UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549
Form 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1993   Commission file number 1-27

T e x a c o   I n c .
(Exact name of 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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $6.25	New York Stock Exchange Midwest Stock Exchange The Stock Exchange, London Basle, Geneva and Zurich Exchanges Amsterdam, Antwerp and Brussels Exchanges
Series C Variable Rate Cumulative Preferred Stock	New York Stock Exchange
Rights to Purchase Series D Junior Participating Preferred Stock	New York Stock Exchange
6-7/8% Cumulative Guaranteed Monthly Income Preferred Shares*	New York Stock Exchange
8-1/2% Notes, due February 15, 2003**	New York Stock Exchange
8-5/8% Debentures, due June 30, 2010**	New York Stock Exchange
8.65% Notes, due January 30, 1998**	New York Stock Exchange
9% Notes, due October 1, 1994**	New York Stock Exchange
9% Notes, due November 15, 1996**	New York Stock Exchange
9% Notes, due November 15, 1997**	New York Stock Exchange
9% Notes, due December 15, 1999**	New York Stock Exchange
9-3/4% Debentures, due March 15, 2020**	New York Stock Exchange
Extendible Notes, due June 1, 1999 (8-1/2% to June 1, 1998)**	New York Stock Exchange
Extendible Notes, due March 1, 2000 (9.45% to March 1, 2000)**	New York Stock Exchange
Extendible Notes, due January 15, 2000 (8.95% to January 15, 2000)**	New York Stock Exchange

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*   Issued by Texaco Capital LLC and the payments of dividends and payments on liquidation or redemption are guaranteed by Texaco Inc.
** Issued by Texaco Capital Inc. and unconditionally guaranteed by Texaco Inc.

The Registrant (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.

Disclosure of delinquent filers in this Form 10-K, definitive proxy statement or information statements incorporated by reference in Part III of this Form 10-K pursuant to Item 405 of Regulation S-K IS NOT applicable.

The aggregate market value of Texaco Inc. Common Stock held by non-affiliates at the close of business on February 28, 1994, based on the New York Stock Exchange composite sales price, was approximately $16,803,000,000. The market value of Series B ESOP Convertible Preferred Stock held in the Employees Thrift Plan of Texaco Inc. at the close of business on February 28, 1994, totaled approximately $669,901,000. The liquidation value of Series F ESOP Convertible Preferred Stock held in the Employees Savings Plan of Texaco Inc. at the close of business on February 28, 1994, totaled approximately $48,436,000.

As of February 28, 1994, there were 259,169,722 outstanding shares of Texaco Inc. Common Stock -- par value $6.25.

Portions of the following documents are incorporated herein by reference:

Document	Part of Form 10-K
Texaco Inc. Annual Report to Stockholders for the year 1993	I, II
Proxy Statement of Texaco Inc. relating to the 1994 Annual Meeting of Stockholders	III

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PART I
TEXACO INC.

Item 1. Business

DEVELOPMENT AND DESCRIPTION OF BUSINESS

Texaco Inc. was incorporated in Delaware on August 26, 1926, as The Texas Corporation. Its name was changed in 1941 to The Texas Company and in 1959 to Texaco Inc. It is the successor of a corporation incorporated in Texas in 1902. As used herein and within the portions of the documents incorporated by reference, the term Texaco Inc. refers solely to Texaco Inc., a Delaware corporation. The use of such terms as "Texaco," "company," "division," "organization," "we," "us," "our" and "its," when referring either to Texaco Inc. and its consolidated subsidiaries or to subsidiaries and affiliates either individually or collectively, is only for convenience and is not intended to describe legal relationships.

Texaco Inc. and its subsidiary companies, together with affiliates owned 50% or less, represent a vertically integrated enterprise principally engaged in the worldwide exploration for and production, transportation, refining and marketing of crude oil, natural gas and petroleum products. Texaco owns, leases, or has interests in extensive production, manufacturing, marketing, transportation and other facilities throughout the world. A description of the Company's worldwide operations follows in Item 2, Properties, beginning on page 5. Additionally, information regarding sales to significant affiliates and geographical financial data appear on pages 34 and 54, respectively, of Texaco Inc.'s 1993 Annual Report to Stockholders, applicable portions of which are incorporated herein by reference. Except as indicated under Items 1, 2, 3, 5, 6, 7, 8 and 14, no other data appearing in the 1993 Annual Report to Stockholders are deemed to be filed as part of this Annual Report on Form 10-K.

In the third quarter of 1993, Texaco made the determination that substantially all of its worldwide chemical operations would be sold. Memorandums of understanding were entered into with Huntsman Financial Corporation ("Huntsman"), an affiliate of the Jon M. Huntsman Group of Companies, for the sale of these operations. Except for the lubricant additives portion of the chemical business, the sale to Huntsman is expected to be completed in April 1994, subject to completing a definitive agreement and obtaining any required governmental approvals. The sale of the lubricant additives business is expected to take place by September 30, 1994. Texaco has agreed to cooperate with Huntsman, at their request, to sell the lubricant additives business to a third party.

In February 1989, Texaco completed the sale of its 78% interest in Texaco Canada Inc., an integrated oil and gas company. Excluded from the sale were a small number of former Texaco Canada Inc. properties that were transfered to a newly formed company, Texaco Canada Petroleum Inc. In December 1988, Texaco consummated the formation of Star Enterprise, a joint-venture partnership for refining, distributing and marketing petroleum products in 26 East and Gulf Coast states and the District of Columbia. In June 1988, Texaco completed the sale of its 99.12% share of Deutsche Texaco A.G., an integrated oil and gas company with operations in West Germany and Dubai.

Research Expenditures

Texaco Inc. and subsidiary companies' worldwide expenditures for research, development and technical support for continuing operations amounted to approximately $185 million in 1993 and $200 million in both 1992 and in 1991. These expenditures exclude amounts applicable to the discontinued chemical operations of approximately $45 million in 1993 and $50 million in both 1992 and 1991.

Environmental Expenditures

Information regarding capital expenditures of Texaco Inc. and subsidiary companies, including equity in affiliates, during 1993, and projections for 1994 and 1995, for air, water and solid waste pollution abatement, and related environmental projects and facilities, is incorporated herein by reference from page 29 of Texaco Inc.'s 1993 Annual Report to Stockholders.

Employees

The number of employees of Texaco Inc. and subsidiary companies engaged in continuing operations as of December 31, 1993 totaled 32,514. The comparable number of employees as of December 31, 1992 was 34,774. These totals exclude some 2,400 employees in 1993 and 2,800 employees in 1992 involved in discontinued chemical operations.

Certain Factors Which May Affect Business

In recent years, a number of changes affecting the petroleum industry have occurred both in the United States and abroad. In the United States and other countries in which Texaco operates, various laws and regulations are either now in force, in standby status or under consideration, dealing with such matters as production restrictions, import and export controls, price controls, crude oil and refined product allocations, refined product specifications, environmental, health and safety regulations, retroactive and prospective tax increases, cancellation of contract rights, expropriation of property, divestiture of certain operations, foreign exchange rate changes and restrictions as to convertibility of currencies, tariffs and other international trade restrictions. The industry may also be affected by strikes and other industrial disputes. All of these factors have contributed to an environment of change both in the United States and abroad.

A number of legislative proposals are currently under consideration by the U.S. Congress and various State legislatures. Although it is not possible at this time to predict the ultimate form that any such proposals might take, or the likelihood of their enactment, such legislation, if passed, could adversely affect the petroleum industry and Texaco.

The world economy remained sluggish in 1993. Although the United States economy grew at a modest 2.9% rate in 1993, Western Europe and Japan slipped into recession, and the former Soviet Union continued to experience large contractions in domestic output. The most robust economic expansion continued to occur in the developing and newly-industrialized nations of the Pacific Rim.

Largely reflecting the recessions in Western Europe and Japan, and economic depression in the former Soviet Union, world oil demand declined from 67.1 million BPD in 1992 to 66.9 million BPD in 1993. Demand in the industrial nations as a whole fell slightly: U.S. oil demand rose only 0.5% in 1993 from 17.1 million BPD to 17.2 million BPD, while combined oil demand in Western Europe and Japan declined by 0.2 million BPD, offsetting the small U.S. gain.

WORLD PETROLEUM DEMAND
(MILLION BPD)

	1993	1992	1991
Industrial Nations	38.9	38.9	38.3
Developing Nations	21.2	20.1	18.9
Former Soviet Bloc	6.8	8.1	9.6
TOTAL	66.9	67.1	66.8

Mirroring the severe economic conditions in the former Soviet Union and cutbacks in Russian exports, oil demand in the former Soviet bloc (including Eastern Europe) averaged 6.8 million BPD in 1993, a drastic fall of 17% versus 1992. On the other hand, demand in China and the other developing countries continued to grow strongly.

On the supply side, total non-OPEC crude oil production continued its decline of the last several years, slipping from 35.9 to 35.1 million BPD, primarily because Russian output fell by over 1 million BPD from 1992 levels. However, non-OPEC crude production excluding Russia increased at rates not seen in many years, buoyed by record levels of production in the North Sea and significant increases in other areas.

Notwithstanding the decline in world oil consumption and renewed expansion in non-OPEC supplies outside of the former Soviet Union, OPEC crude production rose to 24.7 million BPD in 1993, 0.7 million BPD higher than 1992 levels.

Crude oil prices were stable during the first half of 1993, but declined sharply in the latter part of the year as a result of a general market perception of surplus oil supplies, the steady accumulation of excess oil inventories, and the continued possibility of Iraqi oil being added to an already saturated oil market. The spot price for West Texas Intermediate (WTI) dropped by almost 25% between June 1993 and December 1993, to a low of $14.50 per barrel. For the year as a whole, WTI averaged $18.44 per barrel, 10% lower than the previous year.

Despite the weakness in global oil demand, refiners' margins showed general improvement in most regions of the world, aided by lower crude prices.

Near-Term Outlook

World economic growth is expected to pick up somewhat in 1994 as the U.S. expansion accelerates and Western Europe and Japan emerge from recession. Growth in much of the developing world should also continue to be robust. However, the economies of the former Soviet Union are expected to contract further in 1994, as economic restructuring continues.

Spurred by continued economic expansion and exceptionally cold weather early in 1994, U.S. oil demand is expected to increase by about 0.3 million BPD to 17.5 million BPD. The beginnings of economic recovery in Western Europe and Japan are expected to add another 0.2 million BPD to world oil demand. As in 1993, the most significant growth in oil demand will be in the developing countries, where demand is expected to grow by 0.7 million BPD. These increases will be partially offset by declines in oil consumption in the former Soviet bloc, and world oil demand in total should rise by about 0.6 million BPD in 1994.

NEAR-TERM WORLD SUPPLY/DEMAND BALANCE
(MILLION BPD)

	1994	1993
Demand	67.5	66.9
Supply		
Non-OPEC Crude	34.9	35.1
OPEC Crude	24.7	24.7
Other Liquids	7.9	7.7
Total Supply	67.5	67.5

Stock Change	--	0.6

After the steady decline since the late 1980s, non-OPEC liquids production is likely to remain more-or-less flat in 1994 at about the 40.5 million BPD level. Former Soviet oil output will continue to fall, but at a slower rate than in 1993. The rate of decline in U.S. crude production should also moderate. These declines will be offset by strong gains in the U.K. sector of the North Sea and increases in many other non-OPEC producing countries.

The outlook for OPEC production hinges largely on whether the OPEC members, battered financially by recent price declines, exercise renewed restraint. Posturing for an eventual resumption of Iraqi exports could well influence the behavior of key Arabian Gulf producers.

After years of a market characterized by excess deliverability, the U.S. natural gas supply/demand continued to move into closer balance in 1993. Demand for natural gas is expected to grow as the U.S. economy strengthens and requirements for this environmentally-preferred fuel expand. Domestic natural gas supplies will continue to be augmented by imports from Canada.

In addition to the above factors, operations and investments in some foreign areas are subject to political and business risks. The nature of these risks varies from country to country and from time to time.

The overall effect of the foregoing on Texaco cannot be predicted with any certainty.

Item 2. Properties

EXPLORATION AND PRODUCTION ACTIVITIES

Worldwide, Texaco had a strong reserve replacement ratio of 112% of its combined net oil and natural gas production in 1993, continuing the five-year trend in which it has replaced an average of 106% of production. Finding and development costs of $3.84 per barrel of oil equivalent during the year sustained the fine record of the past five years in which Texaco has averaged a competitive $4.10 a barrel.

This performance reflects the success of a value-added strategy through which pivotal investments of recent years--such as those in the United States, the United Kingdom North Sea and Indonesia--are adding new reserves and production.

Texaco's exploration and producing activities are conducted by geographical divisions operating in the United States, Europe, Latin America and West Africa, and the Middle East and Far East. The Frontier Exploration Department has worldwide responsibility for new-venture exploration outside of established producing areas.

UNITED STATES

In the United States, initiatives for developing and producing existing oil and gas reserves as efficiently as possible, as well as exploiting new growth opportunities, contributed to a strong performance in 1993:

- Daily net production in the United States averaged 423,000 barrels of crude oil and natural gas liquids, and 1.7 billion cubic feet of natural gas available for sale. On a total barrels of oil equivalent basis, this reflects a 2% production decline from 1992, a significant improvement over the historic rate of decline.

- A continuing drive to maximize the cash and earnings margins of each barrel of oil equivalent produced has contributed to significant expense reductions during the past three years, reinforcing the trend in which lifting costs have declined 45 cents per barrel of oil equivalent.

- Empowered teams of employees, using innovative technologies, are keeping the company at or near the top of its peer group in finding and development costs.

Texaco is strategically positioned in a number of important areas of the United States. They include:

- Onshore and offshore areas along the Gulf Coasts of Texas, Louisiana and Alabama. This area provides approximately 32% of the company's U.S. oil production and 66% of its natural gas.

- The Permian Basin of West Texas and New Mexico, a mature area with large potential for additional development activity and enhanced recovery programs.

- Southern California, where heavy oil production from steamflood operations onshore, supplemented by offshore production from the Point Arguello field, totaled 127,000 barrels of oil and 79 million cubic feet of natural gas a day.

Gulf of Mexico

The Gulf Coast area is Texaco's largest production center in the United States. These operations include substantial assets both on land and in state and federal waters offshore.

Supported by new field development, as well as revitalization efforts on more mature properties, production in this area reached 135,000 barrels of liquids and nearly 1.2 billion cubic feet of natural gas a day in 1993.

Here, as in other areas of the U.S. upstream, operations are managed by multi-disciplinary teams of professionals who are responsible for the progress and profitability of their asset portfolios.

Onshore

In the onshore operations along the Gulf Coast, efforts by these teams are adding value to the reserve base and creating a leadership position for Texaco.

o Texaco is capitalizing on its increasing expertise in horizontal drilling to develop a 1983 discovery at the 100,000-acre Brookeland field in the Austin Chalk play of East Texas. There, geologists and field engineers are expanding on this technology by splitting each well into two horizontal sections in the productive zones at a cost lower than drilling two separate wells. At the end of 1993, production at Brookeland, a newly created core production area for Texaco, was 27 million cubic feet of gas and 3,700 barrels of oil a day.

o The Port Neches field is the site of a breakthrough enhanced recovery project in which carbon dioxide is being injected into field reservoirs. This project, selected for funding by the U.S. Department of Energy, is expected to provide information about future applications of CO_2 injection technology in the Gulf Coast area.

o At the McAllen Ranch field in South Texas, new technology continues to add substantial value. It was Texaco's hydraulic fracturing technology, pioneered in the 1970s, that made natural gas production possible here.

