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):
January 23, 1997

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

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

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

(914) 253-4000

(Registrant's telephone number, including area code)

Item 5. Other Events

1. On January 23, 1997, the Registrant issued an Earnings Press Release entitled "Texaco Reports Results for the Fourth Quarter and Year 1996," 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 the Registrant dated January 23, 1997, entitled "Texaco Reports Results for the Fourth Quarter and Year 1996."

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: January 23,1997

EXHIBIT 99.1

TEXACO REPORTS RESULTS
FOR THE FOURTH QUARTER AND YEAR 1996

FOR IMMEDIATE RELEASE: THURSDAY, JANUARY 23, 1997.

WHITE PLAINS, N.Y., Jan. 23 - Texaco announced today total net income of $2.0 billion for the year 1996, capping off what Chairman and Chief Executive Officer Peter I. Bijur called an "excellent" year. The company's fourth quarter results represent a 10th consecutive quarter with earnings before special items exceeding previous years' levels. Texaco cited the outstanding performance of its worldwide exploration and production business which benefited from increased crude oil and natural gas production and higher commodity prices.

Texaco's total reported net income for the fourth quarter of 1996 was $509 million, or $1.90 per share. The quarter included special items amounting to a net gain of $129 million. Comparable income for the fourth quarter of 1995, which included a special $639 million non-cash charge relating to the adoption of a new accounting standard (SFAS 121), was a loss of $251 million, or $1.02 per share. For the year 1996, total reported net income was $2,018 million, or $7.52 per share, as compared with $607 million, or $2.10 per share, for the year 1995.

In commenting on 1996 results, Texaco Inc. Chairman and Chief Executive Officer Peter I. Bijur stated, "Texaco's excellent results for 1996 signal that we are on track to achieve our plan for growth. The outstanding performance of our upstream business anchored solid results for the fourth quarter and year. Strong commodity prices throughout the year and higher worldwide oil and natural gas production caused upstream earnings to rise sharply. Production increased by more than three percent, reversing declines from non-core asset sales and maturing fields. Using advanced technologies, we were successful in bringing to production new fields while raising production from existing fields through improved recovery. This success was especially evident in our U.S. upstream operations, which posted record operating earnings of $1.1 billion for the year.

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"In refining and marketing, 1996 results in the United States improved over 1995's depressed levels due to higher margins and increased branded gasoline sales volumes. However, results in the 1996 fourth quarter were disappointing as product margins, especially on the West Coast, were squeezed by higher crude costs and competitive pressures in the marketplace, and two refinery incidents that raised costs and impacted yields. In the international sector, results decreased significantly in 1996 as industry overcapacity led to poor margins in both the Caltex operating areas and in Europe, more than offsetting another year of strong earnings growth in Latin America," Bijur said.

"Throughout 1996, while growing the business, we continued our focus on cost containment. Also, our strong earnings and cash flows provided increased funds to invest in growth opportunities as our capital expenditures for the year, which were mainly directed to key upstream projects, rose 10 percent to $3.4 billion. Our return on capital employed, excluding special items, exceeded 12.5 percent, while our debt to equity ratio improved to 34 percent, the lower end of our target range. Finally, our total return to shareholders was 30 percent for the year, led by a sharp rise in the market price of the stock and higher dividends."

Net income before special items for the fourth quarter of 1996 was $380 million, or $1.41 per share, as compared with $367 million, or $1.35 per share, for the fourth quarter of 1995. For the year 1996, net income before special items rose 45 percent to $1,665 million, or $6.17 per share, as compared with $1,152 million, or $4.20 per share, for the year 1995. Included in the results for the fourth quarter and year 1996 are non-cash currency translation charges relating to deferred income taxes of $54 million and $58 million, respectively, as the Pound Sterling strengthened in relation to the U.S. dollar in the fourth quarter. This compared with benefits of $11 million for the fourth quarter and $5 million for the year 1995.

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Texaco Inc. (Millions):	Fourth Quarter 1996	Fourth Quarter 1995	Year 1996	Year 1995
Net income before special items	$ 380	$ 367	$ 1,665	$ 1,152
Tax benefits on asset sales	188	21	188	65
Gains (losses) on major asset sales	(30)	-	194	232
Employee separation costs	(65)	-	(65)	(56)
Financial reserves for various issues	(32)	-	(32)	(26)
U.S. and International tax issues	68	-	68	-
Adoption of new accounting standard				
Write-downs of assets	-	(639)	-	(639)
	129	(618)	353	(424)
Cumulative effect of accounting change	-	-	-	(121)
	129	(618)	353	(545)
Total reported net income (loss)	$ 509	$ (251)	$ 2,018	$ 607

Details on special items are included in the following functional analysis of net income.

