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):
July 25, 2001

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

On July 25, 2001, the Registrant issued an Earnings Press Release entitled "Texaco Reports Second Quarter 2001 Results," 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 July 25, 2001, entitled "Texaco Reports Second Quarter 2001 Results."

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: /s/ MICHAEL H. RUDY

(Secretary)

Date: July 25, 2001

EXHIBIT 99.1

TEXACO REPORTS SECOND QUARTER 2001 RESULTS

FOR IMMEDIATE RELEASE: WEDNESDAY, JULY 25, 2001.

WHITE PLAINS, N.Y., July 25 -- Texaco reported today second quarter 2001 income before special items of $817 million ($1.50 per share). Net income for the period was $784 million ($1.44 per share).

EARNINGS SUMMARY

	Second Quarter 2001	Second Quarter 2000	Six Months 2001	Six Months 2000
Income before special items (millions)	$ 817	$ 641	$1,653	$1,243
Per share	$ 1.50	$ 1.17	$ 3.03	$ 2.27
Net income (millions)	$ 784	$ 625	$1,617	$1,199
Per share	$ 1.44	$ 1.14	$ 2.97	$ 2.19

Chairman and Chief Executive Officer Glenn Tilton commented, "Texaco's earnings were outstanding, exceeding $800 million for the fourth consecutive quarter. In an environment of favorable industry conditions we continue to successfully execute our business plans. This quarter's results included record earnings in our U.S. downstream, as Equilon and Motiva sharply improved their operating performance. Motiva's results were especially strong, benefiting from robust refining margins on the East and Gulf Coasts and high refinery run rates. While refining margins have contracted, marketing margins have increased from their low levels early in the second quarter. This benefited Equilon's operations late in the quarter.

"In the upstream, we turned in another excellent quarter as crude oil prices were firm while U.S. natural gas prices were significantly higher than a year ago. However, weakening demand and increasing inventories have caused crude oil and natural gas prices to drop in recent weeks. Looking to the future, we continue to strengthen our upstream portfolio. Our high impact deepwater exploration program yielded two exciting discoveries in the Gulf of Mexico. The Blind Faith discovery on

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Mississippi Canyon Block 696 and the Champlain discovery in Atwater Valley Block 63 should add significantly to our future production and reserves. Also, the Hamaca project in Venezuela attained major milestones this quarter with the closing of a $1.1 billion financing package and the completion of a two-year site preparation program.

"Our Global Gas, Power and Energy Technology segment showed significant improvement over last year. Our U.S. natural gas trading business posted strong results as it continued to capitalize on significantly increased trading volumes through the delivery of structured, customer-based services. At the end of June, operations began at our newest facility, the 320 megawatt Sunrise Power Project in California. This plant started up ahead of schedule and will bring much-needed energy to homes and businesses in California."

Commenting on our proposed merger with Chevron Corporation, Tilton concluded, "While maintaining focus on our strategies and operations, we continue to make progress in our merger with Chevron and expect to complete the merger within the planned 12-month time frame."

Texaco Inc. (Millions of dollars):	Second Quarter 2001	Second Quarter 2000	Six Months 2001	Six Months 2000

Income before special items	$ 817	$ 641	$1,653	$1,243
Write-downs of assets	(25)	-	(25)	-
Net gains (losses) on major asset sales	-	2	-	(65)
Tax issue	-	-	-	46
Litigation issue	-	(4)	-	(17)
Net loss on Erskine pipeline	-	(14)	-	(14)
Employee related issues	-	-	-	6
Merger Costs	(8)	-	(11)	-
Special items	(33)	(16)	(36)	(44)
Net income	$ 784	$ 625	$1,617	$1,199

Details on special items are included in the following segment information.