Now, a team of engineers and geologists, working with an integrated reservoir management tool developed by Texaco research, is identifying new pockets of potential recoverable reserves. Using data from a 3-D seismic survey and other detailed reservoir information, they are modeling the field's reservoirs in exacting detail. Aided by this advanced tool, they pinpointed the locations of two new wells in 1993 and plan to identify more drilling sites. Just as important, Texaco expects the computer modeling technique to assist in identifying new oil and gas reserves in other mature fields worldwide.

Offshore

Texaco has been involved in offshore operations in the Gulf of Mexico since the 1950s and currently has equity interests in over 300 platforms. Some of the most exciting technology in the industry is being applied in this region, where the company has a strong acreage position.

Through the use of 3-D seismic surveys and new drilling, Texaco is re-vitalizing currently productive properties, such as the Teal and Tiger Shoal fields. At Tiger Shoal, efforts during 1993 resulted in reserve additions of over 100 billion cubic feet of gas.

With applied technology, field engineers have been able to double the potential recoverable reserves from the 50%-owned Tick field on the Garden Banks Block 189. The Tick platform reached productive capacity of 10,000 barrels of oil a day in 1993.

A major development during 1994 will be the installation of a platform in 773 feet of water on the one-third-owned Hercules Prospect, on the Ewing Bank Block 873, which was discovered in 1991. The platform is expected to reach peak production of 30,000 barrels of oil a day in 1996.

The timely completion of this project, from discovery to first production, reflects a commitment by Texaco to reduce cycle time in processing data and initiating development projects. Facilitating that effort are the growing number of computer workstations that are being used for this activity. This transition from mainframe computing equipment is realizing significant cost savings.

Texaco's leadership in offshore production technologies is exemplified by its role in coordinating the DeepStar program, a cooperative effort by 16 major companies pooling technologies to recover potentially huge oil and gas reserves farther from shore in the Gulf of Mexico. This approach is based in part on Texaco's work to develop sophisticated metering and pumping systems that will reduce the costs of offshore installations.

California

The Kern River field in California is one of the oldest in the United States. It is also Texaco's largest U.S. reserve asset, with production in 1993 averaging over 80,000 barrels of oil a day. The flow of heavy crude from some 4,600 producing wells in this giant field is assisted by the continuous injection of steam into its shallow reservoirs through more than 1,000 injection wells.

Nearly everything associated with Kern River operations is large:

o Some 750,000 barrels of water a day are produced with the oil.

o Mixed in with the oil and water are about two tons of sand a day.

o The field maintenance shops repair an average of 900 well pumps each month.

The challenges posed by these numbers also offer opportunities on which field management teams of engineers and operating and maintenance personnel are capitalizing to cut costs and improve efficiency.

The Kern River field has one of the industry's finest automated well-testing systems. Each of 172 automated well-test sites can measure the flow of liquids and the oil content from 36 wells into a holding tank. By identifying any wells in which production begins to drop off, this system facilitates the maintenance process.

The Kern River operation is strengthened by its partnership with Texaco's research organization, which provides the most advanced technologies for increasing production and adding value to the reserves base. During 1993, the researchers conducted pilot studies for a system to measure the temperature in wells, a development that will provide new efficiencies through better calibration of heat distribution and, as a result, a reduction in steam use and utility costs.

Together, these and other advanced technologies developed at Kern River have cut the cost of chemicals, labor and electricity at the field. Per barrel production costs have declined by more than 16% since 1990.

The continuing development and refinement of technologies to better manage the flow of steam through reservoirs, to reduce the associated production of water with the crude oil, and to apply horizontal drilling all have the potential for significantly improving the production and ultimate recovery of oil.

West Texas and New Mexico

Programs in the Permian Basin of West Texas and New Mexico, where Texaco has operated for nearly 70 years, include blending a time-tested technique, waterflooding, with modern approaches to field management.

Initiated in 1992, the Permian Basin waterflood program will include 24 individual waterflood projects over a 10-year period. This enterprise is expected to add as much as 11,000 barrels a day of new production by 2004, and an estimated 64 million barrels of crude oil reserves.

There is also more potential for adding reserves in the Permian Basin through low-risk exploration by applying 3-D seismic technology and new wildcat drilling. Texaco has had a number of recent successes with this program, including:

- The drilling of three successful discovery wells at the Wolfcamp Trend in West Texas.

- Several wildcat discoveries in the Teague North field in New Mexico. A drilling and development program at the field is expected to add more than 8.2 million barrels of new reserves.

While advanced seismic technologies are now a fundamental tool for oil and gas exploration, the application of these techniques to exploitation drilling in proven areas can also yield impressive results. Of particular note is Texaco's focus on the development of natural gas reserves in proven areas of West Texas. Between mid-1992 and the end of 1993, the company drilled over 135 wells in the Conger and Ozona fields, adding some 109 billion cubic feet of gas reserves, as well as 8.2 million barrels of liquid reserves, at industry-competitive costs.

As prices for natural gas continue an upward trend, the expansion of Texaco's activities in other areas of the United States reflects the commitment to increase U.S. reserves. They include:

- Expanding production from the gas-rich Mobile Bay area of Alabama.

- Exploration drilling at the Stagecoach Draw prospect in Wyoming, where Texaco is taking a fast-track approach to delineating the boundaries of a 1993 discovery.

Natural Gas Operations

Texaco's financial strength, natural gas reserves position and reliability have traditionally held significant value for natural gas customers.

When the Federal Energy Regulatory Commission (FERC) implemented its Order 636 in November 1993, the natural gas industry completed a transition from a world of regulation and government oversight to a more market-responsive environment characterized by open access transportation, individualized pipeline services and deregulated commodity pricing.

To capitalize on the new growth opportunities flowing from the FERC action and the strategic location of Texaco's resources and natural gas marketing expertise in the Gulf Coast area, Texaco, early in 1994, formed the Gulf Coast Star Center, a one-stop marketplace for consumers of natural gas and related services. The Gulf Coast Star Center consists of Texaco's natural gas transportation, storage, processing and marketing operations along the Gulf Coast.

The centerpiece of this operation is the wholly owned Bridgeline Gas Distribution LLC. Bridgeline is a local distribution company whose principal asset is an intrastate pipeline system serving Louisiana's industrial corridor with over 60 end-user interconnects and average on-system demand of nearly 2 billion cubic feet of natural gas a day. Bridgeline is the leading marketer to Louisiana industrial customers. Bridgeline received FERC approval in 1993 to offer open-access transportation and storage services, allowing it to receive and transport gas to both interstate and intrastate pipelines.

The system, including Bridgeline's 7.2 billion cubic foot storage facility in Sorrento, Louisiana, now interconnects virtually every major pipeline in the region. This provides the ability to move gas from the production area through pipelines serving the densely populated industrial areas of the East Coast and Midwest.

Texaco's pipeline grid serving the Gulf Coast area includes its Sabine Pipe Line Company, an interstate pipeline which owns and operates the Henry Hub, the official standard delivery mechanism for the New York Mercantile Exchange natural gas futures contracts. Sabine interconnects with 38 interstate and intrastate pipelines serving the Gulf Coast, the Midwest, the South and the East Coast.

In addition to the strategic value provided by Bridgeline and Sabine, Texaco also provides natural gas processing and natural gas liquids fractionation services through its wholly owned Henry, Floodway and Paradis plants. In 1993, these plants processed 708 million cubic feet of natural gas a day and fractionated 11.2 million barrels of natural gas liquids.

Through its Gulf Coast Star Center, Texaco provides natural gas customers with access to an array of products and services and "well-head to burner-tip" expertise combining the reliability of a producer with the flexibility of a marketer.

Sabine is further reinforcing its role as an administrator of natural gas hubs and market centers by working with CNG Transmission Corporation to establish and operate a market center on CNG's 7,400-mile interstate pipeline system. CNG's strategic location and its large gas storage capability make it an ideal location for the development of a market center in the northeastern states.

Illustrative of an emerging Texaco strategy to aggressively seek out international natural gas and liquid petroleum gas (LPG) markets is the recent expansion of the Ferndale LPG Storage Terminal near Anacortes, Washington, to provide additional import and export capabilities. Growing demand for propane and butane as fuels for heating, transportation and chemical feedstocks in Latin American and Pacific Rim nations has created a profitable niche market for the terminal, where annual throughput of LPG is expected to increase by one million barrels.

OTHER WESTERN HEMISPHERE

Latin America

The acceleration of political and economic changes that encourage foreign investment in many Latin American nations increasingly present excellent opportunities for petroleum companies.

In 1993, Texaco's net production averaged more than 18,500 barrels of oil and 117 million cubic feet of salable natural gas a day in Colombia and Trinidad. Expansion of producing capacity, together with the growth of infrastructure and demand in both countries, should contribute to a potential increase in gas sales in the region.

The company is also pursuing exploration programs or new business ventures in Argentina, Venezuela, Peru and Bolivia.

In Colombia, Texaco's regional base of upstream operations in Latin America, the company's position has been revitalized through the optimization of its core businesses. At the giant Chuchupa gas field, Texaco completed the country's first offshore horizontal well, adding more than 60 million cubic feet of gas a day to the field's capacity.

During 1993, Texaco's daily net gas production from the area averaged 109 million cubic feet available for sale, up slightly from 1992. New markets for this expanded production capacity are being developed. As the Colombian Government continues to extend its gas transmission pipeline system into the interior, for example, Texaco will be in a position to supply additional gas for this growing market.

Texaco also operates four fields in the Colombian interior with interests ranging from 50% to 100%. Texaco's net equity production from these fields averaged 9,000 barrels of oil a day in 1993. The Teca, Nare and Cocorna heavy oil fields in the Middle Magdalena Valley--under cyclic steam injection since 1970--are Texaco's core production and reserve base in Colombia. In 1992, Texaco initiated a pilot steam injection program in the Nare field; expansion to the entire field will depend upon market conditions.

In an effort to add further value to its core businesses in Colombia, the company has successfully negotiated the lifting of restrictions imposed by the Government on its heavy oil production.

Expanding core production areas

A focus on low-risk exploration continues as a strategic thrust in areas of Latin America that have high potential for expanding productive core areas.

The company plans to acquire new seismic data on its Puerto Boyaca block on the south side of Colombia's Velasquez field, a mature property with existing processing and transportation infrastructure.

In Trinidad, Texaco is evaluating a recent 3-D seismic survey to determine the potential for extending the limits of existing oil fields in the Trinmar area, off the country's southwest coast. Trinmar, a mature producing area one-third-owned by Texaco, is a joint venture with Petrotrin, the government oil company. Texaco's net equity production averaged 9,500 barrels a day in 1993.

Texaco's 50% interest, with British Gas, in the development of the large Dolphin natural gas field off the eastern coast of Trinidad reflects a major thrust of Texaco's worldwide upstream strategy.

Located 60 miles offshore, the Dolphin field is estimated to contain reserves of more than one trillion cubic feet of gas. Development of this field will involve placing a platform in 400 feet of water and connecting it to an existing pipeline system 42 miles away.

First Dolphin field production is scheduled for 1996. With daily production expected to peak at about 300 million cubic feet a day, of which Texaco's net equity production would be 128 million cubic feet a day, Texaco will be a major participant in the growing natural gas market of Trinidad and Tobago.

Canada

Texaco Canada Petroleum Inc., 78% owned by Texaco, develops and markets natural gas and crude oil production from fields in Western Canada. Texaco's net equity daily production in 1993 was approximately 1,600 barrels of liquids and about 34 million cubic feet of natural gas available for sale.

At the end of 1993, Texaco--through its 50%-owned B.C. Star Partners affiliate--was conducting an exploratory drilling program on newly acquired leases at the Nig Creek prospect in British Columbia. Additional seismic study and drilling are likely in 1994.

In an ongoing rationalization program, Texaco Canada Petroleum has been selling, acquiring and exchanging equity interests as part of a strategy to dispose of non-strategic assets while adding reserves to a company-operated core asset base. As a result of this program, production has increased, while total operating costs have declined.

EUROPE

The strategy for Texaco's upstream operations in Europe focuses on doubling the value of its business by the year 2000. The steps to achieving that include accelerated development of new core productive areas; the best use of existing production, processing and transportation infrastructure; and aggressive exploration in areas where Texaco has already developed a sustainable competitive advantage.

Texaco participates in exploration and production licenses in eight European countries: the United Kingdom, Denmark, the Netherlands, Norway, Italy, Turkey, Bulgaria and Russia. All of its current production comes from the North Sea, with the exception of a small natural gas field in the Netherlands.

Replacement of production by additions and revisions to net proved reserves was 302% in 1993, the seventh consecutive year in which European reserves replacement exceeded production. These additions continue to be made at industry-competitive finding and development costs.

United Kingdom

In the United Kingdom, where Texaco operates or has interests in 11 producing fields, the year 1993 highlighted the start of production, following several years of intense investment and development activity, in several new fields, as well as the restart of production at the Piper field.

Texaco's production from the offshore U.K. fields averaged 58,000 barrels of oil and natural gas liquids and approximately 22 million cubic feet of salable natural gas a day during the year. The bulk of the production was from the wholly owned Tartan, Highlander and Petronella (THP) fields and the Claymore (21.2% Texaco), Piper (23.5% Texaco) and Scapa (23.5% Texaco) fields. Production from the 12-year-old THP complex has been declining, but a team of engineers and geologists has been applying the latest advanced technology to stem the decline and prolong production.

The Piper field came back on stream in February 1993. Besides providing an important source of production, its platform also processes the oil and gas produced from two new satellite fields, Saltire and Chanter, which began operating during the second quarter of 1993. Texaco's equity production through the Piper Bravo platform at the end of 1993 was approximately 32,000 barrels of oil a day.

In the Southern Gas Basin of the North Sea, first production began in August from the Orwell field, with Texaco's share currently at 60 million cubic feet of natural gas a day. Orwell is a subsea multi-well development operated by remote control from 21 miles away through the world's longest undersea "umbilical" cord.

The final addition in the string of successes during 1993 was the start of production in December from Texaco's 67%-owned Strathspey field in the northern area of the North Sea. Crude oil produced through a subsea template and pumped through a 10-mile-long pipeline to Chevron's Ninian platform will reach a level of 35,000 barrels a day during 1994.

Output from these new fields in 1994 is expected to double Texaco's 1992 production volumes from the North Sea.

As its new fields were being brought into production in 1993, Texaco was pursuing a successful field appraisal program in the Inner Moray Firth off the coast of Scotland. Here, in the wholly owned Block 13/22a, an ambitious drilling program was delineating the substantial Captain reservoir. On the basis of a 12-well drilling program, Texaco has decided to begin development of this 200-million-barrel field, with production expected to begin by 1996.

Denmark

New production records were set in Denmark during the year as the result of a high level of development drilling and the startup of two new fields: Regnar and Valdemar. The Danish Underground Consortium (DUC), in which Texaco has a 15% interest, has used horizontal drilling to considerable advantage in its chalk reservoirs. Texaco's net equity production from the DUC was 23,000 barrels of oil and more than 56 million cubic feet of salable natural gas a day in 1993.

Texaco's share of DUC gas will nearly double to about 107 million cubic feet a day by 1997 as the result of a large gas sales agreement with the national gas company, Dansk Naturgas A/S.

Russia

Texaco expanded its upstream activities into one of the most significant producing areas of the world in 1993 through an agreement with Sutorminskneft, a Western Siberian oil and gas production association, to restore production from idle wells in the Sutormin field in Western Siberia.

