United States

Securities and Exchange Commission

Washington, D.C. 20549

Form 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2000 Commission file number 1-27

Texaco Inc.

(Exact name of the registrant as specified in its charter)

Delaware	74-1383447
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

Registrant's telephone number, including area code (914) 253-4000

Texaco Inc. (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, and (2) has been subject to such filing requirements for the past 90 days.

As of July 31, 2000, there were 551,250,186 shares outstanding of Texaco Inc. Common Stock - par value $3.125.

TEXACO INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD
ENDED JUNE 30, 2000

Table of Contents

PART I - FINANCIAL INFORMATION

TEXACO INC.
CONSOLIDATED STATEMENTS OF INCOME

(Millions of dollars, except per share data)

	(Unaudited)			
	For the six months ended June 30,		For the three months ended June 30,	
	2000	1999	2000	1999
REVENUES				
Sales and services	$22,862	$15,030	$11,776	$ 8,116
Equity in income of affiliates, interest, asset sales and other	478	429	293	153
	23,340	15,459	12,069	8,269
DEDUCTIONS				
Purchases and other costs	18,055	11,806	9,425	6,356
Operating expenses	1,268	1,109	678	550
Selling, general and administrative expenses	581	601	256	311
Exploratory expenses	113	210	60	80
Depreciation, depletion and amortization	875	726	391	365
Interest expense	231	245	109	124
Taxes other than income taxes	194	148	91	72
Minority interest	57	35	30	16
	21,374	14,880	11,040	7,874
Income before income taxes	1,966	579	1,029	395
Provision for income taxes	767	107	404	122
NET INCOME	$ 1,199	$ 472	$ 625	$ 273
Per common share				
Basic net income	$ 2.19	$ 0.85	$ 1.14	$ 0.50
Diluted net income	$ 2.19	$ 0.85	$ 1.14	$ 0.50
Cash dividends paid	$ 0.90	$ 0.90	$ 0.45	$ 0.45

See accompanying notes to consolidated financial statements.

TEXACO INC.
CONSOLIDATED BALANCE SHEETS
(Millions of dollars)

	June 30, 2000 (Unaudited)	December 31, 1999
ASSETS		
Current Assets		
Cash and cash equivalents	$ 261	$ 419
Short-term investments - at fair value	35	29
Accounts and notes receivable, less allowance for doubtful accounts of $25 million in 2000 and $27 million in 1999	4,789	4,060
Inventories	1,422	1,182
Deferred income taxes and other current assets	325	273
Total current assets	6,832	5,963
Investments and Advances	6,485	6,426
Properties, Plant and Equipment - at cost	33,816	36,527
Less - Accumulated Depreciation, Depletion and Amortization	18,412	20,967
Net properties, plant and equipment	15,404	15,560
Deferred Charges	1,033	1,023
Total	$29,754	$28,972
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term debt	$ 559	$ 1,041
Accounts payable and accrued liabilities		
Trade liabilities	3,124	2,585
Accrued liabilities	1,121	1,203
Income and other taxes	1,155	839
Total current liabilities	5,959	5,668
Long-Term Debt and Capital Lease Obligations	6,519	6,606
Deferred Income Taxes	1,483	1,468
Employee Retirement Benefits	1,176	1,184
Deferred Credits and Other Non-current Liabilities	1,218	1,294
Minority Interest in Subsidiary Companies	716	710
Total	17,071	16,930
Stockholders' Equity		
Market auction preferred shares	300	300
Common stock (authorized: 850,000,000 shares, $3.125 par value; 567,576,504 shares issued)	1,774	1,774
Paid-in capital in excess of par value	1,285	1,287
Retained earnings	10,449	9,748
Unearned employee compensation and benefit plan trust	(285)	(306)
Accumulated other comprehensive income (loss)		
Currency translation adjustment	(99)	(99)
Minimum pension liability adjustment	(27)	(23)
Unrealized net gain on investments	4	3
Total	(122)	(119)
	13,401	12,684
Less - Common stock held in treasury, at cost	718	642
Total stockholders' equity	12,683	12,042
Total	$29,754	$28,972

See accompanying notes to consolidated financial statements.

TEXACO INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Millions of dollars)

	(Unaudited) For the six months ended June 30, 2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$1,199	$ 472
Reconciliation to net cash provided by (used in) operating activities		
Depreciation, depletion and amortization	875	726
Deferred income taxes	15	(96)
Exploratory expenses	113	210
Minority interest in net income	57	35
Dividends from affiliates, greater than equity in income	108	58
Gains on asset sales	(95)	(62)
Changes in operating working capital	(337)	(267)
Other - net	58	(23)
Net cash provided by operating activities	1,993	1,053
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital and exploratory expenditures	(1,469)	(1,109)
Proceeds from asset sales	490	219
Purchases of investment instruments	(206)	(283)
Sales/maturities of investment instruments	202	606
Collection of note from affiliate	--	101
Net cash used in investing activities	(983)	(466)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings having original terms in excess of three months		
Proceeds	762	1,843
Repayments	(1,836)	(298)
Net increase (decrease) in other borrowings	532	(1,522)
Purchases of common stock	(71)	--
Dividends paid to the company's stockholders		
Common	(489)	(474)
Preferred	(8)	(23)
Dividends paid to minority stockholders	(53)	(15)
Net cash used in financing activities	(1,163)	(489)
CASH AND CASH EQUIVALENTS		
Effect of exchange rate changes on cash and cash equivalents	(5)	(24)
Increase (decrease) during period	(158)	74
Beginning of year	419	249
End of period	$ 261	$ 323

See accompanying notes to consolidated financial statements.