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OPERATING RESULTS

EXPLORATION AND PRODUCTION

United States (Millions of dollars):	Second Quarter 2001	Second Quarter 2000	Six Months 2001	Six Months 2000
Operating income before special items	$ 411	$ 393	$1,000	$ 754
Special items	-	(40)	-	(107)
Total operating income	$ 411	$ 353	$1,000	$ 647

U.S. Exploration and Production earnings for this year's second quarter and first six months exceeded last year due to higher natural gas prices. Market conditions early in the year kept natural gas prices above last year's levels, while crude oil prices receded slightly. U.S. natural gas prices declined in the second quarter from first quarter historic levels as demand softened and storage injections from April into July improved inventory levels. Texaco's average realized natural gas prices for the second quarter and six months 2001 were $4.48 and $5.86 per thousand cubic feet, 37 percent and 105 percent higher than last year. For the second quarter and first six months 2001, Texaco's realized crude oil prices were $22.51 and $23.42 per barrel, ten percent and five percent lower than last year.

Daily production decreased ten percent for the second quarter to 531,000 barrels of oil equivalent per day (BOEPD) and 11 percent for the first six months to 533,000 BOEPD. More than 40 percent of this expected reduction in the second quarter and almost half for six months was due to last year's sales of non-core producing properties. The balance of the decrease was due to natural field declines and lower production in our California fields as we economically reduced steam production due to high natural gas prices.

Operating expenses increased for the second quarter and for the first six months as higher natural gas prices led to significantly higher utilities expenses and production taxes. Exploratory expenses for the second quarter were $17 million before tax, $5 million lower than last year. Exploratory expenses for six months 2001 were $49 million before tax, $8 million higher than last year.

Results for the first six months of 2000 included a special charge of $107 million, including $40 million in the second quarter, for net losses on sales of non-core producing assets.

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International (Millions of dollars):	Second Quarter 2001	Second Quarter 2000	Six Months 2001	Six Months 2000
Operating income before special items	$ 262	$ 195	$ 505	$ 488
Special items	-	66	-	66
Total operating income	$ 262	$ 261	$ 505	$ 554

International Exploration and Production operating results for the second quarter 2001 were higher than last year due to higher natural gas prices, increased production volumes and lower operating expenses. Earnings for the first six months of 2001 were slightly higher than last year due to higher natural gas prices and lower operating expenses. Texaco's average realized natural gas prices for the second quarter and six months 2001 were $1.78 and $1.90 per thousand cubic feet, 24 percent and 30 percent higher than last year. Average realized crude oil prices were $22.58 per barrel for the second quarter and $22.10 per barrel for six months, four percent and six percent below last year.

Daily production increased four percent for the second quarter from last year to 532,000 BOEPD and was flat for the first six months at 548,000 BOEPD. Production from our ongoing operations increased nine percent for the second quarter and six percent for six months, mainly in the North Sea, the Partitioned Neutral Zone and in Latin America. Partly offsetting this increase were the sales of non-core producing properties last year which caused a decrease in production of five percent for the second quarter and six percent for the six months.

Operating expenses decreased three percent in the second quarter and 13 percent for six months due to the sale of non-core producing properties. Exploratory expenses for the second quarter were $46 million before tax, $8 million higher than last year. Exploratory expenses for the first six months were $63 million before tax, $9 million lower than last year.

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.

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REFINING, MARKETING AND DISTRIBUTION

United States (Millions of dollars):	Second Quarter 2001	Second Quarter 2000	Six Months 2001	Six Months 2000
Operating income before special items	$ 196	$ 80	$ 234	$ 93
Special items	-	(35)	-	(30)
Total operating income	$ 196	$ 45	$ 234	$ 63

U.S. Refining, Marketing and Distribution earnings improved dramatically as compared with last year for both the second quarter and first six months.

Motiva's earnings for the second quarter and first six months of 2001 benefited from significantly improved refining margins and high refinery run rates in an environment of tight supplies and industry refinery maintenance. In marketing, margins improved materially in the second quarter and results were slightly higher for the year.