Located in the northern portion of the Tyumen region of Western Siberia, the Sutormin field is approximately 1,500 miles east of Moscow. The field, which has recoverable reserves of approximately one billion barrels, currently produces about 140,000 barrels of oil a day. Approximately 40% of the wells in the field are idle due to various technical reasons. As a service contractor, Texaco has repaired and restored production to some 40 wells since June 1993.

Texaco is also continuing negotiations on a production sharing agreement with the Russian Government and potential industry partners for the exploration and development of a large contract area some 1,100 miles northeast of Moscow in Russia's Timan Pechora region above the Arctic Circle. These negotiations could lead to a long-term development program in an area where 11 fields have been discovered and studies indicate the potential for more than 2 billion barrels of oil reserves.

Most recently, in Russia's far eastern area, Texaco, with Mobil, has been awarded the rights to negotiate a production sharing agreement covering the 2,700-square-mile Kirinsky block off the coast of Sakhalin Island. Negotiations on the agreement began in January 1994.

OTHER EASTERN HEMISPHERE

Africa

Upstream operations in Africa are conducted by the company's Latin America/West Africa Division. Texaco's net equity production from two countries, Angola and Nigeria, totaled nearly 16,000 barrels a day in 1993, and Texaco also conducted exploration operations during the year in Tunisia, Egypt and Cameroon.

The success of Texaco's operations in Angola is best illustrated by the exploration and development program on the 131,000-acre offshore Block 2, where the company is the operator and holds a 20% interest.

Since the late 1970s Texaco has drilled 66 exploration wells on this block with a 30% commercial success ratio. Based on that drilling, Texaco has brought seven of these fields into production, while the others are in various stages of appraisal or development.

Despite the continuing civil war in Angola, Texaco's offshore net equity production was maintained at an average of 6,000 barrels a day. Texaco's share of liquids reserves in all of the Block 2 fields totaled more than 24 million barrels at the end of 1993.

Texaco has presented the Angolan Government with final development plans for most of the currently undeveloped Block 2 fields. Production facilities for the Bagre, Estrella, Chopa, Lombo North and Calafate fields have been fabricated in the United States and will be shipped to Angola and installed after political conditions in the country improve.

Plans are also in place for developing three other new fields, and the company is evaluating three recent discoveries before committing to their development. Peak total production rates of over 80,000 barrels a day, or 11,000 barrels a day of net equity production for Texaco, are estimated for Angola with the development of all of the Block 2 fields.

Texaco also has a 16.33% interest in the FST block onshore in Angola, where net equity production of 3,300 barrels a day was shut-in early in 1993 following its capture by rebel forces.

In addition, Texaco has joined with Shell Oil Company in exploring for potentially large new oil fields in Angola's deepwater Block 16. The work began in 1993 with 3-D seismic surveys of the area.

In Nigeria, where Texaco is the operator and holds a 20% working interest, producing operations have not been affected by the ongoing political instability. Net equity crude oil production by the Texaco-led consortium operating the offshore Pennington, Middleton, North Apoi and Funiwa fields has increased to approximately 10,000 barrels a day, as the result of well workovers and new drilling.

In mid-1993, Texaco announced a wildcat discovery at its Madu No. 1 well, 30 miles offshore in Block OML 85. The development potential of this well, which tested at a combined rate of over 5,000 barrels of oil a day, is under evaluation.

Exploration teams in Nigeria are working to identify deeper productive formations within the limits of currently producing fields. Negotiations are under way toward obtaining new exploration acreage offshore.

MIDDLE EAST AND FAR EAST

The Texaco Middle East/Far East Division (ME/FE) explores for and produces oil and gas in Indonesia, the Partitioned Neutral Zone between Saudi Arabia and Kuwait, Australia and China. It manages operational and contractual matters related to exploration programs by Texaco's Frontier Exploration Department in Malaysia, Myanmar, Thailand, China, Pakistan and other countries in the Middle East and Far East. The division contributed to Texaco's earnings in 1993 through the net production of nearly 188,000 barrels of liquids a day by Texaco subsidiaries and an affiliate, P.T. Caltex Pacific Indonesia.

Indonesia

Texaco maintains a premier position in the Indonesian petroleum industry through the exploration and producing activities of its 50%-owned affiliates, P.T. Caltex Pacific Indonesia (CPI) and Amoseas Indonesia Inc.

CPI is owned 50% each by Texaco and Chevron. It operates the Rokan production sharing contract granted to it by Pertamina, the Indonesian national oil company, as well as other production-sharing contracts granted to Texaco and Chevron subsidiaries in Sumatra.

The Rokan contract, which includes the huge Minas waterflood and Duri steamflood enhanced oil recovery projects, accounts for approximately 550,000 barrels of oil a day. More sophisticated oil recovery technologies tailored to specific projects are being developed and will soon be tested to increase the recoverable reserves from the fields.

CPI is the largest producing company in Indonesia and is responsible for nearly one-half of the country's oil production. Four production sharing contracts in Central Sumatra and one off the west coast of Sumatra cover some 11 million acres. Production in the areas covered by the contracts has been sustained over the past several years at approximately 700,000 barrels of oil a day, of which Texaco and Chevron each net about 120,000 barrels a day.

In the Belida field (25% Texaco), located in the Conoco operated Block B portion of the Indonesian South Natuna Sea, Texaco's net share of oil production averaged 15,000 barrels a day. Discovered in 1989, the field came on production in October 1992.

Amoseas is responsible for the joint Texaco/Chevron interests in Indonesia outside of Sumatra. It operates four petroleum contracts and one geothermal contract. In addition, Amoseas administers two petroleum contracts operated by other companies. These production sharing contracts cover some 20 million acres. One of the petroleum contracts produces oil, while five are still in the exploration stage. Amoseas is pursuing the development of Texaco's first geothermal venture in Java.

China

Texaco is one of the largest petroleum contract holders in China. Its acreage, totaling over 7,700 square miles, is roughly equivalent in size to the State of New Jersey.

A joint venture between Texaco, AGIP and Chevron--the ACT Operators Group--and the China National Offshore Oil Corporation operates two producing fields in the South China Sea. ACT holds a 49% interest in this operation, the first commercial production in the South China Sea by a foreign company.

One of these fields began producing in September 1990, and the other came on stream in late 1991; Texaco's share of combined production in 1993 was 8,000 barrels of oil a day. ACT is developing two other discoveries made near these fields in 1991. The first production is expected in late 1995.

OTHER FAR EAST

In Malaysia, Texaco has a 50% interest and operates the offshore PM-14 concession in partnership with Santos and Clyde Petroleum. The first of six exploratory wells, completed in March 1992, tested significant flows of oil. Texaco has received an extension of its production-sharing contract to May 1997 to evaluate the potential for further exploration.

Australia

Texaco participates in Australian exploration and producing activities primarily through its 28.6% interest in West Australian Petroleum Proprietary Limited (WAPET). In 1993, Texaco's share of production averaged 13,000 barrels of liquids and some 3 million cubic feet of salable natural gas a day.

Exploration and development programs remain active in the prolific TP/3 permit area. The Saladin, Yammaderry and Cowle fields continue to perform above initial expectations, and the Roller and Skate fields are being developed, with first production scheduled during 1994.

The production decline in the mature Barrow field has been stabilized through workovers, new drilling and development.

The interpretation of 3-D seismic data from the large Gorgon gas field continues as part of a program to assess its development potential. Texaco is focusing its efforts to commercialize the Gorgon gas through a development plan that would involve liquefying the gas in Western Australia and exporting it in specially designed ships to high-growth markets along the Pacific Rim.

Middle East

Through the wholly owned subsidiary, Saudi Arabian Texaco Inc., Texaco holds a concession from Saudi Arabia covering 50% of the petroleum resources in the onshore Partitioned Neutral Zone (PNZ) between Kuwait and Saudi Arabia. Texaco is moving ahead aggressively on the reconstruction of the producing facilities in the Zone that had sustained heavy damage during the Iraq/Kuwait conflict.

A portion of Texaco's share of the restored production has been processed in nearby refining facilities of the Kuwait Petroleum Corporation. In addition, a contract for the sale of some of the crude directly to outside buyers became effective in May 1993.

Recent reservoir studies indicate opportunities for adding significant reserves through extensions and through pressure maintenance of existing reservoirs. In 1993, Texaco drilled two rank wildcat wells to test prospective zones below the currently producing PNZ fields. Well data evaluation is underway.

FRONTIER EXPLORATION

The Frontier Exploration Department has responsibility for all international frontier and new-venture exploration, encompassing all discretionary exploratory activities outside of Texaco's currently held assets and core business areas.

Working in partnership with the international operating divisions, the frontier group follows a strategy for pursuing increasingly selective, higher quality and lower risk opportunities in areas of strategic interest. They include China, Southeast Asia and other key areas where exploration complements existing business activities.

During 1993, Texaco's frontier exploration activities included an aggressive evaluation program that drilled 13 wildcat or appraisal wells. Recent successful drilling included two discoveries that may represent important additions to natural gas reserves:

- Two successful confirmation wells on the Yetagun Prospect (50% Texaco), off the coast of Myanmar, where Texaco has already drilled two wildcat discoveries. Further evaluation of these three blocks covering nearly 9 million acres, as well as wildcat drilling on additional prospects, is planned for 1994.

- A potentially significant discovery in the Black Sea, off the coast of Bulgaria. In 1994, Texaco will drill two more wells on this 20%-owned 500,000-acre block, in which it is the operator.

A highly focused program of wildcat drilling will continue in 1994 with planned wildcat and appraisal wells in nine countries including:

- Two wildcat wells in Thailand, one of which is offshore in the Gulf of Thailand on a 50%-owned, 3.6-million-acre block.

- A wildcat well in the West Shetlands area of the U.K. North Sea where Texaco has a one-third interest and is the operator on 607,000 acres. This prospect lies on an emerging productive trend in which Texaco had an interest in discoveries made in 1992.

- Five other medium-to-high-risk exploratory wells offshore Egypt and on land in Turkey, Tunisia and Argentina.

- One wildcat well offshore China in the Bohai Bay on a 50%-owned, 1.2-million-acre block southeast of Beijing. This area lies within a producing basin which holds an estimated 14 billion barrels of recoverable reserves.

Texaco is the operator and a partner with AGIP and Maersk in the recent acquisition of three contract areas covering 2 million acres for exploration in the East China Sea. The group was among the first foreign contractors to sign agreements for exploration in this major offshore area.

Early in 1994, Texaco and its four partners signed a petroleum contract for exploration in Block 1 of the Tarim Basin onshore China. Although exploration acreage has been available in limited areas since 1985, Block 1 and four others in the Tarim Basin represent the first large-scale opportunities for foreign participation in exploration projects in the highly prospective Western China Basins.

SUPPLEMENTARY EXPLORATION AND PRODUCTION INFORMATION

The following information concerns the oil and gas exploration, development and producing activities of Texaco Inc. and consolidated subsidiaries, as well as Texaco's equity in P.T. Caltex Pacific Indonesia (CPI), a 50%-owned affiliate operating in Other Eastern Hemisphere areas:

Estimates of Total Proved Net Oil and Gas Reserve Data Provided to Other Governmental Bodies and Availability of Oil and Gas

Information concerning estimates of total proved net oil and gas reserve data provided to other governmental bodies and availability of oil and gas is incorporated herein by reference from pages 56 to 58 of Texaco Inc.'s 1993 Annual Report to Stockholders.

Average Sales Prices and Production Costs - Per Unit

Information concerning average sales prices and production costs on a per unit basis is incorporated herein by reference from page 61 of Texaco Inc.'s 1993 Annual Report to Stockholders.

Oil and Gas Acreage

Thousands of acres	As of December 31, 1993 Gross	Net
Producing		
Texaco Inc. and Consolidated Subsidiaries		
United States	4,153	2,534
Other Western Hemisphere	518	157
Europe	193	76
Other Eastern Hemisphere	787	210
Total Texaco Inc. and Consolidated Subsidiaries	5,651	2,977
Equity in an Affiliate-Other Eastern Hemisphere	207	103
Total worldwide	5,858	3,080
Undeveloped		
Texaco Inc. and Consolidated Subsidiaries		
United States	6,418	5,076
Other Western Hemisphere	19,444	15,666
Europe	6,366	2,433
Other Eastern Hemisphere	67,852	37,252
Total Texaco Inc. and Consolidated Subsidiaries	100,080	60,427
Equity in an Affiliate-Other Eastern Hemisphere	2,239	1,120
Total worldwide	102,319	61,547
Total Oil and Gas Acreage	108,177	64,627

Number of Wells Capable of Producing*

	As of December 31, 1993 Gross	Net
Oil wells		
Texaco Inc. and Consolidated Subsidiaries		
United States	40,824	18,497
Other Western Hemisphere	2,264	482
Europe	220	55
Other Eastern Hemisphere	1,256	423
Total Texaco Inc. and Consolidated Subsidiaries	44,564	19,457
Equity in an Affiliate-Other Eastern Hemisphere	3,780	1,890
Total worldwide**	48,344	21,347
Gas wells		
Texaco Inc. and Consolidated Subsidiaries		
United States	5,881	2,658
Other Western Hemisphere	264	60
Europe	45	11
Other Eastern Hemisphere	21	6
Total Texaco Inc. and Consolidated Subsidiaries	6,211	2,735
Equity in an Affiliate-Other Eastern Hemisphere	22	11
Total worldwide**	6,233	2,746

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* Producible well counts include active wells and wells temporarily shut-in. Consistent with general industry practice, injection or service wells and wells shut-in that have been identified for plug and abandonment have been excluded from the number of wells capable of producing.

** Includes 333 gross and 216 net multiple completion oil wells and 95 gross and 87 net multiple completion gas wells.

Oil, Gas and Dry Wells Completed

	For the years ended December 31,								
	1993			1992			1991		
	Oil	Gas	Dry	Oil	Gas	Dry	Oil	Gas	Dry
Net exploratory wells*									
Texaco Inc. and Consolidated Subsidiaries									
United States	24	29	29	16	24	20	17	46	18
Other Western Hemisphere	_	_	1	2	1	3	2	1	9
Europe	_	_	8	_	_	4	_	_	6
Other Eastern Hemisphere	_	1	8	1	_	3	1	_	6
Total Texaco Inc. and Consolidated Subsidiaries	24	30	46	19	25	30	20	47	39
Equity in an Affiliate-Other Eastern Hemisphere	1	_	1	1	_	_	1	_	1
Total worldwide	25	30	47	20	25	30	21	47	40
Net development wells									
Texaco Inc. and Consolidated Subsidiaries									
United States	212	101	13	163	72	8	257	63	14
Other Western Hemisphere	8	2	2	3	1	1	28	2	1
Europe	7	1	_	4	_	_	2	_	1
Other Eastern Hemisphere	14	_	_	9	_	_	10	_	_
Total Texaco Inc. and Consolidated Subsidiaries	241	104	15	179	73	9	297	65	16
Equity in an Affiliate-Other Eastern Hemisphere	76	_	_	159	_	4	171	_	10
Total worldwide	317	104	15	338	73	13	468	65	26

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* Exploratory wells which identify oil and gas reserves, but have not resulted in recording of proved reserves pending further evaluation, are not considered completed wells. Reserves which are identified by such wells are included in Texaco's proved reserves when sufficient information is available to make that determination. This is particularly applicable to deep exploratory areas which may require extended time periods to assess, such as the U.K. sector of the North Sea.

