher than the same period of 1997. For the third quarter of 1998, exploration expenses were $48 million, $2 million higher than the third quarter of 1997.

Results for 1998 included a second quarter special gain of $20 million from the sale of an interest in a natural gas pipeline. Results for 1997 included a second quarter special charge of $43 million to establish financial reserves for royalty and severance tax issues.

	Third Quarter		Nine Months	
INTERNATIONAL (Millions):	1998	1997	1998	1997
Operating earnings before special items	$ 40	$ 103	$ 131	$ 338
Special items	-	-	-	161
Total operating net income	$ 40	$ 103	$ 131	$ 499

International exploration and production earnings for the third quarter and nine months of 1998 declined significantly from the same periods of 1997 due to lower crude oil prices. Average realized crude oil prices in 1998 were $11.05 per barrel for the quarter and $11.55 for nine months. These average prices were 35 percent below 1997 levels. OPEC's efforts to reduce production and lower inventory levels caused prices to recover slightly from their summer lows; however, prices have recently retreated and remain substantially below last year's levels.

Daily production growth of 15 percent for this year's third quarter and 16 percent for the year benefited earnings. The combined production from the Captain, Erskine and Galley fields in the U.K. North Sea grew to 95 thousand barrels of oil equivalent per day in the third quarter. Production also grew in the Partitioned Neutral Zone, Indonesia and Colombia.

Operating results for the third quarter and nine months of 1998 included non-cash currency charges of $3 million and $6 million related to deferred income taxes denominated in British Pound Sterling. This compares to benefits of $13 million for the third quarter and $26 million for nine months of 1997.

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Nine months of 1997 included second quarter special gains of $161 million from the sales of a 15 percent interest in the Captain field, an interest in Canadian gas properties and an interest in an Australian pipeline system.

MANUFACTURING, MARKETING AND DISTRIBUTION

UNITED STATES (Millions):	Third Quarter 1998	Third Quarter 1997	Nine Months 1998	Nine Months 1997
Operating earnings before special items	$ 99	$ 132	$ 242	$ 225
Special items	25	-	(7)	13
Total operating net income	$ 124	$ 132	$ 235	$ 238

U.S. manufacturing, marketing and distribution earnings for the third quarter of 1998 included results from Motiva Enterprises LLC, Texaco's Eastern alliance with Shell Oil Company and Saudi Refining, Inc. that began operations in July. In addition, the quarter and year included operating results from Equilon Enterprises LLC, Texaco's Western alliance with Shell Oil Company that began operations in the first quarter.

Results for the third quarter of 1998 reflected the industry trend of shrinking refining margins. Operating difficulties at certain refineries and the temporary shutdown of Gulf Coast refineries in September due to hurricane Georges negatively impacted earnings. Lower crude costs as well as strong transportation and lubricants earnings benefited the quarter and year.

Results for the third quarter of 1997 included minimum refinery downtime and solid West Coast margins. Both the quarter and year included strong Gulf Coast refining margins. However, refinery fires in late 1996 and early 1997 negatively affected product yields and caused casualty loss expense in the first quarter. Additionally, West Coast margins were weak during the first half of the year due to intense competitive pressures.

Results for 1998 included a third quarter net special gain of $25 million associated with the formation of the U.S. alliances. This net gain included gains on asset sales, asset writedowns and other formation charges. The second quarter of 1998 included a special charge of $32 million for alliance formation expenses, primarily employee severance programs. Results for 1997 included a second quarter special gain of $13 million from the sale of credit card operations.

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INTERNATIONAL (Millions):	Third Quarter 1998	Third Quarter 1997	Nine Months 1998	Nine Months 1997
Operating earnings before special items	$ 81	$ 134	$ 457	$ 370
Special items	(43)	-	(43)	-
Total operating net income	$ 38	$ 134	$ 414	$ 370

International manufacturing and marketing earnings for the third quarter of 1998 declined significantly from 1997. The sharp decline was due to the Asian financial and economic crisis which weakened demand and created currency volatility. Caltex experienced a loss as a result of declining margins throughout the region from weak inland demand that caused higher volumes to be sold into the lower margin export markets. Singapore refinery margins were negative from extremely weak demand. However, in Latin America and Europe, third quarter earnings were up slightly.