During the second quarter and first six months of 2001, Equilon's earnings improved due to substantially higher refining margins and improved refinery operations. Maintenance activity in 2001 decreased from 2000 levels. Earnings also benefited from higher lubricant margins, strong trading results and higher utilization of proprietary pipelines. These improvements were reduced by extremely high West Coast utilities expense. Marketing earnings for Equilon declined from last year due to depressed fuel marketing margins as pump prices lagged increases in supply costs in a very competitive market. This was especially true in the Los Angeles area where retail fuel margins were under intense pressure. Marketing margins began to strengthen significantly in mid-May and remained strong for the rest of the quarter.

Results for the first six months of 2000 included a second quarter special 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.

International (Millions of dollars):	Second Quarter 2001	Second Quarter 2000	Six Months 2001	Six Months 2000
Operating income before special items	$ 62	$ 90	$ 150	$ 153
Special items	-	-	-	(12)
Total operating income	$ 62	$ 90	$ 150	$ 141

International Refining and Marketing earnings for the second quarter of 2001 declined from last year. Operating results decreased significantly in Europe due to weak U.K. marketing margins, which were depressed by our inability to recover higher supply costs in the marketplace. European refining earnings were comparable with last year. In the Asia Pacific area, lower refining margins and trading results negatively impacted earnings. Overall results in Latin America were in line with last year, with improved refining earnings but lower marketing results.

Results for the first six months of 2001 declined slightly. European earnings decreased substantially from weak markets, particularly in the U.K. The inability to recover increased supply costs in the marketplace resulted in depressed marketing margins. Lower sales volumes and unscheduled maintenance negatively impacted refining results. Earnings increased in the Asia Pacific area from improved marketing margins and higher trading results. Operations in Latin America improved with higher refining margins in Panama. However, lower sales volumes and the weakening of the local currency in Brazil caused marketing results to decline.

Results for the first six months of 2000 included a special charge of $12 million for employee separation costs.

GLOBAL GAS, POWER AND ENERGY TECHNOLOGY

(Millions of dollars):	Second Quarter 2001	Second Quarter 2000	Six Months 2001	Six Months 2000
Operating income before special items	$ 18	$ -	$ 23	$ 20
Special items	-	-	-	-
Total operating income	$ 18	$ -	$ 23	$ 20

During the second quarter and the first six months of 2001, operating results benefited from improved natural gas margins, sales of services which assist customers in managing risk, and expanded storage and transportation activities. Results also benefited from power projects in Indonesia and Thailand. Operating results were negatively impacted by expenses for a new gasification project in Singapore and higher fuel expense for the cogeneration facilities.

OTHER BUSINESS UNITS

(Millions of dollars):	Second Quarter 2001	Second Quarter 2000	Six Months 2001	Six Months 2000
Operating loss before special items	$ (9)	$ (2)	$ (12)	$ (2)
Special items	(25)	-	(25)	-
Total operating loss	$ (34)	$ (2)	$ (37)	$ (2)

Results before special items were lower than last year due to higher costs associated with E-Business activities.

Results for the second quarter of 2001 included a special charge of $25 million for write-downs associated with selected E-Business investments, including our investment in PetroCosm, a procurement marketplace, which ceased operations.

CORPORATE/NON-OPERATING RESULTS

(Millions of dollars):	Second Quarter 2001	Second Quarter 2000	Six Months 2001	Six Months 2000
Results before special items	$ (123)	$ (115)	$ (247)	$ (263)
Special items	(8)	(7)	(11)	39
Total corporate/non-operating	$ (131)	$ (122)	$ (258)	$ (224)

Corporate and non-operating results before special items improved for the first six months of 2001 as a result of lower interest rates and average debt levels, and lower overhead expenses. Corporate expenses for the second quarter were slightly higher than the second quarter of last year due to lower tax benefits on overhead and interest.

Results for the first six months of 2001 included a special charge of $11 million, $8 million in the second quarter, for costs associated with the proposed merger with Chevron. Results for 2000 included special benefits of $46 million for favorable income tax settlements and a second quarter special charge of $7 million for the early extinguishment of debt.