Additional Well Data

	As of December 31, 1993			
	Wells in the process of drilling		Pressure Maintenance	
	Gross	Net	Installations in operation	Projects in the process of being installed
Texaco Inc. and Consolidated Subsidiaries				
United States	107	82	529	3
Other Western Hemisphere	1	1	14	_
Europe	29	19	13	_
Other Eastern Hemisphere	32	8	4	_
Total Texaco Inc. and Consolidated Subsidiaries	169	110	560	3
Equity in an Affiliate-Other Eastern Hemisphere	3	1	2	_
Total worldwide	172	111	562	3

MANUFACTURING AND MARKETING ACTIVITIES

Consumers in more than 150 countries benefit from the high-quality products and services of Texaco and its subsidiaries and affiliates. In preferred markets of the United States, Europe, Latin America and West Africa, the company focuses on the retail motor fuels and lubricants business, which consistently offers the highest potential for profitability. Texaco is also becoming a bigger player in the rapidly growing markets of the Pacific Rim countries through its 50%-owned affiliate Caltex.

A network of modern, wholly or partly owned refineries situated near principal markets provides support for the marketing operations. This worldwide network is highly competitive in its conversion capacity, or ability to produce high-value, light products from the heavy, high-sulfur crude oils that prevail in world markets.

UNITED STATES

The manufacture and marketing of Texaco-branded products in the United States is the responsibility of the company's wholly owned subsidiary Texaco Refining and Marketing Inc. (TRMI) and its 50%-owned affiliate Star Enterprise.

- TRMI sells motor fuels through a network of nearly 4,800 retail outlets in the 23 states that comprise its Mid-Continent, Pacific West and Pacific Northwest regions. In 1993, Texaco was the number three marketer of motor fuels in these regions, with a 6.9% share of the market. In the states of Oklahoma, Washington, Oregon, Arizona and Alaska, Texaco holds market shares greater than 15%.

- Star Enterprise--formed late in 1988 as a joint venture between subsidiaries of Texaco and the Saudi Arabian Oil Company--is by itself one of the largest petroleum products manufacturing and marketing companies in the United States. In the 26 Eastern and Gulf Coast states it serves, Star Enterprise ranks second in motor fuel sales through its nearly 9,500 Texaco-branded retail outlets.

Manufacturing

Texaco's equity crude processing capacity at seven refineries in the United States, including its 50% share of the three Star Enterprise plants, was 661,000 barrels a day in 1993. All of these facilities pursued programs in 1993 to increase conversion capacity, to meet regulatory mandates for fuel composition and to cut operating costs.

The TRMI-operated facilities include:

- The El Dorado, Kansas, refinery, with an 80,000-barrel-a-day capacity and full conversion capability for processing high-sulfur crude oils. A new hydrotreater was added in 1993 to produce low-sulfur diesel mandated by the U.S. Environmental Protection Agency.

- The Puget Sound plant at Anacortes, Washington, with 132,000-barrels-a-day capacity and full conversion capability for running crudes from the Alaska North Slope and Canada. Modifications completed in 1993 upgraded 20,000-barrels-a-day capacity to produce low-sulfur diesel fuel mandated by the U.S. Environmental Protection Agency.

- The Los Angeles (95,000 barrels a day) and Bakersfield (54,000 barrels a day) refineries have high-conversion capabilities for running heavy, high-sulfur California crudes. Investments completed at both refineries in 1993 upgraded capacity to produce low-sulfur/low-aromatics diesel fuel mandated by the State of California.

The refineries operated by Star Enterprise are located at:

- Port Arthur, Texas. Star's largest refinery has 235,000 barrels a day of crude running capacity. A 2,200-ton-a-day delayed coking unit, which came on stream late in 1992, significantly improved the competitiveness of this plant. Port Arthur is also the site of one of the most efficient facilities in the United States for manufacturing lubricant base oils. This plant produced some 5.6 million barrels of base oils in 1993.

- Convent, Louisiana. Located on the Mississippi River, 80 miles upstream from New Orleans, the Louisiana plant has 225,000-barrels-a-day capacity. Its strategic location enables it to receive imported crude oil from the Louisiana Offshore Oil Port and to ship refined products to markets on the East Coast through the Colonial Pipe Line. The addition of a 25,000-barrel-a-day diesel hydrotreater in 1993 further enhanced the capabilities of the refinery, which is one of the most efficient in the United States.

- Delaware City, Delaware. With 140,000 barrels a day of crude capacity, this efficient refinery is capable of processing heavy crudes to manufacture all of its product slate as light products. More than half of its gasoline is produced as premium-grade gasoline. Construction of units for making the gasoline oxygenates, methyl tertiary butyl ether (MTBE), and tertiary amyl methyl ether (TAME) was completed late in 1993 for startup early in 1994. Planned investments during 1994 and 1995 at the Star Enterprise refineries include enhancements to the fluid catalytic cracking units to achieve increased yields of gasoline and middle distillates.

Marketing

In the first half of 1993, Texaco research scientists were completing work on a new gasoline additive with attributes that would enable Texaco to lay claim to a "new generation" gasoline. And planning was underway for the launch of New CleanSystem3 gasoline in the first quarter of 1994.

Meanwhile, the TRMI and Star Enterprise marketing systems were paving the way for the introduction of New CleanSystem3 with other initiatives to strengthen the Texaco brand and build market share in motor fuels.

A major program to improve retail outlets and customer satisfaction in 1993 involved joint ventures with major fast-food franchisers, joining operations to maximize exposure and profitability for both partners. These combinations of the Texaco Star with the McDonald's Golden Arches and other widely recognized fast-food logos are still in an early stage, but the overall initiative gained considerable momentum in 1993.

Successful tests with McDonald's, Subway, Dunkin' Donuts, Hardee's, Taco Bell and Kentucky Fried Chicken gave impetus to programs for further analysis and development in 1994. Since the end of 1993, for example, Texaco has also entered into test agreements with Pizza Hut and Burger King.

Few programs illustrate Texaco's commitment to its customers more than the "100% Customer Satisfaction Guarantee" program. This test program, initiated in 1991, has now been expanded to seven metro areas of the West and Southwest. Further expansion is planned for 1994.

The "100% Satisfaction Guarantee" includes full money-back refunds, along with reward coupons to settle non-monetary complaints and encourage feedback. The main ingredients for a successful program are training and orientation sessions for employees, retailers and wholesalers and the establishment of a consumer 1-800 telephone hotline. Results prove it is a program that retains customers and nurtures brand loyalty, while providing an effective means to encourage customer communication and to measure customer feedback.

Other marketing initiatives begun or expanded during 1993 included:

- o Stepped-up quality monitoring throughout the United States, further assuring customers of the integrity of the Texaco brand wherever Texaco motor fuels are sold.

- o Creation of the Star Marketer Acceptance Corporation (Star MAC), a financial institution for wholesalers established by Texaco and Star Enterprise along with National Westminster Bank and Texas Commercial Bank. Star MAC is a low-cost source of business improvement loans for Texaco-branded wholesalers.

- o The introduction by Texaco and Star Enterprise of a Voluntary Insurance Program (VIP) for Texaco-branded wholesale and retail marketers. The VIP will provide all of their insurance needs with competitive coverage and premiums. Sedgwick James of Texas, Inc., the third largest insurance broker in the United States, will administer the program.

- o Further momentum in the franchising of Star Mart convenience stores. At the end of 1993, 185 Star Marts were operating in the United States, including 10 franchise stores. Marketing the Star Mart franchise will be a major initiative in 1994.

Also, during 1994, Texaco will begin testing the acceptance of regional bank-issued ATM cards in several cities as an alternative consumer payment option at Texaco locations.

Texaco Lubricants Company

Texaco is the largest marketer of premium motor oils among the major integrated oil companies. An arm of Texaco Refining and Marketing Inc., Texaco Lubricants Company (TLC) is best known for its Havoline Formula3 motor oils, which are sold in all 50 states at Texaco-branded retail outlets, as well as distributorships and such mass merchandisers as Kmart, WalMart and its Sam's Club.

To establish Texaco as a strong competitor in the rapidly growing niche market for synthetic motor oils, TLC introduced its Havoline Synthetic Motor Oil SAE 5W-40 early in 1993.

TLC also offers a wide range of commercial and industrial lubricants, greases and antifreeze products. Recently, an enhanced promotional campaign has helped the company to secure a larger share of the agricultural lubricants market.

Texaco operates six wholly owned blending plants which accounted for over 80% of its 1993 sales volume. The company supplements this equity lubricants and antifreeze blending capacity with production from contractors which meets Texaco's strict specifications.

Texaco plans to launch a major used oil recycling program by mid-1994, upon completion of a $7.2-million plant in Marrero, Louisiana, which will be capable of converting 147,000 gallons a day of used lubricants into distillate. TLC, through licensed used oil collection companies, will collect the used oil from commercial and industrial firms and public recycling centers.

Chemical Operations

The sale of substantially all of Texaco's worldwide chemical operations to the Jon M. Huntsman Group of Companies ("Huntsman") is expected to be completed in April 1994 with the lubricant additives business sale expected to be completed later in 1994. Texaco will cooperate with Huntsman to effect the sale of the lubricant additives business to a third party.

The decision to sell the chemical operations, including the lubricant additives business, was based on Texaco's continuing efforts to maximize shareholder value through assessments of market conditions, future capital requirements, return on investment and alternative investment opportunities.

Texaco is retaining its fuel additives business, which is key to the production of the company's advanced New CleanSystem3 gasoline. Texaco is also retaining some solvent and intermediate chemicals production at its refinery in El Dorado, Kansas, and at the Delaware City Plant of Star Enterprise.

In addition, Texaco continues to hold a 100% leasehold interest in a plant under construction at Port Neches, Texas, which will produce 400 million pounds a year of propylene oxide (PO) and 14,000 barrels a day of the gasoline oxygenate, methyl tertiary butyl ether (MTBE). Propylene oxide is used in the manufacture of many chemical-based products. This plant is expected to be on stream in late 1994. Texaco expects to use this plant to supply a portion of the company's MTBE requirements on a continuing basis. The balance of the MTBE, as well as the PO, will be marketed to third parties, and Texaco is currently entering into these contractual arrangements.

As part of the purchase of Texaco's chemical operations, Huntsman is acquiring a two-year option to purchase either a 50% or 100% interest in the PO/MTBE plant.

OTHER WESTERN HEMISPHERE

Latin America

Through subsidiaries, Texaco manufactures and markets petroleum products in over 40 Latin American countries. The region's business potential continues to expand with the strengthening of local economies, the spread of privatization and the intense competition for foreign investment in the petroleum sector. Texaco is a long-established market leader and the company of choice in many of the Latin American countries.

Manufacturing

The refineries that supply Texaco's growing markets in the region operate at levels that closely mesh with market demand for gasolines, kerosine, jet fuel, diesel and fuel oil.

The Panama refinery, with average throughput of 34,000 barrels a day in 1993, processes Venezuelan and Ecuadorian crudes. A $77.6-million project now underway, with completion expected in 1995, will substantially increase efficiencies and improve yields.

A wholly owned refinery in Guatemala and an interest in a refinery in Martinique have combined equity capacity of 17,000 barrels a day.

Texaco's lubricant manufacturing capacity in Latin America reached 3.25 million barrels a year with improvements at major blending plants in Puerto Rico, El Salvador and Brazil.

Marketing

Texaco is well represented throughout Latin America in fuels and lubricants businesses that are conducted largely through a network of nearly 5,000 retail outlets, as well as in operations providing petroleum products for industry and agriculture.

In its strongest Latin American markets, Texaco holds a 28% share of the retail business and 24% of lubricants in the Caribbean region, and it supplies 25% of the fuels and 36% of the lubricants in Central America. These results flow from selective investments made in recent years to modernize manufacturing, distribution and retail facilities, as well as aggressive marketing programs.

The Caribbean markets although small individually, together represent an important business segment of Texaco, with over 750 retail outlets selling some 11 million barrels of products in 1993.

In Puerto Rico, where Texaco is the market leader, the launch of System3 gasoline in 1993 resulted in a 21% increase in sales volume, with most of the increase retained after the promotion. During the year, Texaco added six more Star Marts to its stations in Puerto Rico.

Other major markets in the Caribbean region include the Dominican Republic, where Texaco is the retail market leader with nearly 150 stations, some with modern conveniences including Star Marts and Star Lubes, and Jamaica, where the local subsidiary operates more than 80 retail outlets.

In Haiti, a profitable and expanding market for Texaco has been interrupted by political instability and U.S. economic sanctions.

Texaco's Eastern Caribbean markets include Barbados, the Leeward Islands, French West Indies, Trinidad and Tobago, and Guyana.

Consistent with its regional emphasis on improving margins and competitiveness through cost reductions, Texaco's Caribbean subsidiaries were negotiating strategic joint ventures during 1993 to share facilities with other operators in selected markets. In Puerto Rico, for example, a joint venture will supply fuel efficiently at the San Juan International Airport from the nearby Texaco terminal.

The completion of a 100,000-barrel refined product import terminal in El Salvador and the conversion of Texaco's refinery in Honduras to an ocean terminal operation also illustrate a commitment to improved efficiency and reduced distribution costs throughout Central America.

Texaco's Central American subsidiaries operate about 460 service stations in the major markets of Guatemala, Panama, El Salvador, Honduras, Nicaragua and Belize. Texaco is rebuilding a retail network in San Jose, Costa Rica, where, under more liberalized market conditions, it has opened five new outlets with Star Marts since 1991.

Large and long-established businesses in a number of South American nations include:

- Brazil, one of Texaco's largest marketing subsidiaries, which sold 37.7 million barrels of petroleum products in 1993 through a network of 2,887 retail outlets and consumer accounts. It supplied some 21.5% of the country's lubricants.

- Colombia, where Texaco supplied 17.2% of the country's gasoline market in 1993 through 266 stations. Following the introduction of its first Star Mart there in 1991, another five were added by the end of 1993.

- Uruguay, where Texaco supplies some 19% of the gasoline market through 82 stations.

- Chile, where Texaco's investment in 10 modern service stations--eight with Star Marts--in the capital city of Santiago present opportunities for further expansion.

- Ecuador, where 42% of the country's lubricants were supplied by Texaco in 1993. This high brand awareness provides a base for possible future entry into the retail motor fuels business.

Lubricants

Texaco's 250,000 barrel-a-year lube blending and packaging plant in Guayanilla, Puerto Rico, is a modern facility that manufactures a full line of products. It is an efficient regional supply source for markets throughout the Caribbean, as well as Puerto Rico. Texaco has similar regional supply points to serve markets in the Andean Region and the Southern Cone.

In El Salvador, a modern blending plant provides a full line of products, supplying some 40% of El Salvador's lubricants market through an extensive network of distributors and modern service stations. Early in 1994, Texaco completed a new 100,000-barrel refined product import terminal at Puerto de Acajutla to improve efficiency and lower distribution costs. Texaco Brasil S.A. operates a fully integrated blending, packaging and additives complex in Rio de Janeiro and a state-of-the-art grease manufacturing facility in Sao Paulo. With private-brand blending operations supplementing its Texaco-brand production, the highly efficient plant in Rio de Janeiro has production of 1.6 million barrels of lubricants a year.

EUROPE

In 1993, Texaco Europe committed itself to customer-oriented strategies aimed at creating "the company of choice" by the turn of the century: a company which delivers uncompromised, outstanding value to customers.

In Europe, Texaco sells a full range of products in retail and commercial markets in the United Kingdom, Ireland, the Netherlands, Belgium, Luxembourg, Denmark, Norway, Sweden, Spain and Greece. Lubricants are the primary products sold in France, Italy, Turkey, Portugal, Iceland, Eastern Europe and Russia.

