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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON D.C. 20549

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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 16, 1997

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

Delaware (State or other jurisdiction of incorporation)	1-27 (Commission File Number)	74-1383447 (I.R.S. Employer Identification Number)
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2000 Westchester Avenue, White Plains, New York (Address of principal executive offices)	10650 (Zip Code)
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(914) 253-4000  
(Registrant's telephone number, including area code)

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Item 5. Other Events  
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1. On July 16, 1997, the Registrant announced that it, Saudi Aramco and Shell Oil Company signed a memorandum of understanding to combine their Eastern and Gulf Coast U.S. refining and marketing businesses. The new company will continue to market gasoline under both the Texaco and Shell brands through the thousands of independent wholesalers and retailers who bring the products to the consumer. Currently, Texaco-branded products are marketed in this geographic area by Star Enterprise, a 50/50 joint venture between subsidiaries of Texaco and Saudi Aramco.

Under the terms of the memorandum of understanding, Texaco, Shell and Saudi Refining, Inc. a corporate affiliate of Saudi Aramco, will form a limited liability company comprising their Eastern and Gulf Coast refining and marketing businesses. The initial ownership of the new venture will be 35 percent Shell, 32.5 percent Texaco and 32.5 percent Saudi Refining, Inc. The percentages may be adjusted in the future according to the performance of the assets. Until completion of regulatory review and definitive agreements, all Texaco, Star Enterprise and Shell downstream operations will continue to operate separately.

On July 16, 1997, the Registrant issued a Press Release entitled "Shell, Texaco and Saudi Refining, Inc. Sign Memorandum of Understanding To Combine Eastern and Gulf Coast Refining and Marketing Operations," a copy of which is attached hereto as Exhibit 99.1 and made a part hereof.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits  
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(c) Exhibits

99.1 Press Release issued by Texaco Inc. dated July 16, 1997, entitled "Shell, Texaco and Saudi Refining, Inc. Sign Memorandum of Understanding To Combine Eastern and Gulf Coast Refining and Marketing Operations".

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TEXACO INC.

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(Registrant)

By: Robert E. Koch

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(Assistant Secretary)

Date: July 17, 1997

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SHELL, TEXACO AND SAUDI REFINING, INC. SIGN MEMORANDUM OF  
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 UNDERSTANDING TO COMBINE EASTERN AND GULF COAST REFINING AND  
 -----  
 MARKETING OPERATIONS  
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FOR IMMEDIATE RELEASE: WEDNESDAY, JULY 16, 1997.

WHITE PLAINS, N.Y., July 16 - Saudi Aramco, Shell Oil Company, and Texaco Inc. today announced the signing of a memorandum of understanding to combine their Eastern and Gulf Coast U.S. refining and marketing businesses.

The new company will continue to market gasoline under both the Texaco and Shell brands through the thousands of independent wholesalers and retailers who bring the products to the consumer. Currently, Texaco-branded products are marketed in this geographic area by Star Enterprise, a 50/50 joint venture between subsidiaries of Texaco and Saudi Aramco.

The signing of this memorandum of understanding follows the recent announcement of a similar agreement between Shell Oil Company and Texaco Inc. to combine the major elements of their Midwestern and Western U.S. refining and marketing activities and their total U.S. transportation, trading and lubricants businesses.

In a joint statement Saudi Aramco President and CEO Abdallah S. Jum'ah, Shell Oil Company President and CEO Philip J. Carroll, and Texaco Chairman and CEO Peter I. Bijur said, "We believe this combination of the three companies' assets will allow us to accomplish fundamental change in the way we operate our downstream businesses leading to improved performance and growth. The alliance will create new opportunities for our customers, employees, vendors and the communities in which we work and live."

Under the terms of the memorandum of understanding signed today, Texaco, Shell, and Saudi Refining, Inc., a corporate affiliate of Saudi Aramco, will form a limited liability company comprising their Eastern and Gulf Coast refining and marketing businesses. The initial ownership of the new venture will be 35 percent Shell, 32 1/2 percent Texaco and 32 1/2 percent Saudi Refining, Inc. The percentages may be adjusted in the future according to the performance of the assets.

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For several years, the industry has faced difficult business conditions. Meeting the challenge of this new competitive environment requires changing the way refining and marketing companies operate in the United States. The parties expect the new company to be able to achieve substantial efficiencies largely by adopting best practices of the parent companies, and from shared management systems, business processes and support functions. These savings are not based upon closure of refineries or other major operating facilities. However, future decisions regarding the new company will be made on the basis of achieving the objectives of the business plan.

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

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

Shell Oil Company is a Houston-based affiliate of the Royal Dutch/Shell Group of Companies. Texaco Inc. is based in White Plains, N.Y. Saudi Aramco is the state-owned oil company of the kingdom of Saudi Arabia. The company's U.S. corporate affiliate Saudi Refining, Inc. is based in Houston.

- xxx -

For more information contact:	Shell Oil Company	
	Kitty Borah, Stacy Hutchinson	713-241-4544
	Texaco	
	Maripat Sexton	713-752-6461
	Jim Swords	914-253-4156
	Cynthia Michener	914-253-4743
	Saudi Refining, Inc.	
	Henry Hayes	(713) 432-4149
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NOTE TO EDITORS: The attached fact sheet identifies operations included in the new company.

Additional Texaco and Shell information is available on the World Wide Web at:  
<http://www.texaco.com>  
<http://www.shellus.com>

TOTAL ASSETS OF NEW COMPANY  
FACT SHEET

SHELL

STAR ENTERPRISE

COMBINED COMPANY

Shell Eastern Refineries	Star Enterprise Refineries	Refineries
	Convent, La. Capacity: 230,000 BPD	Convent, La. Capacity: 230,000 BPD
Norco, La Capacity: 218,000 BPD		Norco, La Capacity: 218,000 BPD
	Delaware City, Del. Capacity: 140,000 BPD	Delaware City, Del. Capacity: 140,000 BPD
	Port Arthur, Texas Capacity: 235,000 BPD	Port Arthur, Texas Capacity: 235,000 BPD

Total Shell Eastern Capacity: 218,000 BPD      Total Star Enterprise Capacity: 605,000 BPD      Total Capacity: 823,000 BPD

Shell Eastern Percent of U.S. Capacity: 1.4%      Star Enterprise Percent of U.S. Capacity: 3.9%

Terminals	Terminals	Terminals
17 products/crude terminals (own or have partial interest)	33 products terminals (own or have partial interest)	50 products terminals (own or have partial interest)

Retail Marketing	Retail Marketing	Retail Marketing
Approximately 4,973 Shell-branded outlets in 23 eastern states.	Approximately 9,744 Texaco-branded outlets in 26 states.	Approximately 14,717 Texaco and Shell-branded outlets in 26 states.
Shell Eastern percent of marketshare: 3.6% (nationwide)	Star Enterprise percent of marketshare: 4% (nationwide)	

SOURCE: Oil & Gas Journal