CAPITAL AND EXPLORATORY EXPENDITURES

Capital and exploratory expenditures were $1,776 million for the first six months of 2001 compared with $1,769 million for the same period last year.

Led by a 30 percent increase in the United States, upstream expenditures increased more than nine percent from 2000 levels. Investment continued to focus on drilling and workover activity in New Orleans and the Permian Basin. Internationally, development work continued in the Hamaca heavy oil project in Venezuela, the Agbami field offshore Nigeria and the Malampaya natural gas project in the Philippines. In Kazakhstan, development work continued in Karachaganak and in North Buzachi, where phase two appraisal drilling was recently completed.

U.S. downstream expenditures were higher than last year as a result of increased marketing development and refinery projects. Internationally, spending slowed with lower marketing investments in the Caribbean and Central America.

Global Gas, Power and Energy Technology spending for 2001 included a 50 percent investment in the Sunrise Power Project which is jointly owned with Edison International Company. Overall spending for Global Gas, Power and Energy Technology decreased from last year due to the completion of projects in Thailand and Singapore and the purchase of a 20 percent interest in Energy Conversion Devices, Inc., an alternate energy technology company.

- XXX -

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Listen in live to Texaco's second quarter 2001 earnings discussion with financial analysts on Wednesday, July 25th at 11:30 am EDT at: http://www.webevents.broadcast.com/texaco/Q201earnings. For technical assistance, call Sheila Lujan at 800-366-9831.

Note: This press release contains 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 Texaco's expected performance and financial results in future periods are based upon Texaco's current expectations and beliefs and are subject to a number of known and unknown risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. The following factors known to Texaco, among others, could cause Texaco's actual results to differ materially from those described in the forward-looking statements: decreased demand for motor fuels, natural gas and other products; worldwide and industry economic conditions; inaccurate forecasts of crude oil, natural gas and petroleum product prices and production; higher costs, expenses and interest rates; the possibility that the merger with Chevron will not be consummated; the possibility that the anticipated benefits from the merger such as cost reductions will not be fully realized; the process of, or conditions imposed in connection with, obtaining regulatory approvals for the merger; etc. In addition, you are encouraged to review Texaco's latest reports filed with the SEC, including Texaco's Annual Report on Form 10-K filed with the SEC on March 26, 2001, 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 press release.

The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. Texaco uses certain terms in this press release, such as estimated reserves, that the SEC's guidelines strictly prohibit us from including in filings with the SEC. U.S. Investors are urged to consider closely the Supplemental Oil and Gas Information disclosure in our 2000 Annual Report on Form 10-K filed with the SEC on March 26, 2001, File No. 1-27, available from us at:

Texaco Inc.
2000 Westchester Avenue
White Plains, NY 10650
Attention: Secretary

You may also obtain this form from the SEC by calling 1-800-SEC-0330.

Income (loss) (Millions of dollars)	Second Quarter (a) 2001	2000	Six Months (a) 2001	2000
Exploration and production				
United States	$ 411	$ 353	$1,000	$ 647
International	262	261	505	554
Total	673	614	1,505	1,201
Refining, marketing and distribution				
United States	196	45	234	63
International	62	90	150	141
Total	258	135	384	204
Global gas, power and energy technology	18	-	23	20
Other business units	(34)	(2)	(37)	(2)
Total operating segments	915	747	1,875	1,423
Corporate/Non-operating	(131)	(122)	(258)	(224)
Net income	$ 784	$ 625	$1,617	$1,199
Net income per common share (dollars) - diluted	$1.44	$1.14	$ 2.97	$ 2.19
Average number of common shares outstanding for computation of earnings per share (millions) - diluted	544.2	544.4	543.6	544.9
Provision for income taxes included in net income	$ 662	$ 404	$1,230	$ 767

(a) Includes special items indicated in this release.