Texaco Europe has interests in two refineries located in the United Kingdom and the Netherlands. Lube blending facilities are strategically located in markets in seven other countries.

Manufacturing

While economic growth is projected to remain slow in Europe, emerging European Community (EC) directives and environmental mandates are expected to exert increasing pressure on refiners to manufacture "cleaner" products and to meet more stringent air and water quality standards.

Further, EC environmental regulations requiring catalytic converters on all new autos to reduce vehicle exhaust emissions will increase the demand for unleaded gasoline significantly. Texaco's manufacturing facilities have the technology in place to handle the increasing demand for high-octane, unleaded and desulfurized fuels.

The wholly owned Pembroke Refinery in Wales has a rated crude distillation capacity of 180,000 barrels a day, and is integrated with Texaco's share of the throughput of the Pembroke Cracking Company which operates the largest catalytic cracking and alkylation units in Europe.

This combination results in one of the most competitive refineries in Europe. Its yield of gasoline is about 50% of total product output, which is more than twice the average for all European refiners. The plant can produce all of its gasoline as high-octane unleaded.

Texaco also owns 35% of the 399,000-barrel-a-day Nerefco refinery in Rotterdam. The joint venture combines the catalytic reforming and hydro-treating capabilities of Texaco's Pernis plant, located near Rotterdam, with the catalytic cracking capacity of BP's Europoort Refinery. Projects in 1993 included the expansion of the catalytic cracking unit and construction of an MTBE unit to produce additional high-octane gasoline components.

The Pembroke and Rotterdam refineries, combined with a long-term product purchase agreement with the Skandinaviska Raffinaderij (Scanraff) in Sweden, enable Texaco to meet approximately 80% of its fuels requirements from equity supply, providing flexibility for economically attractive products trading.

Lubricants, marketed in 15 countries, are supplied primarily from six equity plants, including four wholly owned facilities--in Valencia, Spain; Ghent, Belgium; Copenhagen, Denmark; and Skaramanga, Greece--and 50% ventures with Viscosud in Bari, Italy and Texaco Marketing AB in Gothenburg, Sweden. In the United Kingdom, Century Oil provides lubricants for Texaco Limited under a long-term supply agreement.

Marketing

Texaco's efforts to create "the company of choice" in all of its European markets are expected to yield measurable competitive advantages and increased profitability. These efforts include ensuring that Texaco fuels embody the best technologies in the industry and are responsive to customers' requirements. As an element of that, System3 gasoline was introduced in Denmark in 1993, supported by a strong advertising campaign. Motor gasoline sales in the country increased by 12% over the previous year, improving Texaco's market share by more than one full percent.

By continuing to rationalize low-margin and non-standard retail outlets, and to upgrade high-potential units in the network of Texaco-branded retail outlets in Europe, the company has significantly increased the average throughput per station of gasoline and diesel fuel. Average monthly volume at each of the company's 1,400 investment stations in Europe exceeded 52,000 gallons.

Texaco is working to significantly enhance service station profitability by continuing to add convenience stores, car washes, express lube centers and other non-conventional services valued by customers at retail outlets throughout Europe. In Europe, as in the United States, Texaco is also exploring strategic alliances with major global companies such as McDonald's to bring additional conveniences and services to customers. In the extremely competitive European market, establishing relations with business partners whose strengths and resources complement Texaco's will be a key to promoting growth by serving customers better.

Lubricant brand awareness has been enhanced by the redesign and repackaging of Texaco products in anticipation of single market distribution. Based on its high visibility and reputation for reliability of supply and product quality in the 15 countries where it markets directly, Texaco is well positioned for fairly low-risk entry into the developing markets of Eastern Europe.

Texaco has entered the market in Poland through a 50% joint venture which sells automotive and industrial lubricants through garages, shops, retail outlets and distributors. Texaco has established relationships with sales agents in Slovakia, Hungary, Slovenia and in Romania, where the company is the top seller of lubricants. Texaco's Greek subsidiary markets lubricants in Bulgaria.

During 1993, through a joint effort with the Nizhni Novgorod Production Association, Texaco Volga Marketing manufactured Havoline motor oil in Russia. Further cooperation with the Production Association is continuing at a level commensurate with the business risks that exist in Russia today.

WEST AFRICA

Effective January 1, 1994, responsibility for managing downstream operations in West Africa was transferred from the Texaco Latin America/West Africa Division to Texaco Europe. The primary reason behind the move was to have management closer to operations in the face of increasing competitive pressures.

Total product sales for Texaco in West Africa during 1993 totaled 8.3 million barrels, including 190,000 barrels of lubricants.

In Nigeria, Texaco supplied about 10% of the country's motor fuels through a network of more than 340 service stations. The company, through its 60% equity in Texaco Nigeria PLC, also operates a lubricants blending facility, an LPG plant and airport fueling services.

Texaco has substantially increased its presence in the region by merging with the marketing operations of AGIP Petroli in Cameroon. The merger increased the number of Texaco-branded retail outlets from 57 to 114, and Texaco's share of the market from 13.6% to 22%.

In the Ivory Coast, where Texaco operates a 120,000 barrel-a-year capacity lubricant blending plant, the company supplies more than 14% of the motor fuels market. Texaco also participates in joint marketing ventures in Mali, Niger and Burkina Faso. Downstream activities in the area also include supply and trading, as well as international and domestic aviation businesses.

CALTEX

Caltex Petroleum Corporation, a 50% joint venture with Chevron, operates in the world's fastest growing markets for petroleum products. Formed in 1936, it is recognized as one of the most successful joint ventures in business history.

Caltex, which manufactures and markets in 63 countries, primarily east of Suez, is pursuing an ambitious program to enhance its refining system and marketing network to fully capitalize on the key growth markets of the Asia-Pacific region.

While slow economic growth in the industrialized Western nations continues to dampen petroleum demand, the Caltex operating area is experiencing robust economic growth, which contributed to strong product margins and higher refined product sales in 1993. Caltex sales of refined products increased by over 7% in 1993 to about 1.25 million barrels a day, despite lower volumes in Japan caused by a weakening economy.

Manufacturing

Over the past five years, oil demand in the Pacific Rim area has grown nearly 6% annually, consistently outpacing the expansion of regional refining capacity. The current market shortfall of some 1.9 million barrels a day is being met by imports.

Demand is particularly strong for higher value light end products: gasoline, diesel oil and other middle distillates. Despite industry plans to add 4.5 million barrels a day of capacity by the year 2000, product demand should continue to exceed local supply, suggesting strong markets well into the future.

Caltex has interests in 14 refineries that are strategically located in the Asia-Pacific region, Africa and the Middle East, with total equity capacity of almost one million barrels a day. Ten of these plants are in the Pacific Rim area.

Caltex's capital investment, including its share in affiliates, over the period 1994 to 1998 is expected to exceed $6 billion, approximately two-thirds of it targeted for refining. Major refinery upgrading and expansion projects will enable Caltex to process a wide array of lower-cost, heavy crude oils, while meeting the growing demand in the Pacific Rim for higher value light products that meet increasingly strict environmental standards. By incorporating the best technologies and operating practices, Caltex intends to be the most efficient, low-cost manufacturer in its major markets.

Marketing

With average market share of 18% in motor fuels and 20% in lubricants, Caltex continued to direct over half of its marketing investments in 1993 to adding and improving retail outlets, especially in the Pacific Rim. Caltex supplies motor fuels to nearly 18,000 retail outlets in 30 countries.

With its Retail Pacesetter Initiative, Caltex is improving its marketing effectiveness and profitability through a strategy of product differentiation, value-added marketing and enhancement of brand image. As an element of that initiative, Caltex introduced the popular Havoline brand motor oil in its retail markets in March 1994.

MOST OF CALTEX'S CURRENT AND EXPECTED FUTURE EARNINGS COME FROM THE FOLLOWING OPERATIONS:

Japan

The largest concentration of Caltex refining capacity is in Japan, where it has 50% interests in Nippon Petroleum Refining Company (NPRC) and Koa Oil Company. NPRC and Koa sell refined products to the Nippon Oil Company, Caltex's partner in NPRC. The Caltex-Nippon Group accounts for 16% of the petroleum products sold in Japan.

Caltex is making substantial investments in additional diesel hydrotreating and desulfurizing capacity to meet requirements for lower-sulfur fuels. The Japanese affiliates have also made major petrochemical investments in recent years to maximize the value of the refinery production streams.

Korea

In the rapidly growing Korean market, Caltex has a 50% interest in the Honam Oil Company, which operates a 365,000 barrel-a-day refinery and petrochemical complex at Yocheon, and a network of nearly 1,800 retail outlets serving over 25% of the country's motor fuels market. Honam is adding a 50,000 barrel-a-day residuum fluid catalytic cracking unit at Yocheon to meet the growing demand for light products.

Thailand

A new $1.7 billion, 130,000-barrel-a-day grassroots refinery is planned to come on stream in 1996 in Thailand, where the petroleum market is expected to grow by nearly 10% a year. Caltex will have access to 64% of the refinery's output, which will be marketed through its expanding retail network, currently numbering more than 550 stations.

Singapore

A major hub for Caltex, Singapore is the site of a broad spectrum of activities in fuels and lubricants manufacturing, oil trading, retail marketing and the supply of marine and aviation products. Caltex supplies its local subsidiary, as well as export markets, through a one-third interest in the Singapore Refining Company, which operates a sophisticated 220,000 barrel-a-day refinery. Investments underway include the expansion of crude-running capacity by 60,000 barrels a day and the addition of catalytic cracking, alkylation and MTBE capacity.

Hong Kong

Caltex operates a highly profitable retail service station network, which supplies about 30% of Hong Kong's motor fuel market. The Caltex terminal on Tsing Yi Island has a storage capacity of more than two million barrels of products.

China

Home to more than one billion people, China offers huge potential, and Caltex is exploring opportunities to selectively increase its current relatively limited presence in China. Caltex currently markets in the Shenzhen area of China through joint ventures with local companies, and participates in a joint-venture lube blending and marketing company near Shanghai.

Philippines

With almost 1,000 retail outlets serving one-third of the motor fuels market, Caltex is adding capacity at its wholly owned Batangas refinery to meet growing demand for light products. The regulated, but profitable, Philippines market--together with an improving political and economic climate--offers potential opportunities to expand refining and marketing operations.

Bahrain

Caltex has a 40% interest in the 253,000 barrel-a-day Bahrain refinery, in partnership with the government. Its share of the refinery's production is sold through Caltex's own international trading operations. The partnership is considering plans to modernize the refinery.

South Africa

Through its 1,000 stations, Caltex Oil South Africa is the leading gasoline retailer in South Africa, with an 18% share of the overall motor fuel market. Caltex operates a wholly owned refinery in Capetown and has a 34% share in a plant in Durban, which makes lube base oils. Caltex plans to upgrade the Capetown refinery to increase its gasoline yield and to expand the retail network.

India

Caltex re-entered the petroleum market in India in 1993 through the formation of a lubricants blending and marketing joint venture with IBP, a local oil company.

The Caltex strategic plan for the 1990s is to keep in step with the strong economic and petroleum demand growth expected in its operating areas. Investment will be focused on profitable, high-growth markets, including some nations which are only beginning to open their markets to foreign investment.

WORLDWIDE MARKETERS

International Aviation Sales

Texaco's International Aviation Sales Department provides fuel for airlines and general aviation at more than 500 airports in 58 countries.

International Aviation Sales will continue to focus on maintaining its strong presence in this business while continuing to reduce overhead costs and use risk management techniques to enhance its customer portfolio. A great strength of the company's general aviation business lies in its relationships with prestigious fixed-base operators at airports around the world.

Texaco Fuel and Marine Marketing

Operating from 20 offices in 14 countries around the globe, Texaco Fuel and Marine Marketing (TFAMM) sells 60% of its volume in the marine bunker market to shipping companies, and the remainder to utilities and other commercial customers.

While Texaco's current marine fuels and lubricants and bulk sales are projected to contribute the largest share of total TFAMM earnings, approximately one-third is expected to flow from strategic initiatives in used oil recycling, environmental services and new businesses, including:

- Texaco's patented "Trailblazer" used oil recycling plants, the first planned for completion in April 1994 and located in Marrero, Louisiana. Additional plants are planned for locations in the United States, Europe and the Far East.

- Opportunities to expand on the company's expertise with utility and marine customers to secure long-term sales agreements with developers of power generation projects.

- Developing technologies and commercial markets that add profitability to lower value heavy crude oils by conversion to profitable fuel oils.

TRADING AND TRANSPORTATION ACTIVITIES

Texaco's worldwide oil trading and transportation activities provide for the efficient movement of raw materials and refined products, and also serve as midstream profit centers for the company.

Oil trading and supply

Texaco Oil Trading and Supply Company (TOTS) is responsible for buying and selling crude oil, feedstocks and refined products at competitive prices in international markets to meet the needs of Texaco's various operating divisions.

In the area of risk management, TOTS provides advice, counsel, contract execution and position management to many of Texaco's operating divisions.

On a daily basis, TOTS trades about one million "physical" barrels and two million "paper" barrels, employing a portfolio of trading tools such as futures, options and various derivative products. These tools help minimize price risk for Texaco. To maintain this level, TOTS deals with 25 oil producing nations and 200 trading partners that handle over 85 different varieties of crude oil and products.

In 1993, TOTS contributed to Texaco's profitability by supplementing local crude suppliers of the company's refineries with low-cost imported crude.

U.S. TRADING AND TRANSPORTATION

Texaco Trading and Transportation Inc. (TTTI), a wholly owned subsidiary of Texaco based in Denver, has interests in a 28,000-mile pipeline network and trucking operations in 31 states and Canada. These pipeline and trucking operations moved a daily average of about 3 million barrels of crude oil and refined products during 1993.

The synergies of TTTI's combined pipeline, trucking and marketing capabilities, which move oil from thousands of individual lease sites to customers, set it apart from other operators.

TTTI's responsibilities include:

- Handling purchases, trades and resales of crude for Texaco in the United States.

- Marketing Texaco's equity and company-operated production in the United States.

TTTI pursues a value-added strategy to maximize the use of Texaco's proprietary pipelines, while seeking to develop profitable global hydrocarbon marketing and transportation opportunities.

TTTI has upgraded its pipeline delivery systems to ensure the most economical transportation and supply of crude oil and intermediate products for the Texaco refineries in California and Kansas. It also established a connection for a dormant 22-inch-diameter pipeline between Port Arthur, Texas, and the Louisiana Offshore Oil Port to profitably supply crude oil for another refiner.

A state-of-the-art operations center in Denver controls all of Texaco's U.S. mainlines and storage terminals. Tracking data electronically from more than 10,000 points in the system, the control center is a key to TTTI's success as a cost-effective, safe and environmentally sound mover of petroleum.

Marine

The primary responsibility of Texaco's marine operations is to ensure that the company has access to cost-effective tanker transportation which meets or exceeds industry and regulatory standards governing ship safety and environmental protection.

At year-end 1993, Texaco's marine fleet included 29 oceangoing tankers, either owned or under term charter, totaling about 4.2 million deadweight tons.

Texaco's marine business strategy continues to focus on aligning the size of the fleet to meet equity needs and the replacement of older, less efficient ships with more modern and environmentally sound vessels that will meet the legislative requirements of the 1990s and beyond.

In 1993, Texaco replaced older units trading in the inland waterways of the U.S. Gulf with two double hull, 25,000-barrel barges.

Through its wholly owned subsidiary, Texaco Marine Services Inc., marine operations inspect all vessels worldwide prior to their use by Texaco. This vessel inspection and approval program assesses the operational and environmental risks of vessels that are under charter to, calling at facilities that belong to, or carrying cargoes for Texaco.