ANALYSIS OF FUNCTIONAL NET INCOME
OPERATING EARNINGS (LOSSES)
PETROLEUM AND NATURAL GAS
EXPLORATION AND PRODUCTION

United States (Millions):	Fourth Quarter 1996	Fourth Quarter 1995	Year 1996	Year 1995
Operating earnings before special items	$ 351	$ 191	$ 1,123	$ 674
Special items	-	(493)	-	(381)
Total operating net income (loss)	$ 351	$ (302)	$ 1,123	$ 293

In the U.S. upstream, increased production of crude and natural gas for the comparative fourth quarter and year 1996 along with higher commodity prices resulted in significantly improved earnings. The increased production, up 2.5 percent, was due to enhanced production from existing fields and new production, primarily in the Gulf of Mexico. The production increase reverses declines from the sale of non-core assets and from maturing fields. Exploratory expenses increased 32 percent to $41 million in the fourth quarter and 63 percent to $153 million for the year 1996, reflecting higher activity on an expanded inventory of new prospects.

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Texaco's U.S. average crude oil price for the fourth quarter and year 1996 increased over 1995 by $5.11 and $2.83 per barrel, respectively, as lean petroleum stocks and increased demand contributed to worldwide price strength and volatility.

Texaco's U.S. average natural gas price for the fourth quarter and year 1996 increased over 1995 by $.73 and $.54 per thousand cubic feet, respectively. These price increases occurred as demand rose and inventory levels remained low.

Special items for the year 1995 included a fourth quarter write-down of assets associated with the adoption of SFAS 121 of $493 million and a first quarter net gain of $112 million, principally resulting from the sale of non-core assets.

	Fourth Quarter		Year	
International (Millions):	1996	1995	1996	1995
Operating earnings before special items	$ 86	$ 90	$ 451	$ 343
Special items	27	(3)	27	(3)
Total operating net income	$ 113	$ 87	$ 478	$ 340

In the international upstream, comparative results for the fourth quarter and year 1996 benefited from significantly higher crude oil prices, which averaged $5.79 and $3.26 per barrel, respectively, over 1995. Additionally, earnings benefited from increased crude oil and natural gas production, up more than seven percent in the fourth quarter and more than four percent for the year due to continuing development programs and new fields. Crude production increased primarily in the Partitioned Neutral Zone between Saudi Arabia and Kuwait and Angola, while gas production increased in Trinidad and Colombia. Partly offsetting these positive factors were higher exploration expenses, up 22 percent to $95 million in the fourth quarter and up 16 percent to $226 million for the year. Also, production declined from maturing fields in the United Kingdom (U.K.) and Australia.

Further, operating results for the fourth quarter and year 1996 included non-cash currency translation charges relating to deferred income taxes of $36 million and $38 million, respectively, due to the strengthening of the Pound Sterling in relation to the U.S. dollar, as compared with benefits of $5 million for the fourth quarter and $2 million for the year 1995.

The special item of $27 million in the fourth quarter of 1996 was related to a Danish deferred tax benefit. The year 1995 included fourth quarter special charges of $3 million for the write-down of assets associated with the adoption of SFAS 121.

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MANUFACTURING, MARKETING AND DISTRIBUTION

United States (Millions):	Fourth Quarter 1996	Fourth Quarter 1995	Year 1996	Year 1995
Operating earnings (losses) before special items	$ (9)	$ 60	$ 233	$ 141
Special items	(26)	(9)	(26)	(20)
Total operating net income (loss)	$ (35)	$ 51	$ 207	$ 121

In the U. S. downstream, results for the fourth quarter of 1996 reflected lower earnings, primarily on the West Coast, as compared to the same period of 1995, as higher crude costs and competitive pressures in the marketplace depressed margins. Also, fourth quarter results were adversely impacted by the effects of fires at the Los Angeles, Calif., refinery in November and the Convent, La., refinery in December. These two incidents resulted in property damage charges of $10 million, as well as earnings losses associated with lower yields. These negative impacts were partly offset by the continued strength in gasoline and diesel sales volumes, with Texaco branded gasoline sales increasing in the fourth quarter 1996.