TEXACO INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Millions of dollars)

	(Unaudited)			
	For the six months ended June 30,		For the three months ended June 30,	
	2000	1999	2000	1999
NET INCOME	$1,199	$ 472	$ 625	$ 273
Other comprehensive income (loss), net of tax				
Minimum pension liability adjustment	(4)	-	-	-
Unrealized net gain (loss) on investments	1	(22)	(5)	(2)
	(3)	(22)	(5)	(2)
COMPREHENSIVE INCOME	$1,196	$ 450	$ 620	$ 271

TEXACO INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Basis of Preparing Interim Financial Statements

The accompanying unaudited consolidated interim financial statements of Texaco Inc. have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission. We have condensed or omitted from these financial statements certain footnotes and other information included in our 1999 Annual Report on Form 10-K. You should read these unaudited condensed financial statements in conjunction with our 1999 Annual Report. Certain prior period amounts have been reclassified to conform to current year presentation. All dollar amounts are in millions, unless otherwise noted.

We have consistently applied the accounting policies described in our 1999 Annual Report on Form 10-K in preparing the unaudited financial statements for the six-month and three-month periods ended June 30, 2000 and 1999. We have made all adjustments and disclosures necessary, in our opinion, to present fairly our results of operations, financial position and cash flows for such periods. These adjustments were of a normal recurring nature. The information is subject to year-end audit by independent public accountants.

The results for the interim periods are not necessarily indicative of trends or future financial results.

Note 2. Net Income Per Common Share

	For the six months ended June 30, 2000	1999	For the three months ended June 30, 2000	1999
	(Unaudited)			
Basic Net Income Per Common Share:				
Net income	$ 1,199	$ 472	$ 625	$ 273
Less: Preferred stock dividends	7	23	4	10
Net income available for common stock	$ 1,192	$ 449	$ 621	$ 263
Weighted average shares outstanding (thousands)	543,334	526,965	542,770	527,700
Basic net income per common share (dollars)	$ 2.19	$ 0.85	$ 1.14	$ 0.50
Diluted Net Income Per Common Share:				
Net income available for common stock	$ 1,192	$ 449	$ 621	$ 263
Adjustment for the dilutive effect of stock-based compensation	2	2	1	1
Income for diluted earnings per share	$ 1,194	$ 451	$ 622	$ 264
Weighted average shares outstanding (thousands)	543,334	526,965	542,770	527,700
Dilutive effect of stock-based compensation (thousands)	1,611	2,675	1,642	2,536
Weighted average shares outstanding for diluted computation (thousands)	544,945	529,640	544,412	530,236
Diluted net income per common share (dollars)	$ 2.19	$ 0.85	$ 1.14	$ 0.50

Note 3. Segment Information

	For the six months ended June 30, 2000				1999			
	Sales and Services			After Tax	Sales and Services			After Tax
	Outside	Inter-Segment	Total	Profit (Loss)	Outside	Inter-Segment	Total	Profit (Loss)
	(Unaudited)							
Exploration and production								
United States	$1,682	$ 924	$2,606	$ 647	$ 826	$ 666	$ 1,492	$ 186
International	1,669	684	2,353	554	1,022	294	1,316	60
Refining, marketing and distribution								
United States	2,767	106	2,873	63	1,440	7	1,447	86
International	13,851	191	14,042	141	9,856	23	9,879	371
Global gas and power	2,887	81	2,968	20	1,879	47	1,926	7
Segment totals	$22,856	$1,986	24,842	1,425	$15,023	$1,037	16,060	710
Other business units			15	(2)			20	(2)
Corporate/Non-operating			3	(224)			4	(236)
Intersegment eliminations			(1,998)	--			(1,054)	--
Consolidated			$22,862	$1,199			$15,030	$ 472