Nine months 1998 results increased due to improved manufacturing and marketing results from higher margins and volumes, mainly in the U.K., Caribbean and Central America.

Operating results for the third quarter and nine months of 1998 included non-cash currency charges of $3 million and $5 million related to deferred income taxes denominated in British Pound Sterling. This compares to benefits of $4 million for the third quarter and $8 million for nine months of 1997.

Results for 1998 included a third quarter net special charge of $43 million for a reorganization program in our affiliate Caltex. This program is intended to organize operations functionally and better position Caltex to identify growth opportunities.

CORPORATE/NONOPERATING RESULTS

(Millions):	Third Quarter 1998	Third Quarter 1997	Nine Months 1998	Nine Months 1997
Results before special items	$(108)	$(114)	$(331)	$(302)
Special items	25	-	44	488
Total corporate/nonoperating	$ (83)	$(114)	$(287)	$ 186

Corporate and nonoperating results for the third quarter and nine months of 1998 included increased net interest expense from higher debt levels, however, successful efforts in expense control in overhead departments more than mitigated this impact. Results for nine months of

1998 included higher expenses for Texaco's corporate advertising campaign introduced in the second half of 1997.

Results for 1998 included a third quarter special benefit of $25 million to adjust prior year's tax liability and a second quarter special tax benefit of $19 million attributable to the sale of an interest in a subsidiary. Results for 1997 included a first quarter special benefit of $488 million associated with an IRS settlement.

CAPITAL AND EXPLORATORY EXPENDITURES

Capital and exploratory expenditures were $2,769 million for the nine months of 1998 and $3,023 million in 1997.

In the U.S., exploration and development expenditures slowed during the third quarter, but were flat for the year. Activities continued to reflect Texaco's focus in both the traditional shelf and deepwater areas of the Gulf of Mexico. Using advanced technologies, Texaco continues to grow oil and gas production and reserves.

Internationally, expenditures decreased following the completion of several large projects in both the U.K. and Danish sectors of the North Sea. Development activity in Indonesia, the North Sea and other promising areas continued while exploratory spending decreased in China and other Far Eastern areas. Upstream expenditures in discovered reserve opportunities also continued in promising areas, including the Karachaganak venture in Kazakhstan.

Lower international downstream expenditures reflected a decrease in the Caltex marketing areas from higher 1997 service station investments in Hong Kong and slower re-imaging spending in Caltex areas and Europe. These decreases were partly offset by higher marketing and manufacturing expenditures in Texaco's newly formed U.S. alliances.

Texaco continues to carefully assess investment projects given the current and projected industry environment. Adjustments in spending have been made by deferring non-critical projects into future periods.

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Listen in live to Texaco's third quarter 1998 earnings discussion with financial analysts on Thursday, October 22, at 11:30 a.m. EDT at:

http://www.events.broadcast.com/events/texaco/q398earnings

For technical assistance, call Sheila Lujan at 800-366-9831

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FUNCTIONAL NET INCOME (Millions)	Third Quarter (a) 1998	Third Quarter (a) 1997	Nine Months (a) 1998	Nine Months (a) 1997
Operating Earnings				
Petroleum and natural gas				
Exploration and production				
United States	$ 92	$ 232	$ 319	$ 732
International	40	103	131	499
Total	132	335	450	1,231
Manufacturing, marketing and distribution				
United States	124	132	235	238
International	38	134	414	370
Total	162	266	649	608
Total petroleum and natural gas	294	601	1,099	1,839
Nonpetroleum	4	3	4	16
Total operating earnings	298	604	1,103	1,855
Corporate/Nonoperating	(83)	(114)	(287)	186
Total net income	$ 215	$ 490	$ 816	$2,041
Net income per common share (Dollars)				
Diluted	$ 0.38	$ 0.90	$ 1.46	$ 3.75
Average number of common shares outstanding for computation of earnings per share (Millions)				
Diluted	526.4	540.2	548.6	540.0
Provision for income taxes included in total net income	$ 34	$ 270	$ 258	$ 411

(a) Includes special items as detailed in this release.