The year 1996 experienced a significant improvement in earnings over last year. Improved margins during the first half of the year reflected product price increases due to shortages resulting from regional industry refining problems, new California gasoline formulation requirements, and the seasonal increase in market demand. Earnings for the year 1996 also benefited from higher gasoline and diesel sales volumes, with Texaco branded gasoline sales up three percent, as well as overall improvement of refinery operations, particularly at the East and Gulf coast refineries.

Results for 1996 included a fourth quarter special charge of $25 million relating to the loss on the pending sale of a chemical facility, as well as $1 million for employee separations. Operating results for 1995 included special charges of $9 million in the fourth quarter for the write-down of assets associated with the adoption of SFAS 121 and $11 million in the third quarter for employee separations.

International (Millions):	Fourth Quarter 1996	Fourth Quarter 1995	Year 1996	Year 1995
Operating earnings before special items	$ 43	$ 117	$ 252	$ 358
Special items	(26)	(31)	198	7
Total operating net income	$ 17	$ 86	$ 450	$ 365

In the international downstream, comparative fourth quarter and year 1996 earnings reflected lower results in both the Caltex and Europe operating areas, partly offset by higher earnings in Latin America.

In the Caltex area of operations, refining and marketing margins were generally lower in Australia, Korea, Thailand, and Japan due to the inability to recover higher crude costs in the marketplace. Lower paraxylene sales volumes and prices in Korea added to the unfavorable comparative results.

In Europe, operating results for the fourth quarter and year 1996 included non-cash currency translation charges relating to deferred income taxes of $18 million and $20 million, respectively, due to the strengthening of the Pound Sterling in relation to the U.S. dollar. This compared with benefits of $6 million for the fourth quarter and $3 million for the year 1995. Excluding these non-cash charges, fourth quarter earnings in Europe improved as higher refining margins more than offset lower marketing margins. For the year, significantly depressed marketing margins due to intense competitive pressures and oversupply in the marketplace, especially in the U.K., were only partly offset by improved refining operations and margins.

Improved earnings in Latin America, primarily a result of strong margin and volume growth in Brazil, as well as entry into new markets, partly offset the lower Caltex and European results.

Results for the year 1996 included net special gains of $198 million, consisting of a first quarter $224 million gain relating to the sale by Caltex of its interest in Nippon Petroleum Refining Company, Limited which was reduced by a related fourth quarter charge of $5 million for additional taxes on the sale. Also, included in 1996 results is a fourth quarter charge for employee separations of $21 million. Net special gains of $7 million for the year 1995 included a net gain of $80 million, principally for the first quarter sale of land by a Caltex affiliate in Japan, $42 million in charges during the third quarter related to employee separations and restructuring, and a fourth quarter charge of $31 million associated with the adoption of SFAS 121.

NONPETROLEUM

	Fourth Quarter		Year	
(Millions):	1996	1995	1996	1995
Operating earnings before special items	$ 5	$ 12	$ 16	$ 32
Special items	-	(87)	-	(60)
Total operating net income (loss)	$ 5	$ (75)	$ 16	$ (28)

Comparative nonpetroleum results decreased in the fourth quarter and year 1996 due to better loss experience of insurance operations in 1995. This decrease was partially offset by higher 1996 gasification licensing revenues.

Special items in 1995 included a fourth quarter charge of $87 million related to the write-down of assets associated with the adoption of SFAS 121 and a third quarter gain of $27 million from the sale of the company's interest in Pekin Energy Company.

CORPORATE/NONOPERATING RESULTS

	Fourth Quarter		Year	
(Millions):	1996	1995	1996	1995
Results before special items	$ (96)	$ (103)	$ (410)	$ (396)
Special items	154	5	154	33
Total corporate/nonoperating	$ 58	$ (98)	$ (256)	$ (363)

Comparative corporate/nonoperating results for the year were impacted by gains on sales of equity securities held for investment by insurance operations in 1995. This effect was partially offset by reduced interest expense in 1996 principally in the fourth quarter from lower interest rates and debt levels.