	For the six months ended June 30,							
	2000				1999			
	Sales and Services			After Tax Profit (Loss)	Sales and Services			After Tax Profit (Loss)
	Outside	Inter-Segment	Total		Outside	Inter-Segment	Total	
	(Unaudited)							
Exploration and production								
United States	$ 859	$494	$ 1,353	$353	$ 477	$370	$ 847	$148
International	796	273	1,069	261	577	184	761	78
Refining, marketing and distribution								
United States	1,387	82	1,469	45	829	4	833	24
International	7,130	96	7,226	90	5,310	20	5,330	151
Global gas and power	1,602	46	1,648	--	919	24	943	1
Segment totals	$11,774	$991	12,765	749	$8,112	$602	8,714	402
Other business units			5	(2)			9	(1)
Corporate/Non-operating			2	(122)			3	(128)
Intersegment eliminations			(996)	--			(610)	--
Consolidated			$11,776	$625			$8,116	$273

	Assets as of	
	June 30, 2000	December 31, 1999
	(Unaudited)	
Exploration and production		
United States	$8,325	$8,696
International	5,792	5,333
Refining, marketing and distribution		
United States	3,326	3,714
International	9,219	8,542
Global gas and power	1,800	1,297
Segment totals	28,462	27,582
Other business units	362	365
Corporate/Non-operating	1,307	1,430
Intersegment eliminations	(377)	(405)
Consolidated	$29,754	$28,972

Note 4. Inventories

The inventory accounts of Texaco are presented below:

	As of June 30, 2000 (Unaudited)	As of December 31, 1999
Crude oil	$ 218	$ 141
Petroleum products and other	1,023	857
Materials and supplies	181	184
Total	$1,422	$1,182

Note 5. Investments in Significant Equity Affiliates

U.S. Downstream Alliances

Summarized unaudited financial information for Equilon, owned 44% by Texaco and 56% by Shell Oil Company, is presented below on a 100% Equilon basis:

	For the six months ended June 30,		For the three months ended June 30,	
	2000	1999	2000	1999
Gross revenues	$21,186	$11,352	$11,229	$ 5,751
Income (loss) before income taxes	$ 18	$ 48	$ 49	$ (123)

The following table presents summarized unaudited financial information for Motiva on a 100% Motiva basis. Motiva is owned by Texaco, Saudi Refining, Inc. (a corporate affiliate of Saudi Aramco) and Shell Oil Company. Under the terms of the Limited Liability Agreement for Motiva, the ownership in Motiva is subject to annual adjustment through year-end 2005, based on the performance of the assets contributed to Motiva. Accordingly, the initial ownership in Motiva was adjusted effective as of January 1, 2000, so that currently, Texaco and Saudi Refining, Inc. each own just under 31% and Shell owns just under 39% of Motiva. These ownership percentages will be effective through year-end 2000. The Agreement provides that a final ownership percentage will be calculated at the end of 2005.

	For the six months ended June 30,		For the three months ended June 30,	
	2000	1999	2000	1999
Gross revenues	$9,137	$4,965	$4,746	$2,815
Income (loss) before income taxes	$ 217	$ 20	$ 154	$ (21)

We record income tax effects applicable to our share of Equilon's and Motiva's pre-tax results in our consolidated financial statements, since Equilon and Motiva are limited liability companies.

Caltex Group of Companies

Summarized unaudited financial information for the Caltex Group of Companies, owned 50% by Texaco and 50% by Chevron Corporation, is presented below on a 100% Caltex Group basis:

	For the six months ended June 30,		For the three months ended June 30,	
	2000	1999	2000	1999
Gross revenues	$8,905	$6,137	$4,795	$3,247
Income before income taxes	$ 483	$ 518	$ 264	$ 229
Net income	$ 230	$ 343	$ 128	$ 140

Note 6. Commitments and Contingencies

Information relative to commitments and contingent liabilities of Texaco is presented in Note 15, Other Financial Information, Commitments and Contingencies, pages 54-55, of our 1999 Annual Report.

It is impossible for us to determine the ultimate legal and financial liability with respect to contingencies and commitments. However, we do not anticipate that the aggregate amount of such liability in excess of accrued liabilities will be materially important in relation to our consolidated financial position or results of operations.

RESULTS OF OPERATIONS

The following table provides a summary of Texaco's net income and income before special items for the second quarter and first six months of 2000 and 1999. All dollar amounts are in millions, unless otherwise noted.

	For the six months ended June 30,		For the three months ended June 30,	
	2000	1999	2000	1999
	(Unaudited)			
Income before special items	$1,243	$391	$ 641	$286
Per share (dollars)	$ 2.27	$.70	$1.17	$.52
Net income	$1,199	$472	$ 625	$273
Per share (dollars)	$ 2.19	$.85	$1.14	$.50

Our strong earnings performance during the quarter was driven by high crude oil prices and increased U.S. natural gas prices, reflecting strong worldwide demand and low industry inventories.

Our upstream operations contributed the greatest share of our earnings improvement during this period. During the quarter, the divestiture of several non-core producing assets added over $200 million to our cash flow. We continue to be encouraged by the results of our exploration program as well as the progress on our major development activities. In addition, the Petronius field offshore in the Gulf of Mexico began producing on July 9 and our production there should grow to 20,000 barrels per day in October.