As part of Texaco's commitment to the environment, marine operations participate in numerous initiatives, including local and national oil spill response drills to assure the readiness of emergency procedures.

RESEARCH AND DEVELOPMENT ACTIVITIES

In 1989, when Texaco's research department formulated the pacesetting System3 gasoline, it set the industry standard for engine intake cleanliness. Not content with that achievement, Texaco chemists at the Beacon, New York, facility immediately set out to develop the next generation of high-performance, clean gasolines.

Formulated in 1993 and introduced to the public in March 1994, New CleanSystem3 goes a step further in cleaning engine deposits by keeping piston tops and cylinder heads clean, and by removing existing deposits inside the combustion chamber. Not only does this help prevent deposits from forming on new cars, but it can reduce existing deposits on older cars. Engines running at peak efficiency, protected from the degrading effects of deposits, produce fewer emissions and contribute to a cleaner, healthier environment--an important social consideration and a powerful marketing claim for this product, which has the added attraction, like its predecessor, of being available in all octane grades.

Building on its success with New CleanSystem3, Texaco scientists continue to seek further improvements in gasoline technology. Their tools include the most sophisticated laser and photographic techniques to understand in minute detail the reactions that take place during and after combustion inside an engine.

PURSUING BUSINESS OBJECTIVES

Texaco's technology group closely coordinates its work with the company's business units in order to best serve their needs. As a result, a number of improvements in motor fuels, motor oils and lubricants were introduced in 1993. For example:

o Texaco researchers developed a new, additive-treated diesel fuel that far exceeds the standards for the European market.

o Acting in close cooperation with marketers from abroad, scientists at the Beacon, New York, and Ghent, Belgium, laboratories developed Havoline Synthetic Motor Oil SAE 5W-40. This product, based on 100% synthetic base stocks of highly refined, pure component chemicals, combined with advanced lubricant additives, meets or exceeds the stringent requirements of today's gasoline and light-duty diesel passenger car engines.

o To round out Texaco Lubricants Company's Syn-Star line of industrial synthetic lubricants, researchers developed new gear lubricants for high-temperature and extreme-pressure applications, as well as a new product for high-temperature, chain-drive operations.

o Texaco researchers responded to the auto industry's need for a filled-for-life, service-free engine coolant by developing a product that combines efficient heat-transfer fluids with an anti-corrosion additive package. After exhaustive fleet testing, Ford of Europe has approved Texaco's new coolant for factory fill and service fill. Texaco's research effort also led to the production of depletion-free, organic, corrosion inhibitor packages--including one that is highly biodegradable and low in toxicity for use in ethylene glycol and propylene glycol coolants, as well as for water-based fluids.

o Texaco researchers collaborated on the development of a line of biodegradable hydraulic fluids for use by industries such as forestry, farming and construction, which operate in environmentally sensitive areas. Based on rapeseed oil and the latest additive technology, these products meet or exceed European and U.S. requirements for biodegradability and water toxicity while providing excellent hydraulic fluid properties.

o Since waste minimization is a basic concern of industrial customers, Texaco researchers have created a fluid management service that can assist customers in proper product selection and use, monitoring and testing of lubricants in service, reclamation and refortification of used oils, and disposal of spent fluids.

Other emerging technologies include:

o A newly developed refinery process called T-STAR. This process for removing sulfur from fuel oils can be fitted to existing manufacturing units for just 10 to 15% of the cost of a new sulfur recovery unit.

- Texaco researchers have spent years developing unique membrane technology products and processes for water removal that allow for the economical reuse of solvents, eliminating waste disposal problems and increasing operational efficiency. The membrane technology is being offered commercially in North America and will soon be available in Europe.

- And development is nearly complete for a process to remove most of the sulfur from naphtha, an important gasoline component, without loss of octane.

ENVIRONMENTAL BENEFITS

Removal of sulfur from fuels is important because of concern for the environment, a major consideration in all research and development projects today. But some research is undertaken solely with the environment in mind. Texaco's work in the area of bioremediation is one example.

Bioremediation research is aimed at finding ways to accelerate the cleanup of hydrocarbons in soil from the naturally occurring action of microorganisms. Researchers have conducted field tests at Texaco's Bakersfield, California, refinery on a process that corrects for nutrient imbalances and the absence of oxygen, conditions that slow the natural bioremediation process. These tests have succeeded in reducing hydrocarbon contamination of soil by 40%, and laboratory testing of other promising methods for improving bioremediation rates is continuing.

EXPLORATION AND PRODUCTION TECHNOLOGY

Application of the latest subsea technology has been capped by the installation of a state-of-the-art manifold in the Strathspey field 450 feet beneath the surface of the North Sea. The giant subsea structure collects oil and natural gas from 14 producing wells in two different reservoirs and sends it by pipeline to a platform nine miles away for processing and transportation to the mainland. Without the advances in subsea technology applied by Texaco at Strathspey, the field's estimated recoverable reserves of 80 million barrels of oil, 10 million barrels of natural gas liquids and 334 billion cubic feet of natural gas would have remained locked in the earth, too costly to produce.

Texaco reserves that are now inaccessible or uneconomical to produce may become valuable producing properties, and existing fields suffering from declining production rates may have their productive lives prolonged, as a result of several promising developments:

- Researchers at Texaco's flow research facility near Humble, Texas, are working on subsea metering and pumping technology, including an "extended reach" subsea system that will make it possible to transport unseparated mixtures of crude oil, natural gas and water over distances of more than 30 miles in pipelines laid on the sea floor. Such a system could draw on reserves of oil and natural gas in deep water, far from existing infrastructure. And a field test in 1993 of multiphase pump technology at two existing oil wells in Trinidad's North Soldado field successfully pressure-boosted production by 150 percent.

- Sumatra's Duri field, operated by the affiliate P.T. Caltex Pacific Indonesia (CPI), is today the largest steamflood-enhanced oil recovery project in the world. Advanced steamflooding techniques developed at Duri will be applied at the shallow Rindu reservoir and at other Sumatran fields that contain the viscous Duri-grade crude.

- CPI's producing fields in Sumatra may be the first and greatest beneficiaries of an enhanced oil recovery technology that Texaco researchers have been perfecting for over a decade. The technology uses lignin, a by-product of pulp and paper industry operations, as a surfactant flooding agent. Lignin has several advantages over the petroleum-derived chemicals usually employed in surfactant flooding, including: it is inexpensive, and it is available in the enormous quantities needed for flooding operations. Texaco is working with CPI to determine if lignin technology will be economically attractive to increase the oil recovery in the light oil fields of Sumatra.

- While the potential of lignin is great, it will not be applicable in every location. Texaco researchers continue to work on advances in chemical flooding, such as the use of polymer thickening agents, to increase production from the Captain Field, now under development in the North Sea.

- Texaco has made use of carbon dioxide as a flooding agent to reverse declining production from existing fields, most notably at the Mabee Field in West Texas, where production has increased from 3,000 to 6,500 barrels a day since 1991. CO_2 technology is now being applied at the Bob Slaughter Block in West Texas, where a new technique for computer simulation predicts results even better than those at the Mabee Field.

In cooperation with the U.S. Department of Energy (DOE), the company has combined CO_2 flooding with horizontal drilling, another technology in which it is an industry leader, at the Port Neches Field in East Texas. DOE chose the project because of its technical merits. Texaco will share information acquired at Port Neches, along with an easy-to-use personal computer-based simulator, with the rest of the industry.

SUBSURFACE IMAGING

Management of oil and gas fields can only be as good as the knowledge on which decisions are based. "Seeing" a true picture of the world beneath the earth's surface is crucial to low-cost, high-volume production. The team of engineers, geoscientists and managers assigned to Texaco's large gas cycling project at Hatter's Pond Field in Alabama found a way to picture the reservoir there in greater detail than ever before possible by combining a complex, computerized geological model of the field with the latest three-dimensional visualization technology, and by developing another computer-driven flow model that simulates the movement of natural gas in the reservoir. Similarly, new technology in the science of geostatistics was recently developed to help engineers and geologists at Texaco's large Kern River steamflood operation in California "see" sub-surface shale barriers that can cause injected steam to be wasted, a major operating expense. This development in geostatistics is a very new technology, yet it is already used routinely to improve the productivity and profitability of the California field.

Kern River is also home to Texaco's Environmental Oil Alert System (EOA), an important advance in water purification technology developed by Texaco researchers. Enormous quantities of water produced along with oil must be separated, purified and either injected back into underground reservoirs or discharged above ground. The automatic EOA system uses light beams carried by fiber optic probes to measure oils and solids in water 20 times a second, 24 hours a day, providing instant notice of impurities in all types of produced water.

At Kern River, the EOA efficiently maintains water quality by automatically increasing the injection rate of purifying chemicals when it detects a rise in oil levels in water, and decreases the rate when oil levels fall. The EOA monitors the purity of 350,000 barrels of produced water that Texaco provides daily for irrigation in the nearby San Joaquin Valley.

The success of the environmental oil alert system at Kern River is now being replicated on Texaco producing platforms in the Gulf of Mexico.

IMPROVED EXPLORATION TECHNIQUES

Getting the most out of existing reserves and producing properties is one of two ways to add value upstream; the other, of course, is discovering new reserves of oil and natural gas. Texaco researchers made two advances in 1993 that will prove important to explorationists: an airborne sensor for both exploration and environmental applications, and a magnetic mapping technique that should prove attractive to a broad spectrum of energy and minerals companies.

- TEEMS (Texaco Exploration and Environmental Multispectral Spectrometer) will examine the earth's surface from an airplane, searching for signatures from the electromagnetic spectrum that indicate the possibility of hydrocarbon reserves beneath the surface. Now in the final stages of assembly, TEEMS is a highly advanced technology that will improve the results gained from remote sensing devices carried by satellites, especially in detecting natural hydrocarbon seeps; identifying and mapping rock formations; monitoring the environmental impact of operations; and planning for seismic programs, drilling sites, pipelines and physical plants.

- STARMAG is a patented magnetic mapping technique, co-developed by Texaco researchers, that uses artificial intelligence technology to provide faster magnetic interpretation and more accurate mapping of basement features. Described as the first significant breakthrough in aeromagnetic interpretation in 20 years, STARMAG will generate greater efficiency and lower costs by reducing the need for seismic data acquisition, particularly in frontier areas, and decreasing the time spent on mapping and interpretation.

ALTERNATE ENERGY

Through a diverse slate of business initiatives, including cogeneration operations, gasification projects and technology licensing, the Alternate Energy group complements Texaco's position as a fully integrated, customer-focused energy company.

COGENERATION

Texaco's expertise in cogeneration--the simultaneous production of two energy streams, electricity and steam, from a single fuel source--grew out of the company's experience in generating energy for its own producing and refinery operations. Today, cogeneration has grown to become a significant business, providing cost savings for Texaco's production and refining divisions.

Together with joint-venture partners, Texaco owns and operates nine cogeneration facilities located in California, Nevada and Washington with a combined capacity of 1,057 megawatts--enough electricity to light more than one million homes. At the same time, these facilities produce 4.8 million pounds per hour of steam for producing and refining oil, and 825,000 pounds per hour of process heat for other industrial uses.

Strategic alliances with key energy partners position Texaco for further growth in expanding cogeneration markets in the United States and overseas. Texaco is working with Caltex toward a potential cogeneration application at the Batangas refinery in the Philippines, and a second cogeneration project in Thailand.

Texaco's record of success in cogeneration extends to day-to-day operations as well. In 1993, General Electric cited Texaco's Kern River and Sycamore Cogeneration facilities for superior operations and the highest level of turbine reliability of all of GE's large, 75-megawatt Frame 7 turbine customers worldwide. Another award, for predictive maintenance activities at the Kern River and Sycamore cogeneration plants, was conferred by the Reliability Based Maintenance Association at its 1993 Technology Conference.

Superior environmental performance is a key element in Texaco's approach to power generation. Texaco's Sargent Canyon and Salinas River plants in California, for example, are the first commercial cogeneration facilities to implement state-of-the-art technology that not only reduces emissions of nitrogen oxides, but also conserves groundwater.

The Sargent Canyon facility also installed a pioneering approach to efficient energy use in 1993. Here, surplus electric power produced during low-load nighttime hours is used to produce ice, which is then stored for use during hot periods to cool air in the plant's combustion turbine. This cooler, denser air improves turbine output efficiency by up to 8%, increasing the amount of electricity the turbine produces without increasing the amount of gas.

The Alternate Energy Group's partnership strategy continues to drive opportunities for the development of new cogeneration projects. For example, the 1993 sale of a 50% partnership interest in Texaco's 85-MW Black Mountain facility in Nevada to Destec Energy, a leading independent power producer, opened opportunities for further joint ventures with Destec in power generation in Nevada and elsewhere.

GASIFICATION

In addition to cogeneration, Texaco's Alternate Energy group develops and licenses facilities incorporating Texaco's proprietary and environmentally advanced gasification technology, which converts feedstocks, including coal, heavy oil, petroleum coke, orimulsion and wastes into clean synthetic gas to produce electricity, chemicals, fuel gas, methanol, fertilizer and other products. Worldwide, Texaco-owned and licensed gasification facilities in operation or under development will produce more than 2.5 billion standard cubic feet a day of "syngas" for refinery operations, utilities and other industrial purposes.

Since 1991, Texaco's Alternate Energy group has issued licenses for the development of five Texaco Gasification Power Systems (TGPS) facilities in the United States and Italy.

Strict environmental regulations in Italy limit the use of high-sulfur heavy oil. The Texaco Gasification Process has achieved success in Italy because it can use this feedstock to produce electricity and other products without the negative environmental impacts typically associated with the fuel. The latest project under development in Italy will gasify 20,000 barrels a day of high-sulfur heavy oil residue to produce electricity, hydrogen and steam for refinery use. Additional electric power will be sold to the local utility company and the facility will produce sulfur as a by-product for export.

In the United States, Texaco continued to support through a new engineering contract, the 260-MW coal-fueled Integrated Gasification Combined Cycle (IGCC) power plant to be built in Polk County, Florida. Tampa Electric Company will operate the facility. Altogether, Texaco-licensed gasification power facilities under development will generate more than 1,800 MW of electricity.

While the Texaco Gasification Process is gaining wider acceptance as an environmentally superior power technology, it continues to enjoy success in the production of chemicals, one of the original applications of the technology.

Texaco recently completed a license agreement for an eleventh gasification facility in China. At the Shanghai Coking and Chemical Plant, Texaco's gasification technology will be used to convert coal to syngas for the production of acetic acid. This new gasifier will join another, already under construction, which will convert coal into town gas for residential heating and cooking. Texaco is now exploring opportunities to develop TGPS facilities in China to meet a rapidly growing demand for clean energy using indigenous resources.

As part of its initiative to further expand applications for gasification, the Alternate Energy group continues research in the use of waste materials as feedstocks for future gasification power generation projects.

For example, Texaco is planning a gasification facility that will convert refinery waste and low-value petroleum coke into electricity and steam for refinery operations. Research is also continuing at Texaco's gasification research lab into producing syngas, power and chemicals from municipal sewage sludges, household plastics, used oil, tires and a variety of refining and industrial waste streams.

In one of its most striking experiments, Texaco collected tires from racing teams at the Indianapolis Raceway in 1993. The tires were liquefied in motor oil and converted into clean syngas at Texaco's gasification research laboratory in Montebello, California, in a dramatic demonstration of the environmental potential of the Texaco Gasification Process.