Results for both 1996 and 1995 included special items. Special items for 1996, recorded in the fourth quarter, included $188 million of tax benefits attributable to sales of interests in a subsidiary. Results for the fourth quarter and year 1995 included similar benefits of $21 million and $65 million, respectively. The fourth quarter of 1996 also included a benefit of $41 million resulting from lower than anticipated prior years' state tax exposures and charges of $32 million for additional financial reserves for various litigation matters. Additionally, fourth quarter 1996 and third quarter 1995 included charges of $43 million and $16 million, respectively, for employee separations. Fourth quarter 1995 results included $16 million in charges for the write-down of assets associated with the adoption of SFAS 121.

CAPITAL AND EXPLORATORY EXPENDITURES

Capital and exploratory expenditures, including equity in such expenditures of affiliates, were $3,431 million for the year 1996 as compared to $3,128 million for 1995. For the fourth quarter, expenditures totaled $1,179 million in 1996 as compared to $1,084 million for 1995.

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In the United States, exploration and development expenditures increased during 1996 reflecting strategic opportunities in both the shelf and deepwater areas of the Gulf of Mexico. Utilizing the synergies of advanced technologies, Texaco continues to add oil and gas reserves and expand development activities on key projects in this region. Also, construction has commenced on a major natural gas gathering and transmission pipeline and processing complex to be located onshore and offshore South Louisiana.

International upstream expenditures in 1996 also increased from 1995 levels reflecting continued development efforts in the Erskine Field and Mariner Block in the U.K. North Sea, in Indonesia, in the Partitioned Neutral Zone, and for offshore projects in Australia and Nigeria. In addition, higher expenditures reflect several new fields brought into production in 1996 in Angola, Colombia and Trinidad, as well as a general increase in exploratory activity. These increases were partially offset by reduced expenditures in the Captain Field in the North Sea, which will begin production shortly.

Downstream expenditure levels in the United States decreased due to the completion of major refinery projects and upgrades both for Texaco and its affiliate Star Enterprise. Partly offsetting these declines were increased joint marketing initiatives with quick service restaurants and lube outlets, as well as strategic service station site acquisitions and alliances. Also, construction continued on the Poseidon oil pipeline, which will service new deepwater and subsalt oil production from the central Gulf of Mexico.

International downstream expenditures also decreased primarily due to significant 1995 expenditures related to Caltex's refinery construction in Thailand and upgrade in Singapore, as well as Texaco's 1995 expenditures to upgrade refineries in Panama and the U.K. However, marketing investments in 1996, particularly by Texaco in Latin American growth markets and selected European locations, and by Caltex in high-growth areas of the Pacific Rim, largely offset the decrease in refinery spending.

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CONTACTS:	Chris Gidez	914-253-4042
	Jim Swords	914-253-4156
	Cynthia Michener	914-253-4743
	Yorick Fonseca	914-253-7034

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

	Fourth Quarter (a)		Year (a)	
	1996	1995	1996	1995
FUNCTIONAL NET INCOME (LOSS) ($000,000)				
Operating Earnings (Losses)				
Petroleum and natural gas				
Exploration and production				
United States	$ 351	$(302)	$1,123	$ 293
International	113	87	478	340
Total	464	(215)	1,601	633
Manufacturing, marketing and distribution				
United States	(35)	51	207	121
International	17	86	450	365
Total	(18)	137	657	486
Total petroleum and natural gas	446	(78)	2,258	1,119
Nonpetroleum	5	(75)	16	(28)
Total operating earnings (losses)	451	(153)	2,274	1,091
Corporate/Nonoperating	58	(98)	(256)	(363)
Net income (loss) before accounting change (b)	509	(251)	2,018	728
Cumulative effect of adoption of SFAS 121	-	-	-	(121)
Total net income (loss)	$ 509	$ (251)	$2,018	$ 607
EARNINGS (LOSSES) PER COMMON SHARE (dollars)				
Net income (loss) before cumulative effect of accounting change	$ 1.90	$(1.02)	$ 7.52	$ 2.57
Cumulative effect of accounting change	-	-	-	(.47)
Total net income (loss)	$ 1.90	$(1.02)	$ 7.52	$ 2.10
Average number of common shares outstanding for computation of earnings per share (000,000)	260.7	260.3	260.7	260.0

(a) Includes special items as detailed in news release text
(b) Includes provision (benefit) for income taxes ($000,000) — $ (3) | $ (230) | $ 965 | $ 258