Other Financial Data (Millions of dollars)	Second Quarter 2001	Second Quarter 2000	Six Months 2001	Six Months 2000
Revenues	$12,940	$12,069	$27,074	$23,340
Total assets as of June 30			$33,500(b)	$29,754
Stockholders' equity as of June 30			$14,350(b)	$12,683
Total debt as of June 30			$ 7,350(b)	$ 7,078
Capital and exploratory expenditures				
Exploration and production				
United States	$ 286	$ 209	$ 500	$ 384
International	461	526	878	879
Total	747	735	1,378	1,263
Refining, marketing and distribution				
United States	88	71	151	136
International	70	41	122	141
Total	158	112	273	277
Global gas, power and energy technology	108	156	120	184
Other business units	2	42	5	45
Total	$ 1,015	$ 1,045	$ 1,776	$ 1,769
Exploratory expenses included above				
United States	$ 17	$ 22	$ 49	$ 41
International	46	38	63	72
Total	$ 63	$ 60	$ 112	$ 113
Dividends paid to common stockholders	$ 244	$ 244	$ 487	$ 489
Dividends per common share (dollars)	$ .45	$ .45	$ .90	$ .90
Dividend requirements for preferred stockholders	$ 3	$ 4	$ 6	$ 7

(b) Preliminary

Operating Data	Second Quarter 2001	Second Quarter 2000	Six Months 2001	Six Months 2000
Exploration and production				
United States				
Net production of crude oil and natural gas liquids (MBPD)	325	364	325	371
Net production of natural gas available for sale (MMCFPD)	1,237	1,349	1,246	1,355
Total net production (MBOEPD)	531	589	533	597
Natural gas sales (MMCFPD)	4,426	4,054	4,526	3,724
Average U.S. crude (per bbl.)	$22.51	$24.90	$23.42	$24.67
Average U.S. natural gas (per mcf)	$ 4.48	$ 3.28	$ 5.86	$ 2.86
Average WTI (Spot) (per bbl.)	$27.88	$28.97	$28.29	$28.94
Average Kern (Spot) (per bbl.)	$21.48	$23.17	$20.69	$23.00
International				
Net production of crude oil and natural gas liquids (MBPD)				
Europe	112	98	116	120
Indonesia	123	124	128	124
Partitioned Neutral Zone	147	136	147	135
Other	50	64	52	68
Total	432	422	443	447
Net production of natural gas available for sale (MMCFPD)				
Europe	200	205	233	248
Colombia	210	188	206	197
Other	192	145	190	148
Total	602	538	629	593
Total net production (MBOEPD)	532	512	548	546
Natural gas sales (MMCFPD)	618	567	645	626
Average International crude (per bbl.)	$22.58	$23.64	$22.10	$23.47
Average International natural gas (per mcf)	$ 1.78	$ 1.44	$ 1.90	$ 1.46
Average U.K. natural gas (per mcf)	$ 2.84	$ 2.27	$ 3.24	$ 2.32
Average Colombia natural gas (per mcf)	$ 1.47	$ 1.12	$ 1.44	$ 1.03
Total worldwide net production (MBOEPD)	1,063	1,101	1,081	1,143

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Operating Data	Second Quarter		Six Months	
	2001	2000	2001	2000
Refining, marketing and distribution				
United States				
Refinery input (MBPD)				
Equilon area	202	295	200	286
Motiva area	317	279	313	270
Total	519	574	513	556
Refined product sales (MBPD)				
Equilon area	700	760	676	725
Motiva area	450	365	434	353
Other	361	344	367	318
Total	1,511	1,469	1,477	1,396
International				
Refinery input (MBPD)				
Europe	376	385	371	375
Caltex area	356	361	361	354
Latin America/West Africa	74	64	70	58
Total	806	810	802	787
Refined product sales (MBPD)				
Europe	687	616	671	626
Caltex area	517	530	520	588
Latin America/West Africa	474	466	487	457
Other	209	91	196	92
Total	1,887	1,703	1,874	1,763