OTHER FINANCIAL DATA (Millions)	Third Quarter 1998	Third Quarter 1997		Nine Months 1998	Nine Months 1997
Revenues	$ 7,707	$11,093		$23,898	$34,618
Total assets as of September 30			(b)	$28,400	$26,815
Stockholders' equity as of September 30			(b)	$12,300	$11,617
Total debt as of September 30			(b)	$ 6,950	$ 5,637
Capital and exploratory expenditures					
Exploration and production					
United States	$ 352	$ 491		$ 1,251	$ 1,272
International	283	444		834	990
Total	635	935		2,085	2,262
Manufacturing, marketing and distribution					
United States	120	94		303	246
International	130	178		358	486
Total	250	272		661	732
Other	3	18		23	29
Total	$ 888	$ 1,225		$ 2,769	$ 3,023
Exploratory expenses included above					
United States	$ 48	$ 46		$ 195	$ 122
International	45	68		129	184
Total	$ 93	$ 114		$ 324	$ 306
Dividends paid to common stockholders	$ 237	$ 235		$ 716	$ 676
Dividends per common share (Dollars)	$ 0.45	$ 0.45		$ 1.35	$ 1.30
Dividend requirements for preferred stockholders	$ 13	$ 14		$ 40	$ 42

(b) Preliminary

OPERATING DATA	Third Quarter 1998	Third Quarter 1997	Nine Months 1998	Nine Months 1997
Exploration and Production				
United States				
Net production of crude oil and natural gas liquids (MBPD)	432	391	443	387
Net production of natural gas - available for sale (MMCFPD)	1,641	1,722	1,694	1,686
Total net production (MBOEPD)	706	678	726	668
Natural gas sales (MMCFPD)	3,963	3,312	3,926	3,570
Average U.S. crude (per bbl.)	$ 10.06	$ 16.56	$ 10.87	$ 17.71
Average U.S. natural gas (per mcf)	$ 1.89	$ 2.13	$ 2.03	$ 2.28
Average WTI (Spot) (per bbl.)	$ 14.16	$ 19.78	$ 14.89	$ 20.83
Average Kern (Spot) (per bbl.)	$ 8.65	$ 14.30	$ 8.43	$ 14.81
International				
Net production of crude oil and natural gas liquids (MBPD)				
Europe	163	118	157	116
Indonesia	168	150	159	148
Partitioned Neutral Zone	104	97	106	94
Other	59	64	66	67
Total	494	429	488	425
Net production of natural gas - available for sale (MMCFPD)				
Europe	261	176	255	197
Colombia	165	190	185	168
Other	87	79	108	88
Total	513	445	548	453
Total net production (MBOEPD)	580	503	579	501
Natural gas sales (MMCFPD)	633	536	692	562
Average International crude (per bbl.)	$ 11.05	$ 16.88	$ 11.55	$ 17.79
Average U.K. natural gas (per mcf)	$ 2.34	$ 2.55	$ 2.53	$ 2.68
Average Colombia natural gas (per mcf)	$ 0.79	$ 0.95	$ 0.88	$ 1.04
Worldwide				
Total net production (MBOEPD)	1,286	1,181	1,305	1,169

OPERATING DATA

	Third Quarter 1998	Third Quarter 1997	Nine Months 1998	Nine Months 1997
Manufacturing, Marketing and Distribution				
United States				
Refinery input (MBPD)				
Western U.S.	410	420	388	415
Eastern U.S.	301	339	316	334
Total	711	759	704	749
Refined product sales (MBPD)				
Western U.S.	643	512	597	492
Eastern U.S.	486	327	387	323
Other Operations	216	222	228	205
Total	1,345	1,061	1,212	1,020
International				
Refinery input (MBPD)				
Europe	326	329	356	337
Caltex	397	379	417	400
Latin America/West Africa	66	60	64	59
Total	789	768	837	796
Refined product sales (MBPD)				
Europe	547	508	567	496
Caltex	563	545	580	564
Latin America/West Africa	474	440	455	408
Other	56	66	53	62
Total	1,640	1,559	1,655	1,530