TECHNOLOGY LICENSING

In conjunction with its cogeneration and gasification initiatives, the Alternate Energy group offers a portfolio of technologies available for licensing worldwide. These technologies provide refiners with the most advanced commercial means of producing lube oils and clean transportation fuels.

Texaco technologies such as T-Star, H-Oil, HyTex and hydrotreating enable refiners and chemical manufacturers to produce and market high-quality products and feedstocks in a clean, safe and efficient manner.

In 1993, Texaco executed licensing agreements for refinery and lube oil technology in Thailand, Russia and Poland.

STRATEGIES

Building on a solid foundation of experience, technical know-how and creative business strategies, Texaco's Alternate Energy group provides the company with an expanded portfolio of state-of-the art, environmentally advanced and commercially attractive energy opportunities.

Supporting the utility, producing, refining and chemical industries, the Alternate Energy group has established a reputation as a quality-driven organization with a focus on customer service and technological innovation.

In industrialized nations as well as in developing countries and those in transition to free market economies, the demand for clean, efficient and cost-effective energy technologies offers Texaco an opportunity to further strengthen its role as a leading worldwide supplier of energy products and technologies.

ENVIRONMENTAL, HEALTH AND SAFETY ACTIVITIES

As a major international energy supplier, Texaco must balance the demands of its customers for plentiful, affordable energy with heightened expectations that we will be effective stewards of the environment, as well as protectors of employee health and safety and that of the communities that surround Texaco's workplaces. Toward that end, Texaco's Environment, Health and Safety Division is supported by hundreds of skilled professionals in the company's operating departments around the world.

In 1993, Texaco spent nearly $800 million on air, water and solid waste management programs worldwide, bringing its total for the past three years to $2.1 billion. During the year, Texaco's concentrated efforts to strengthen environmental, health and safety performance included:

- Greater coordination of companywide audits to improve operating performance, accident prevention and compliance with government regulations. In 1993, corporate audit teams, supported by independent consultants, conducted 160 environmental, health and safety audits worldwide, as well as 100 hazard assessments. Recently, the environmental consultant Arthur D. Little, Inc. certified Texaco's corporate environmental audit program for the fourth consecutive year as one of the leading audit programs in our industry.

- Expansion of Texaco's global oil spill cleanup capabilities. In 1993, Texaco strengthened its worldwide network for oil spill response by introducing a sophisticated strike force capability that can help Texaco react more quickly to any major spill, whether in West Africa, the Middle East or the Far East.

- Reductions of emissions from plant sites. These reductions, in support of the U.S. Environmental Protection Agency programs calling for reductions in the release of 17 specific toxic chemicals from plant sites, surpassed the goal by achieving an aggregate emissions cut of 37%.

- Continued random drug testing for safety-sensitive positions as part of Texaco's progress toward making the workplace safer. Of the more than 5,000 U.S. employees tested in 1993, only 0.48% tested positive, well below the average rate for comparable companies. In random testing of employees on the company's international tanker fleet, no one tested positive for drug use.

Texaco also made progress during 1993 in a number of environmental, health and safety areas related to its products, workplaces and employee medical programs. By promoting aggressive safety practices, Texaco once again achieved a lost-time injury and illness record that was among the most favorable in U.S. industry.

Concern about the impact of Texaco's operations on the communities in which it operates extends to its ongoing remediation of waste sites, including efforts at Superfund sites where Texaco has been designated a potentially responsible party.

Because provisions in the Superfund legislation are unfair, cleanups have been delayed and a large portion of the money spent by industry has gone for legal and administrative costs. Texaco is a strong proponent of Superfund reform, and has been active in the public policy debate on the reforms needed to make the Superfund law more equitable, efficient and effective.

Through its Alternate Energy group, Texaco is exploring ways to use gasification technology to convert industrial, commercial and residential waste streams, including contaminated soils, into clean energy. This will add greater value to Texaco's technology while providing an environmentally superior solution to the challenges of waste management. Texaco recently completed a cooperative program with the U.S. Environmental Protection Agency to demonstrate the technical feasibility of using the Texaco Gasification Process to remediate Superfund wastes.

Texaco is also working with peer companies throughout the business world to help governments at every level frame more cost-effective approaches to meet society's environmental expectations.

Item 3. Legal Proceedings

Litigation - Information relative to legal proceedings pending against Texaco Inc. and subsidiary companies is presented in Note 18, Contingent Liabilities, on page 53 of Texaco Inc.'s 1993 Annual Report to Stockholders, which note is incorporated herein by reference.

As of December 31, 1993, Texaco Inc. and its subsidiaries were parties to various proceedings instituted by governmental authorities arising under the provisions of applicable laws or regulations relating to the discharge of materials into the environment or otherwise relating to the protection of the environment, none of which is material to the business or financial condition of the Company. The following is a brief description of proceedings which, because of the amounts involved, require disclosure under applicable Securities and Exchange Commission regulations.

The Virgin Islands Water and Power Authority ("WAPA") filed suit against Texaco Inc., Texaco Caribbean Inc. and Texaco Puerto Rico Inc. ("TPRI") in December 1991, in the U.S. District Court for the District of the Virgin Islands alleging that a leak from an underground storage tank at a Texaco service station in St. Croix contaminated a WAPA water well. In addition to unspecified damages, WAPA is seeking civil penalties of up to $10,000 per day. The company is contesting liability.

In an administrative proceeding pending before the State of Pennsylvania Department of Environmental Resources, the State alleges that hydrocarbons were discharged into groundwaters at the Pittsburgh Terminal, formerly owned by Texaco Refining and Marketing Inc. ("TRMI"), in violation of the State's Clean Streams Act and Solid Waste Disposal Act. The State is seeking penalties of $450,000. The company is contesting liability.

An administrative complaint was served on Texaco Chemical Company ("TCC") by the U.S. Environmental Protection Agency ("EPA"), Region VI on June 9, 1992, alleging certain violations of the State Implementation Plan at TCC's Port Neches, Texas chemical plant. The EPA is seeking penalties of $149,000. TCC is contesting liability.

An administrative complaint was served on TCC by the EPA, Region VI, on December 28, 1992, alleging hazardous waste, PCB, release notification and reporting violations by TCC's Port Neches chemical plant. The EPA is seeking civil penalties of $3.8 million. TCC is contesting liability.

In June 1993, the South Coast Air Quality Management District issued four Notices of Violations against TRMI in connection with an explosion and fire that occurred at TRMI's Los Angeles Refinery on October 8, 1992. The District is seeking civil penalties of $3.5 million under California's Health and Safety Code, alleging environmental nuisance and permit violations. The company is contesting liability.

In September 1993, the Northwest Air Pollution Control Agency ("Agency") instituted an administrative proceeding alleging that emissions from TRMI's fluid catalytic cracking unit at the Puget Sound Refinery exceeded the standards established under the state permit provisions of the Federal Clean Air Act. The Agency is seeking civil penalties of $3.3 million. The company is contesting liability.

In December 1993, TPRI settled an administrative proceeding instituted in March 1993 by the EPA, Region II, alleging that TPRI's gasoline terminal at Catano, Puerto Rico violated the Clean Water Act by exceeding the effluent limitation of its National Pollutant Discharge Elimination System permit and by failing to comply with certain monitoring and reporting requirements. TPRI paid a $42,000 penalty and agreed to upgrade the pollution control equipment at its facility.

In January 1994, TRMI settled the claim against it in a suit that was brought against it and six unrelated parties in February 1993 by the U.S. Department of Justice and the EPA. The suit alleged noncompliance with an EPA Unilateral Administrative Order issued under the Resource Conservation and Recovery Act to clean up the Powder River Crude Processors Site in Glenrock, Wyoming. Upon the expiration of a public comment period, a proposed Consent Decree will be presented to the Court for its approval.

On February 1, 1994, Texaco Inc. and the EPA, Region II filed with the U.S. District Court for the District of New Jersey a proposed consent decree terminating a suit that had been filed in 1991 by the EPA against Texaco and six unrelated parties. The suit alleged violations of the Comprehensive Environmental Response, Compensation, and Liability Act, because of the defendants' alleged failure to comply with a 1985 administrative order. The consent decree calls for Texaco to pay a portion of EPA's cleanup costs and is expected to be approved by the court following a public comment period.

In addition, Texaco Inc. on behalf of itself and its subsidiaries and affiliates has agreed to participate in the U.S. Environmental Protection Agency's Toxic Substances Control Act ("TSCA") Section 8(e) Compliance Audit Program. There are 125 participants in this program. As a participant, Texaco has agreed to audit its files for materials which under current EPA guidelines would be subject to substantial risk notification under Section 8(e) of TSCA and to pay stipulated penalties for each such report submitted under this program. Based on its audit to date, Texaco estimates that its liability will be in excess of $100,000, but is unable to calculate the exact amount at this time. However, under this program, Texaco's liability cannot exceed $1 million in the aggregate. No administrative proceeding is pending; however, Texaco will be required to enter an Administrative Order On Consent pursuant to this program in late 1994 or 1995.

On February 22, 1994, the U.S. District Court for the Middle District of Louisiana approved a global settlement of the suit which had been initiated in 1987, in which the State of Louisiana had sought payment of alleged underpaid royalties on State gas leases, interest, cancellation of the leases, double royalties and attorneys' fees. The settlement, for which sufficient financial reserves had been established, provides for payments by Texaco totaling $250 million, $150 million of which was paid on February 28, 1994, and two $50 million payments to be made over the next two years. Texaco also agreed to cause $152 million to be spent over the next five years on activity and investment affecting state-owned oil and gas properties in which Texaco has interests. Texaco and the State exchanged comprehensive releases of all pending and related claims.

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable.

Executive Officers of Texaco Inc.

The executive officers of Texaco Inc. as of March 28, 1994 are:

Name	Age	Position
Alfred C. DeCrane, Jr.	62	Chairman of the Board and Chief Executive Officer
Allen J. Krowe	61	Vice Chairman and Chief Financial Officer
Peter I. Bijur	51	Senior Vice President
C. Robert Black	58	Senior Vice President
James L. Dunlap	56	Senior Vice President
William K. Tell, Jr.	60	Senior Vice President
Stephen M. Turner	55	Senior Vice President and General Counsel
John D. Ambler	59	Vice President
J. Donald Annett	59	Vice President
Clarence P. Cazalot, Jr.	43	Vice President
David C. Crikelair	46	Vice President
Ralph S. Cunningham	53	Vice President
Carl B. Davidson	60	Vice President and Secretary
Richard R. Dickinson	63	Vice President
William P. Doyle	62	Vice President
Patrick J. Lynch	56	Vice President
Thomas M. Matthews	50	Vice President
Donald H. Schmude	58	Vice President
Elizabeth P. Smith	44	Vice President
Robert A. Solberg	48	Vice President
Glenn F. Tilton	45	Vice President
Michael N. Ambler	57	General Tax Counsel
Robert C. Oelkers	49	Comptroller
Robert W. Ulrich	60	Treasurer

For more than five years, each of the officers of Texaco Inc. listed above, except Stephen M. Turner and Ralph S. Cunningham, has been actively engaged in the business of Texaco Inc. or one of its subsidiary or affiliated companies.

Mr. Turner joined Texaco in 1989 as Senior Vice President and General Counsel. Prior to joining Texaco, Mr. Turner was a partner of Squire, Sanders & Dempsey and had been with that firm for twenty-one years. Mr. Cunningham joined Texaco in 1990 after having served as Chairman and Chief Executive Officer of Clark Oil & Refining Corporation in 1989 and early 1990. Prior to that, he had been President and Chief Executive Officer of Tenneco Processing and Marketing.

There is no family relationship among any of the officers of Texaco Inc.

PART II

The following information, contained in Texaco Inc.'s 1993 Annual Report to Stockholders, is incorporated herein by reference. The page references indicated are to the actual and complete paper document version of Texaco Inc.'s 1993 Annual Report to Stockholders, as provided to each stockholder:

Form 10-K Item	1993 Annual Report to Stockholders Page Reference
Item 5. Market for Texaco Inc.'s Common Equity and Related Stockholder Matters	65(a)
Item 6. Selected Financial Data	64
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	24-33
Item 8. Financial Statements and Supplementary Data	
Statement of Consolidated Income	34
Statement of Consolidated Retained Earnings	34
Consolidated Balance Sheet	35
Statement of Consolidated Stockholders' Equity	36
Statement of Consolidated Cash Flows	37
Notes to Consolidated Financial Statements	38-54
Report of Independent Public Accountants	55
Supplemental Information on Oil and Gas Producing Activities	56-62
Selected Quarterly Financial Data	63
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	Not Applicable

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(a) Only data provided under the captions Market Information and Common Stock Dividends are deemed to be filed as part of this Annual Report on Form 10-K.

PART III

Information provided under the following captions, which will be contained in the forthcoming Proxy Statement of Texaco Inc. relating to the 1994 Annual Meeting of Stockholders, is incorporated herein by reference:

Item 10. Directors and Executive Officers of Texaco Inc.
- Information Concerning the Board of Directors and its Committees and Compensation of Directors
- Item 1 - Election of Directors

Item 11. Executive Compensation
- Information Concerning the Board of Directors and its Committees and Compensation of Directors
- Compensation Committee Report
- Summary Compensation Table
- Option Grants in 1993
- Aggregated Option Exercises in 1993 and Year-End Option Values
- Five-Year Comparison -- Cumulative Return to Shareholders
- Six-Year Comparison -- Cumulative Return to Shareholders
- Retirement Plan

Item 12. Security Ownership of Certain Beneficial Owners and Management
- Voting Securities
- Security Ownership of Directors and Management

Item 13. Certain Relationships and Related Transactions
- Other Relationships

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

The following information, contained in Texaco Inc.'s 1993 Annual Report to Stockholders, is incorporated herein by reference. The page references indicated are to the actual and complete paper document version of Texaco Inc.'s 1993 Annual Report to Stockholders, as provided to each stockholder:

	1993 Annual Report To Stockholders Page Reference
(a) The following documents are filed as part of this report:	
1. Financial Statements (incorporated by reference from the indicated pages of Texaco Inc.'s 1993 Annual Report to Stockholders)	
Statement of Consolidated Income for the three years ended December 31, 1993	34
Statement of Consolidated Retained Earnings for the three years ended December 31, 1993	34
Consolidated Balance Sheet at December 31, 1993 and 1992	35
Statement of Consolidated Stockholders' Equity for the three years ended December 31, 1993	36
Statement of Consolidated Cash Flows for the three years ended December 31, 1993	37
Notes to Consolidated Financial Statements	38-54
Report of Independent Public Accountants	55

2. Financial Statement Schedules	1993 Annual Report on Form 10-K
Report of Independent Public Accountants on Financial Statement Schedules	45
Schedule V - Properties, Plant and Equipment, at Cost	46
Schedule VI - Accumulated Depreciation, Depletion and Amortization of Properties, Plant and Equipment	47-48
Caltex Group of Companies Combined Financial Statements and Schedules, the investments in which are accounted for on the equity method and are filed as part of this report.	

Financial statements and schedules of certain affiliated companies have been omitted in accordance with the provisions of Rule 3.09 of Regulation S-X.

Schedules I, II, III, IV, VII, VIII, IX, X, XI, XII, XIII and XIV are omitted as permitted under Rule 4.03 and Rule 5.04 of Regulation S-X.