In the downstream, our overall results improved versus this year's first quarter but were below last year. While our refining results have improved in Europe and on the Gulf and East Coasts of the United States, the combination of high crude oil costs and the extremely competitive environment contributed to weak marketing margins in most areas. Margins in the Caltex region have been especially weak and, accordingly, our performance there has been disappointing. During the quarter, the sale of Equilon's Wood River refinery was completed, furthering our long term strategy of reducing our refining exposure.

Notwithstanding our strong earnings and cash flow, we continue to maintain a disciplined approach to our capital spending throughout the company.

Results for the second quarter and first six months of 2000 and 1999 are summarized in the following table. Details on special items are included in the segment analysis which follows this table. The following discussion of operating earnings is presented on an after-tax basis.

	For the six months ended June 30, 2000	1999	For the three months ended June 30, 2000	1999
	(Unaudited)			
Income before special items	$1,243	$391	$641	$286
Gains (losses) on major asset sales	(65)	(55)	2	(55)
Tax issues	46	65	--	54
Inventory valuation adjustments	--	138	--	55
Employee benefits revision	18	--	--	--
Reorganization, restructuring and employee separation costs	(12)	(67)	--	(67)
Litigation issue	(17)	--	(4)	--
Net loss on Erskine pipeline	(14)	--	(14)	--
Special items	(44)	81	(16)	(13)
Net income	$1,199	$472	$625	$273

OPERATING RESULTS

EXPLORATION AND PRODUCTION

United States	For the six months ended June 30, 2000	1999	For the three months ended June 30, 2000	1999
Operating income before special items	$754	$165	$393	$138
Special items	(107)	21	(40)	10
Operating income	$647	$186	$353	$148

U.S. exploration and production earnings for the second quarter and first six months of 2000 were considerably better than last year due to higher crude oil and natural gas prices. Tight oil supplies caused second quarter WTI crude oil prices to average nearly $29.00 per barrel. Our realized crude oil prices for the second quarter and first six months of 2000 were $24.90 and $24.67 per barrel, 95 percent and 125 percent higher than last year. Increased demand and low storage levels caused U.S. natural gas prices to rise. For the second quarter and first six months of 2000, average natural gas prices were $3.28 and $2.86 per MCF, 60 percent and 49 percent above last year.

Daily production decreased nine percent for the second quarter and eight percent for the first six months of the year. This expected reduction was due to natural field declines and sales of non-core producing properties. During the second quarter, we received $67 million from these sales, bringing our total cash proceeds for the year to $330 million.

Our operating expenses increased eight percent for the second quarter and six months as higher crude oil and natural gas prices led to higher utilities expenses and production taxes. Exploratory expenses for the second quarter and first six months of 2000 were $22 million and $41 million before tax, $16 million and $51 million below last year, reflecting reduced activities in the U.S.

Results for the first six months of 2000 included special charges of $107 million, including $40 million in the second quarter, for net losses on sales of non-core producing assets. This charge was comprised of write-downs of assets sold to their sales prices and related disposal costs, partially offset by gains on the sale of certain other assets. Results for the second quarter of 1999 included a special gain of $21 million for the sale of our interest in several California fields. Also included in that quarter was a special charge of $11 million for employee separation costs. See the section entitled, Reorganizations, Restructurings and Employee Separation Programs on page 14 of this Form 10-Q for additional information. Results for 1999 also included a first quarter special benefit of $11 million for a production tax refund.

International	For the six months ended June 30,		For the three months ended June 30,	
	2000	1999	2000	1999
Operating income before special items	$488	$62	$195	$80
Special items	66	(2)	66	(2)
Operating income	$554	$60	$261	$78

International exploration and production earnings for the second quarter and first six months of 2000 were significantly higher than last year due to higher crude oil prices and lower expenses. Market conditions have kept crude oil prices strong throughout the first six months. Our realized crude oil prices for the second quarter and first six months of 2000 were $23.64 and $23.47 per barrel, 72 percent and 102 percent higher than last year. Average natural gas prices were $1.44 per MCF for the second quarter and $1.46 per MCF for the first six months of 2000, 17 percent and seven percent above last year.

Daily production decreased 10 percent for the second quarter and five percent for the first six months due to scheduled maintenance and repairs in our U.K. North Sea operations, lower lifting entitlements for cost recovery in Indonesia as a result of higher crude oil prices and the sale of non-core producing properties. Production continues to increase in the Partitioned Neutral Zone and the Karachaganak field in the Republic of Kazakhstan. During the second quarter, we received proceeds of $137 million from the sales of non-core producing properties.

In line with lower production, our operating expenses decreased eight percent for the second quarter and seven percent for the first six months of 2000. Exploratory expenses for the second quarter were $38 million before tax, slightly lower than last year. Exploratory expenses for the first six months were $72 million before tax, $46 million lower than last year which included an unsuccessful exploratory well in a new offshore area of Trinidad.