OTHER FINANCIAL DATA ($000,000)	Fourth Quarter 1996	Fourth Quarter 1995	Year 1996	Year 1995
Revenues	$12,871	$ 9,647	$45,500	$36,787
Total assets as of December 31			(c) $27,000	$24,937
Stockholders' equity as of December 31			(c) $10,380	$ 9,519
Total debt as of December 31			(c) $ 5,600	$ 6,240
Capital and exploratory expenditures (includes equity in affiliates)				
Exploration and production				
United States	$ 349	$ 285	$ 1,243	$ 904
International	373	306	1,135	1,033
Total	722	591	2,378	1,937
Manufacturing, marketing and distribution				
United States	126	190	360	453
International	313	272	658	687
Total	439	462	1,018	1,140
Other	18	31	35	51
Total	$1,179	$ 1,084	$ 3,431	$ 3,128
Texaco Inc. and subsidiary companies				
Exploratory expenses included above:				
United States	$ 41	$ 31	$ 153	$ 94
International	95	78	226	195
Total	$ 136	$ 109	$ 379	$ 289
Dividends paid to common stockholders	$ 221	$ 208	$ 859	$ 832
Dividends per common share (dollars)	$ .85	$ .80	$ 3.30	$ 3.20
Dividend requirements for preferred stockholders	$ 14	$ 14	$ 57	$ 60

(c) Preliminary

OPERATING DATA - INCLUDING INTERESTS IN AFFILIATES	Fourth Quarter 1996	Fourth Quarter 1995	Year 1996	Year 1995
Exploration and Production				
United States				
Net production of crude oil and natural gas liquids (000 BPD)	387	382	388	381
Net production of natural gas - available for sale (000 MCFPD)	1,661	1,592	1,675	1,619
Total net production (000 BOEPD)	664	647	667	651
Natural gas sales (000 MCFPD)	3,404	3,124	3,176	3,153
Natural gas liquids sales (including purchased LPGs) (000 BPD)	203	222	206	216
Average U.S. crude (per bbl.)	$20.00	$14.89	$17.93	$15.10
Average U.S. natural gas (per mcf)	$ 2.54	$ 1.81	$ 2.19	$ 1.65
Average WTI (Spot) (per bbl.)	$24.67	$18.15	$22.16	$18.43
Average Kern (Spot) (per bbl.)	$17.32	$12.57	$15.53	$13.57
International				
Net production of crude oil and natural gas liquids (000 BPD):				
Europe	116	113	115	116
Indonesia	152	153	145	150
Partitioned Neutral Zone	80	69	76	59
Other	64	58	63	56
Total	412	393	399	381
Net production of natural gas - available for sale (000 MCFPD):				
Europe	207	183	188	203
Colombia	148	119	125	119
Other	80	51	69	51
Total	435	353	382	373
Total net production (000 BOEPD)	485	452	463	443
Natural gas sales (000 MCFPD)	538	439	477	435
Natural gas liquids sales (including purchased LPGs) (000 BPD)	68	81	89	80
Average International crude (per bbl.)	$21.96	$16.17	$19.55	$16.29
Average U.K. natural gas (per mcf)	$ 2.83	$ 2.76	$ 2.63	$ 2.65
Average Colombia natural gas (per mcf)	$ .99	$ .97	$ .96	$ .89

OPERATING DATA - INCLUDING INTERESTS IN AFFILIATES	Fourth Quarter 1996	Fourth Quarter 1995	Year 1996	Year 1995
Manufacturing, Marketing and Distribution				
United States				
Refinery input (000 BPD)				
Subsidiary	401	396	404	393
Affiliate - Star Enterprise	320	301	320	300
Total	721	697	724	693
Refined product sales (000 BPD)				
Gasolines	499	451	499	449
Avjets	112	127	123	99
Middle Distillates	222	206	216	196
Residuals	73	44	67	51
Other	120	164	131	139
Total	1,026	992	1,036	934
International				
Refinery input (000 BPD)				
Europe	352	347	340	300
Affiliate - Caltex	352	451	364	443
Latin America/West Africa	39	68	58	45
Total	743	866	762	788
Refined product sales (000 BPD)				
Europe	488	531	461	473
Affiliate - Caltex	599	698	601	658
Latin America/West Africa	373	378	391	362
Other	74	72	64	74
Total	1,534	1,679	1,517	1,567