Results for the second quarter of 2000 included a special benefit of $80 million for net gains on the sale of non-core producing properties and a special charge of $14 million for net losses resulting from the Erskine pipeline interruption in the U.K. North Sea. Results for the second quarter of 1999 included a special charge of $2 million for employee separation costs. See the section entitled, Reorganizations, Restructurings and Employee Separation Programs on page 14 of this Form 10-Q for additional information.

REFINING, MARKETING AND DISTRIBUTION

United States	For the six months ended June 30,		For the three months ended June 30,	
	2000	1999	2000	1999
Operating income before special items	$93	$165	$80	$111
Special items	(30)	(79)	(35)	(87)
Operating income	$63	$ 86	$45	$ 24

U.S. refining, marketing and distribution earnings before special items were lower than last year for both the second quarter and first six months. U.S. downstream activities are primarily conducted through Equilon Enterprises LLC, our western alliance with Shell Oil Company, and Motiva Enterprises LLC, our eastern alliance with Shell Oil Company and Saudi Refining, Inc.

During the second quarter and first six months of 2000, Equilon's earnings declined due to weak marketing and lubricant margins. Maintenance activity at the Puget Sound, Martinez and Wood River refineries adversely impacted results for both years. Marketing margins were depressed because pump prices lagged increases in supply costs in a very competitive market.

Motiva's results for the second quarter and first six months of 2000 benefited from improved East and Gulf Coast refining margins. Maintenance activities this year in both quarters at the Delaware City refinery and in the second quarter at the Port Arthur refinery adversely impacted results. Lower gasoline and distillate inventory levels and tight supplies due to industry refinery downtime helped refining margins. While refining results improved, marketing margins were negatively impacted by higher supply costs which were not fully recovered in the competitive market.

Results for the first six months of 2000 included net special charges of $30 million, comprised of a second quarter charge of $31 million for the loss on the sale of the Wood River refinery, a charge for a patent litigation issue of $17 million, $4 million in the second quarter, and a first quarter gain of $18 million for an employee benefits revision. Results for the first six months of 1999 included net special charges of $79 million. This was comprised of second quarter charges of $76 million for asset write-downs to their estimated sales value due to the pending sales by Equilon of its El Dorado and Wood River refineries and $11 million for alliance reorganization, restructuring and employee separation costs. Results for 1999 included a first quarter special benefit of $8 million due to higher inventory values on March 31, 1999. This follows a fourth quarter 1998 charge of $34 million to reflect lower prices on December 31, 1998 for inventories of crude oil and refined products.

International	For the six months ended June 30,		For the three months ended June 30,	
	2000	1999	2000	1999
Operating income before special items	$153	$ 221	$90	$ 76
Special items	(12)	150	--	75
Operating income	$141	$ 371	$90	$151

International refining and marketing earnings before special items for the second quarter of 2000 increased from last year. Refining results improved dramatically in Europe as margins improved in the U.K. and the Netherlands. However, marketing results declined due to increased costs and highly competitive market conditions in our European and Latin American areas of operation. Refining results in Latin America were nearly level with the second quarter of 1999. Operating results for our Caltex affiliate decreased due to lower marketing margins in the Asia-Pacific area.

Results for the first six months of 2000 declined due to weak marketing margins in the Caltex region, Latin America and Europe. Refining results were mixed as European and Asian margins improved, while increased crude costs negatively impacted refining margins in Panama.

Results for 2000 included first quarter special charges of $12 million for employee separation costs. See the section entitled, Reorganizations, Restructurings and Employee Separation Programs on page 14 of this Form 10-Q for additional information. The second quarter of 1999 included a special gain of $54 million for a Korean tax benefit, Caltex restructuring charges of $25 million and employee separation costs in Europe and Latin America of $9 million. Results for 1999 also included first and second quarter special benefits of $75 million and $55 million due to higher 1999 inventory values. This follows a fourth-quarter 1998 charge of $108 million to reflect lower market prices on December 31, 1998 for inventories of crude oil and refined products, as well as additional charges recorded in prior years.

GLOBAL GAS AND POWER

	For the six months ended June 30,		For the three months ended June 30,	
	2000	1999	2000	1999
Operating income before special items	$20	$10	$ --	$ 4
Special items	--	(3)	--	(3)
Operating income	$20	$ 7	$ --	$ 1

Operating results for our global gas and power operations for the first six months of 2000 benefited from the first quarter recovery of natural gas liquids prices which was not sustained in the second quarter. Results for 1999 included gains from several asset sales, including a gas gathering pipeline in the U.S. and our 50 percent interest in a U.K. retail gas marketing venture.

Results for the second quarter of 1999 included a special charge of $3 million for employee separation costs. See the section entitled, Reorganizations, Restructurings and Employee Separation Programs on page 14 of this Form 10-Q for additional information.

OTHER BUSINESS UNITS

	For the six months ended June 30,		For the three months ended June 30,	
	2000	1999	2000	1999
Operating loss	$ (2)	$(2)	$ (2)	$(1)

Our other business units mainly include our insurance operations. There were no significant items in these results.

CORPORATE/NON-OPERATING

	For the six months ended June 30,		For the three months ended June 30,	
	2000	1999	2000	1999
Results before special items	$(263)	$(230)	$(115)	$(122)
Special items	39	(6)	(7)	(6)
Total Corporate/Non-operating	$(224)	$(236)	$(122)	$(128)

Corporate and non-operating expenses before special items for the second quarter benefited from a favorable prior period tax revision and lower interest expense. The first six months of 2000 included expenses for our Olympic sponsorship program and higher other corporate expenses. Results for the first six months of 1999 benefited from a $21 million gain on the sale of marketable securities.

Results for the first six months of 2000 included a first quarter special benefit of $46 million for favorable income tax settlements in the first quarter and a second quarter special charge of $7 million for early extinguishment of debt associated with the anticipated sale of an offshore producing facility in the U.K. North Sea. Results for 1999 included a second quarter special charge of $6 million for employee separation costs. See the section entitled, Reorganizations, Restructurings and Employee Separation Programs on page 14 of this Form 10-Q for additional information.

LIQUIDITY AND CAPITAL RESOURCES

Our cash, cash equivalents and short-term investments were $296 million at June 30, 2000, compared with $448 million at year-end 1999.

During the first six months of 2000, strong earnings from our operations provided cash of $2.0 billion. We also had cash inflows of $490 million from assets sales, primarily from the sale of several non-core producing properties. We spent $1.5 billion on our capital and exploratory program, paid $550 million in common, preferred and minority interest dividends and used $613 million to reduce debt and repurchase common stock.

As of June 30, 2000, our ratio of total debt to total borrowed and invested capital was 34.6%, compared with 37.5% at year-end 1999. At June 30, 2000, our long-term debt included $2.05 billion of debt scheduled to mature within one year, which we have both the intent and ability to refinance on a long-term basis. During the first six months of 2000, our overall debt level decreased by $542 million. This was comprised of debt repayments of $1,359 million, increased commercial paper of $287 million and the issuance of $530 million of medium-term notes from our existing "shelf" registration.

As of June 30, 2000, we maintained, but had not used, $2.05 billion in revolving credit facilities that provide liquidity and support our commercial paper program. As of June 30, 2000, the total dollar amount of debt and equity securities remaining available for issuance and sale under our "shelf" registration statement is $1,445 million.

In March 2000, we resumed purchasing common stock under the $1 billion common stock repurchase program we initiated in March 1998. We purchased about $70 million of common stock under this program during the first six months of 2000 and an additional $58 million from July 1 through August 4, 2000. This brings our total purchases under this program, including $474 million purchased during 1998, to about $600 million. No shares were purchased under this program in 1999. We will continue to repurchase shares of common stock, subject to market conditions, through open market purchases or privately negotiated transactions.

We consider our financial position to be sufficiently strong to meet our anticipated future financial requirements.

REORGANIZATIONS, RESTRUCTURINGS AND EMPLOYEE SEPARATION PROGRAMS

On pages 26 and 27 of our 1999 Annual Report, we discussed our fourth quarter 1998 reorganizations, restructurings and employee separation programs. In 1998, we accrued $115 million ($80 million, net of tax) for employee separations, curtailment costs and special termination benefits. During the second quarter of 1999, we expanded the employee separation programs and recorded an additional provision of $48 million ($31 million, net of tax). Through June 30, 2000, cash payments totaled $149 million and transfers to long-term obligations totaled $12 million. We will pay the remaining obligations of $2 million in future periods in accordance with plan provisions. Refer to our 1999 Annual Report for a further discussion of these programs.

During the first quarter of 2000, we announced an additional employee separation program for our international downstream, primarily our marketing operations in Brazil and Ireland. We accrued $17 million ($12 million, net of tax) for employee separations, curtailment costs and special termination benefits for about 200 employees. These separation accruals are shown as selling, general and administrative expenses in the Consolidated Statements of Income. Through June 30, 2000, employee reductions totaled 91. The remaining reductions will occur during the last half of this year. During the first six months of 2000, we made cash payments of $2 million and transfers to long-term obligations of $8 million. We will pay the remaining obligations of $7 million in future periods in accordance with plan provisions.

NEW ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) 133, "Accounting for Derivative Instruments and Hedging Activities." In June 1999, the FASB issued SFAS 137, which deferred the effective date of SFAS 133. This was followed in June 2000 by the issuance of SFAS 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities," which amends SFAS 133. SFAS 133 and 138 establishes accounting and reporting standards for derivative financial instruments. The standards require that all derivative financial instruments be recorded on the Consolidated Balance Sheets at their fair value. Changes in fair value of derivatives will be recorded each period in earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. We will adopt these standards effective January 1, 2001 and are currently assessing the effects of adoption.

CAPITAL AND EXPLORATORY EXPENDITURES

Worldwide capital and exploratory expenditures, including our share of affiliates, were $1,769 million for the first six months of 2000, compared with $1,458 million for 1999.

Led by a 57 percent increase in our international segment, total upstream expenditures increased 24 percent as we continued to focus on high-margin, high-impact projects. Investment continued in the Malampaya natural gas project in the Philippines and the Karachaganak field in Kazakhstan. In addition to spending on these projects, expenditures for platform development work continued on the Captain B project in the U.K. North Sea. In the United States, upstream spending decreased by 17 percent primarily due to the completion, last year, of the Gemini project in the Deepwater Gulf of Mexico.

In the United States downstream, refinery expenditures declined as we continued to reduce our exposure to the refining business with Equilon's sale of the El Dorado refinery in November of 1999 and the Wood River refinery in June of 2000. Internationally, expenditures decreased due to the completion of a project at the Pembroke refinery last year and lower marketing investments in Latin America.

Expenditures for global gas and power more than doubled from last year primarily from the purchase of a 20 percent interest in Energy Conversion Devices, Inc., which develops and commercializes enabling technologies for use in the fields of alternative energy and information technologies. This investment further advances our goal to be a leader in the development and commercialization of advanced, environmentally-smart alternative energy technologies.

FORWARD-LOOKING STATEMENTS

Portions of the foregoing discussion contain a number of "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. In particular, statements made concerning our expected performance and financial results in future periods are based on our current expectations and beliefs and are subject to a number of known and unknown risks and uncertainties. This could cause actual results to differ materially from those described in the "forward-looking statements." The following factors known to us, among other factors, could cause our actual results to differ materially from those described in the "forward-looking statements": incorrect estimation of reserves; inaccurate seismic data; mechanical failures; decreased demand for crude oil, natural gas, motor fuels and other products; worldwide and industry economic conditions; inaccurate forecasts of crude oil, natural gas and petroleum product prices; increasing price and product competition; price fluctuations; and higher costs, expenses and interest rates. In addition, you are encouraged to review our latest reports filed with the Securities and Exchange Commission, including our 1999 Annual Report on Form 10-K filed with the SEC on March 24, 2000, which describes a number of additional risks and uncertainties that could cause actual results to vary materially from those listed in the "forward-looking statements" made in this Quarterly Report on Form 10-Q.

SUPPLEMENTAL MARKET RISK DISCLOSURES

We are exposed to the following types of market risks:

- The price of crude oil, natural gas and petroleum products
- The value of foreign currencies in relation to the U.S. dollar
- Interest rates

We use derivative financial instruments, such as futures, forwards, options and swaps, in managing these risks. There were no material changes during the first six months of 2000 in our exposures to loss from possible future changes in the price of crude oil, natural gas and petroleum products, the value of foreign currencies in relation to the U. S. dollar or interest rates.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We have provided information about legal proceedings pending against Texaco in Note 6 to the Consolidated Financial Statements of this Form 10-Q, in Item 1 of our first quarter 2000 Form 10-Q and in Item 3 of our 1999 Annual Report on Form 10-K. Note 6 of this Form 10-Q, Item 1 of our first quarter 2000 Form 10-Q and Item 3 of our 1999 Form 10-K are incorporated here by reference.

Item 5. Other Information

	For the six months ended June 30,		For the three months ended June 30,	
	2000	1999	2000	1999
	(Millions of dollars) (Unaudited)			
CAPITAL AND EXPLORATORY EXPENDITURES				
Exploration and production				
United States	$ 384	$ 461	$ 209	$ 205
International	879	561	526	340
Total	1,263	1,022	735	545
Refining, marketing and distribution				
United States	136	158	71	85
International	141	176	41	99
Total	277	334	112	184
Global gas and power	184	86	156	51
Total operating segments	1,724	1,442	1,003	780
Other business units	45	16	42	9
Total	$1,769	$1,458	$1,045	$ 789
Exploratory expenses included above				
United States	$ 41	$ 92	$ 22	$ 38
International	72	118	38	42
Total	$ 113	$ 210	$ 60	$ 80

	For the six months ended June 30,		For the three months ended June 30,	
	2000	1999	2000	1999
	(Unaudited)			
OPERATING DATA				
Exploration and Production				
United States				
Net production of crude oil and natural gas liquids (MBPD)	371	404	364	399
Net production of natural gas - available for sale (MMCFPD)	1,355	1,483	1,349	1,479
Total net production (MBOEPD)	597	651	589	646
Natural gas sales (MMCFPD)	3,724	3,295	4,054	3,015
Average U.S. crude (per bbl)	$24.67	$10.95	$24.90	$12.80
Average U.S. natural gas (per mcf)	$ 2.86	$ 1.92	$ 3.28	$ 2.05
Average WTI (Spot) (per bbl)	$28.94	$15.44	$28.97	$17.66
Average Kern (Spot) (per bbl)	$23.00	$ 9.49	$23.17	$11.26
International				
Net production of crude oil and natural gas liquids (MBPD)				
Europe	120	136	98	143
Indonesia	124	165	124	150
Partitioned Neutral Zone	135	119	136	121
Other	68	67	64	69
Total	447	487	422	483
Net production of natural gas - available for sale (MMCFPD)				
Europe	248	265	205	244
Colombia	197	157	188	160
Other	148	111	145	112
Total	593	533	538	516
Total net production (MBOEPD)	546	576	512	569
Natural gas sales (MMCFPD)	626	557	567	549
Average International crude (per bbl)	$23.47	$11.60	$23.64	$13.73
Average International natural gas (per mcf)	$ 1.46	$ 1.37	$ 1.44	$ 1.23
Average U.K. natural gas (per mcf)	$ 2.32	$ 2.39	$ 2.27	$ 2.17
Average Colombia natural gas (per mcf)	$ 1.03	$ 0.62	$ 1.12	$ 0.59
Worldwide				
Total worldwide net production (MBOEPD)	1,143	1,227	1,101	1,215

	For the six months ended June 30,		For the three months ended June 30,	
	2000	1999	2000	1999
	(Unaudited)			
OPERATING DATA				
Refining, Marketing and Distribution				
United States				
Refinery input (MBPD)				
Equilon area	286	369	295	373
Motiva area	270	307	279	313
Total	556	676	574	686
Refined product sales (MBPD)				
Equilon area	725	641	760	710
Motiva area	353	378	365	376
Other	318	299	344	291
Total	1,396	1,318	1,469	1,377
International				
Refinery input (MBPD)				
Europe	375	367	385	368
Caltex area	354	427	361	416
Latin America/West Africa	58	73	64	72
Total	787	867	810	856
Refined product sales (MBPD)				
Europe	626	619	616	601
Caltex area	588	667	563	663
Latin America/West Africa	457	489	466	501
Other	92	93	91	82
Total	1,763	1,868	1,736	1,847

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

-- (12) Computation of Ratio of Earnings to Fixed Charges of Texaco on a Total Enterprise Basis.

-- (20) Copy of Texaco Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 1999 (including portions of Texaco Inc.'s Annual Report to Stockholders for the year 1999), dated March 24, 2000, and a copy of Texaco Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2000, dated May 8, 2000, both incorporated herein by reference, SEC File No. 1-27.

-- (27) Financial Data Schedule (included only in the electronic filing of this document).

b) Reports on Form 8-K:

During the second quarter of 2000, we filed a Current Report on Form 8-K for the following event:

1. April 25, 2000

Item 5. Other Events -- reported that Texaco issued an Earnings Press Release for the first quarter of 2000.

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, thereunto duly authorized.

Texaco Inc.
(Registrant)

By: George J. Batavick
(Comptroller)

By: Michael H. Rudy
(Secretary)

Date: August 10, 2000

EXHIBIT 12

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
OF TEXACO ON A TOTAL ENTERPRISE BASIS (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2000 AND
FOR EACH OF THE FIVE YEARS ENDED DECEMBER 31, 1999

(Millions of dollars)

	For the Six Months Ended June 30, 2000	Years Ended December 31, 1999	1998	1997	1996	1995
Income from continuing operations, before provision or benefit for income taxes and cumulative effect of accounting changes effective 1-1-98 and 1-1-95..........	$2,072	$1,955	$ 892	$3,514	$3,450	$1,201
Dividends from less than 50% owned companies more or (less) than equity in net income................	145	189	--	(11)	(4)	1
Minority interest in net income............................	57	83	56	68	72	54
Previously capitalized interest charged to income during the period................................	8	14	22	25	27	33
Total earnings....................................	2,282	2,241	970	3,596	3,545	1,289
Fixed charges						
Items charged to income						
Interest charges.....................................	282	587	664	528	551	614
Interest factor attributable to operating lease rentals..................................	44	90	120	112	129	110
Preferred stock dividends of subsidiaries guaranteed by Texaco Inc.........................	53	55	33	33	35	36
Total items charged to income.....................	379	732	817	673	715	760
Interest capitalized..................................	35	28	26	27	16	28
Interest on ESOP debt guaranteed by Texaco Inc..........	--	--	3	7	10	14
Total fixed charges...............................	414	760	846	707	741	802
Earnings available for payment of fixed charges............	$2,661	$2,973	$1,787	$4,269	$4,260	$2,049
(Total earnings + Total items charged to income)						
Ratio of earnings to fixed charges of Texaco on a total enterprise basis............................	6.43	3.91	2.11	6.04	5.75	2.55

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM TEXACO INC.'S 2000 QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

6-MOS
JUN-30-2000
JAN-1-2000
JUN-30-2000
261
35
4,814
25
1,422
6,832
33,816
18,412
29,754
5,959
6,519
0
300
2,056
10,327
29,754
22,862
23,340
18,055
19,323
1,820
0
231
1,966
767
1,199
0
0
0
1,199
2.19
2.19