3. - Exhibits

- (3.1) Copy of Restated Certificate of Incorporation of Texaco Inc., as amended to and including December 22, 1992, including Certificate of Designations, Preferences and Rights of Series B ESOP Convertible Preferred Stock, Series C Variable Rate Cumulative Preferred Stock, Series D Junior Participating Preferred Stock, Series E Variable Rate Cumulative Preferred Stock, Series F ESOP Convertible Preferred Stock and Series G, H, I and J Market Auction Preferred Shares, filed as Exhibit 3.1 to Texaco Inc.'s Annual Report on Form 10-K for 1992 dated March 17, 1993, incorporated herein by reference.
- (3.2) Copy of By-Laws of Texaco Inc., as amended to and including February 26, 1993, filed as Exhibit 3.2 to Texaco Inc.'s Annual Report on Form 10-K for 1992 dated March 17, 1993, incorporated herein by reference.
- (4) Instruments defining the rights of holders of long-term debt of Texaco Inc. and its subsidiary companies are not being filed, since the total amount of securities authorized under each of such instruments does not exceed 10 percent of the total assets of Texaco Inc. and its subsidiary companies on a consolidated basis. Texaco Inc. agrees to furnish a copy of any instrument to the Securities and Exchange Commission upon request.

- (10(iii)(a)) Texaco Inc.'s Stock Incentive Plan, incorporated by reference to pages A-1 through A-8 of Texaco Inc.'s proxy statement dated April 5, 1993, SEC File No. 1-27.
- (10(iii)(b)) Texaco Inc.'s Stock Incentive Plan, incorporated by reference to pages IV-1 through IV-5 of Texaco Inc.'s proxy statement dated April 10, 1989, as such Plan was amended by Exhibit A to Texaco Inc.'s proxy statement dated March 29, 1991, incorporated herein by reference, SEC File No. 1-27.
- (10(iii)(c)) Texaco Inc.'s Incentive Bonus Plan, incorporated by reference to page IV-5 of Texaco Inc.'s proxy statement dated April 10, 1989, SEC File No. 1-27.
- (10(iii)(d)) Description of Texaco Inc.'s Supplemental Pension Benefits Plan, incorporated by reference to pages 8 and 9 of Texaco Inc.'s proxy statement dated March 17, 1981, SEC File No. 1-27.
- (10(iii)(e)) Description of Texaco Inc.'s Revised Supplemental Plan, incorporated by reference to pages 24 through 27 of Texaco Inc.'s proxy statement dated March 9, 1978, SEC File No. 1-27.
- (10(iii)(f)) Description of Texaco Inc.'s Revised Incentive Compensation Plan, incorporated by reference to pages 10 and 11 of Texaco Inc.'s proxy statement dated March 13, 1969, SEC File No. 1-27.
- (11) Computation of Earnings Per Share of Common Stock of Texaco Inc. and Subsidiary Companies.
- (12.1) Computation of Ratio of Earnings to Fixed Charges of Texaco on a Total Enterprise Basis.
- (12.2) Definitions of Selected Financial Ratios.
- (13) Copy of those portions of Texaco Inc.'s 1993 Annual Report to Stockholders that are incorporated by reference into this Annual Report on Form 10-K.
- (21) Listing of significant Texaco Inc. subsidiary companies and the name of the state or other jurisdiction in which each subsidiary was organized.
- (23) Consent of Arthur Andersen & Co.
- (24) Powers of Attorney for the Directors and certain Officers of Texaco Inc. authorizing, among other things, the signing of Texaco Inc.'s Annual Report on Form 10-K on their behalf.

(b) - Reports on Form 8-K.

During the fourth quarter of 1993, Texaco Inc. filed Current Reports on Form 8-K relating to the following events:

1. October 20, 1993 (date of earliest event reported: October 20, 1993)

   Item 5. Other Events--reported that Texaco issued an Earnings Press Release for the third quarter and first nine months of 1993. Texaco appended as an exhibit thereto a copy of the Press Release entitled "Texaco Reports Results for the Third Quarter and First Nine Months of 1993" dated October 20, 1993.

2. October 28, 1993 (date of earliest event reported: October 27, 1993)

   Item 5. Other Events--reported that Texaco Capital LLC, a wholly owned finance subsidiary of Texaco Inc. issued $350 million of Cumulative Guaranteed Monthly Income Preferred Shares ("MIPS"), Series A in a public offering. The MIPS were offered at $25 per share with an annual dividend rate of 6-7/8% and are callable at par after five years. Texaco appended as exhibits thereto copies of the Certification of Designation of Rights and Preferences of Texaco Capital LLC's 6-7/8% Cumulative Guaranteed Monthly Income Preferred Shares, Series A and the Press Release entitled "Texaco Announces Public Issuance of $350 Million in Preferred Shares" dated October 27, 1993.

3. December 23, 1993 (date of earliest event reported: December 22, 1993)

   Item 5. Other Events--reported that the United States Tax Court issued an opinion favorable to Texaco on a claim by the Internal Revenue Service arising out of the company's handling of crude oil purchased through Aramco from Saudi Arabia during the years 1979 through 1982, the so-called "Aramco Advantage" period. Texaco appended as an exhibit thereto a copy of the Press Release entitled "Texaco Comments on Tax Court's Favorable Decision In So-Called 'Aramco Advantage' Case" dated December 22, 1993.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

TO TEXACO INC.:

We have audited in accordance with generally accepted auditing standards, the financial statements included in Texaco Inc.'s Annual Report to Stockholders incorporated by reference in this Form 10-K, and have issued our report thereon dated February 24, 1994. Our audit was made for the purpose of forming an opinion on those statements taken as a whole. The Financial Statement Schedules on pages 46 through 48 are the responsibility of the Company's management and are presented for purposes of complying with the Securities and Exchange Commission's rules and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Arthur Andersen & Co.

New York, N.Y.
February 24, 1994.

TEXACO INC. AND SUBSIDIARY COMPANIES
SCHEDULE V - PROPERTIES, PLANT AND EQUIPMENT, AT COST
For the Years Ended December 31, 1993, 1992 and 1991
(In Millions of Dollars)

Description	Balance at beginning of period	Additions at cost	Retirements or sales	Other changes, add (deduct)(a)	Balance at end of period
Year 1993 (b)					
Exploration and production	$24,840	$ 1,116	$ 1,161	$ (36)	$24,759
Manufacturing	2,538	230	15	179	2,932
Marketing	2,946	324	117	(30)	3,123
Marine	414	4	39	-	379
Pipe lines	990	38	5	(108)	915
Petrochemical	1,885	91	24	(1,952)	-
Other	1,040	41	38	(2)	1,041
Total	$34,653	$ 1,844	$ 1,399	$ (1,949)	$33,149
Year 1992					
Exploration and production	$24,969	$ 1,181	$ 1,307	$ (3)	$24,840
Manufacturing	2,280	277	20	1	2,538
Marketing	2,759	313	111	(15)	2,946
Marine	445	4	35	-	414
Pipe lines	965	27	7	5	990
Petrochemical	1,685	213	14	1	1,885
Other	1,000	61	19	(2)	1,040
Total	$34,103	$ 2,076	$ 1,513	$ (13)	$34,653
Year 1991					
Exploration and production	$24,223	$ 1,388	$ 616	$ (26)	$24,969
Manufacturing	2,021	272	7	(6)	2,280
Marketing	2,512	370	106	(17)	2,759
Marine	474	5	35	1	445
Pipe lines	939	33	3	(4)	965
Petrochemical	1,510	186	9	(2)	1,685
Other	912	92	12	8	1,000
Total	$32,591	$ 2,346	$ 788	$ (46)	$34,103

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(a) This column represents net transfers and adjustments.
(b) The column"other changes" also includes the reclassification, effective September 30, 1993, of Properties, Plant and Equipment of discontinued petrochemical operations and dedicated pipeline assets to a separate balance sheet line caption "Net assets of discontinued operations." Petrochemical assets which will be retained by Texaco have been transferred to manufacturing.

TEXACO INC. AND SUBSIDIARY COMPANIES
SCHEDULE VI - ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION OF PROPERTIES, PLANT AND EQUIPMENT
For the Years Ended December 31, 1993, 1992 and 1991
(In Millions of Dollars)

Description	Balance at beginning of period	Additions charged to income(a)(d)	Retirements or sales	Other changes, add (deduct)(b)	Balance at end of period
Year 1993 (c)					
Exploration and production	$15,807	$ 1,218	$ 1,065	$ (30)	$15,930
Manufacturing	918	106	13	30	1,041
Marketing	812	150	77	(12)	873
Marine	264	20	30	-	254
Pipe lines	533	24	3	(36)	518
Petrochemical	748	61	24	(785)	-
Other	345	50	32	(1)	362
Total	$19,427	$ 1,629	$ 1,244	$ (834)	$18,978
Year 1992					
Exploration and production	$15,820	$ 1,187	$ 1,198	$ (2)	$15,807
Manufacturing	831	96	10	1	918
Marketing	758	137	85	2	812
Marine	275	20	31	-	264
Pipe lines	506	30	5	2	533
Petrochemical	672	92	14	(2)	748
Other	297	63	15	-	345
Total	$19,159	$ 1,625	$ 1,358	$ 1	$19,427
Year 1991					
Exploration and production	$15,211	$ 1,179	$ 557	$ (13)	$15,820
Manufacturing	749	87	7	2	831
Marketing	717	130	87	(2)	758
Marine	280	21	24	(2)	275
Pipe lines	481	30	3	(2)	506
Petrochemical	613	64	5	-	672
Other	263	46	13	1	297
Total	$18,314	$ 1,557	$ 696	$ (16)	$19,159

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(a) Reference is made to Note 1, Description of Significant Accounting Policies_Properties, Plant and Equipment and Depreciation, Depletion and Amortization, on page 38, included in Texaco Inc.'s 1993 Annual Report to Stockholders for a description of the methods used in computing the annual provision for depreciation, depletion and amortization of properties, plant and equipment. In view of the numerous depreciation classifications of properties, Texaco deems it impracticable to furnish a schedule of depreciation rates.
(b) This column represents net transfers and adjustments.

(Footnotes are continued on next page.)

(Footnotes continued from prior page.)

(c) The column "other changes" also includes the reclassification, effective September 30, 1993, of Accumulated Depreciation and Amortization of Properties, Plant and Equipment of discontinued petrochemical and dedicated pipeline assets to a separate balance sheet line caption "Net assets of discontinued operations." Amounts associated with petrochemical assets which will be retained by Texaco have been transferred to manufacturing.

(d) Additions charged to income, as shown above, are reconciled with amounts included in the statement of consolidated income, as follows:

	In Millions of Dollars		
	1993	1992	1991
Continuing Operations			
Depreciation, Depletion and Amortization expense per Statement of Consolidated Income	$1,568	$1,536	$1,496
Less - Amortization credited directly to the asset accounts	2	2	3
Total Continuing Operations	1,566	1,534	1,493
Discontinued Operations			
Amounts of Depreciation and Amortization included in net income (loss) from discontinued operations	63	91	64
Additions charged to income	$1,629	$1,625	$1,557

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, in the Town of Harrison, State of New York, on the 28th day of March, 1994.

TEXACO INC.
(Registrant)
Carl B. Davidson
By ----------------------------
(Carl B. Davidson)
Vice President and Secretary

Attest:
R. E. Koch
By -------------------------
(R. E. Koch)
Assistant Secretary

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Alfred C. DeCrane, Jr.	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
Allen J. Krowe	Vice Chairman and Chief Financial Officer (Principal Financial Officer)
Robert C. Oelkers	Comptroller (Principal Accounting Officer)

Directors:

Robert A. Beck	Allen J. Krowe
John Brademas	Thomas S. Murphy
Willard C. Butcher	Charles H. Price, II
Edmund M. Carpenter	Robin B. Smith
Admiral William J. Crowe, Jr.	William C. Steere, Jr.
Alfred C. DeCrane, Jr.	Thomas A. Vanderslice
Franklyn G. Jenifer	William Wrigley
James W. Kinnear	

R. E. Koch
By ---------------------------------------
(R. E. Koch)
Attorney-in-fact for the above-named
officers and directors

March 28, 1994

CALTEX GROUP OF COMPANIES
COMBINED FINANCIAL STATEMENTS
AND SCHEDULES

December 31, 1993

CALTEX GROUP OF COMPANIES
COMBINED FINANCIAL STATEMENTS AND SCHEDULES
DECEMBER 31, 1993

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NOTE: All other schedules are omitted as permitted by Rule 4.03 and Rule 5.04 of Regulation S-X.

CALTEX GROUP OF COMPANIES
GENERAL INFORMATION

The Caltex Group of Companies (Group) is jointly owned 50% each by Chevron Corporation and Texaco Inc. The private joint venture was created in Bahrain in 1936 by its two owners to produce, refine and market crude oil and refined products. Headquartered in Irving, Texas, the Group is comprised of the following companies:

- Caltex Petroleum Corporation, a company incorporated in Delaware, that through its many subsidiaries and affiliates, conducts refining and marketing activities in the Eastern Hemisphere;

- P. T. Caltex Pacific Indonesia, an exploration and production company incorporated and operating in Indonesia;

- American Overseas Petroleum Limited, a company incorporated in the Bahamas, that, through its subsidiaries, manages certain exploration and production operations in Indonesia in which Chevron and Texaco have interests, but not necessarily jointly nor in the same properties.

A brief description of each company's operations and the Group's environmental activities follows:

Caltex Petroleum Corporation (Caltex)

Through its subsidiaries and affiliates, Caltex operates in 63 countries with some of the highest economic and petroleum growth rates in the world, principally in Africa, Asia, the Middle East, New Zealand and Australia. Certain refining and marketing operations are conducted through joint ventures, with equity interests in 14 refineries in 11 countries. Caltex' share of refinery inputs approximated 869,000 barrels per day in 1993. Caltex continues to improve its refineries with investments designed to provide higher yields and meet environmental regulations. Construction of a new 130,000 barrels per day refinery in Thailand is progressing with completion anticipated in 1996. At year end 1993, Caltex had over 7,800 employees, of which about 3% were located in the United States.

With a strong presence in its principal operating areas, Caltex has an average market share of 17.3% with refined product sales of approximately 1.3 million barrels per day in 1993. Caltex built 130 new branded retail outlets during 1993 and refurbished 294 existing locations in its aim to upgrade its retail distribution network.

Caltex conducts international crude oil and refined product logistics and trading operations from a subsidiary in Singapore. Other offices are located in London, Bahrain and Tokyo. The company has an interest in a fleet of vessels and owns or has equity interests in numerous pipelines, terminals and depots. Currently, Caltex is active in the petrochemical business, particularly in Japan and South Korea.

P. T. Caltex Pacific Indonesia (CPI)

CPI holds a Production Sharing Contract in Central Sumatra for which the Indonesian government granted an extension to the year 2021 during 1992. CPI also acts as operator for four other petroleum contract areas in Sumatra, which are jointly held by Chevron and Texaco. Exploration is pursued throughout an area comprising 2.446 million acres with production established in the giant Minas and Duri fields, along with more than 80 smaller fields. Gross production from fields operated by CPI for 1993 was 674,000 barrels per day. CPI entitlements are sold to its shareholders, who use it in their systems or sell it to third parties. In addition, during 1993 CPI began gas exploration activities in the Nias block held jointly by Chevron and Texaco. At year end 1993, CPI had over 6,400 employees, all located in Indonesia.

American Overseas Petroleum Limited (AOPL)

In addition to coordinating the CPI activities, AOPL, through its subsidiary Amoseas Indonesia Inc., manages Texaco's and Chevron's undivided interest holdings which include ten contract areas in Indonesia, excluding Sumatra. Production is currently established in two contract areas, while exploration is being pursued in seven others. One in Darajat in West Java contains geothermal reserves sufficient to supply a 55-megawatt power generating plant for over 30 years. Production of the geothermal reserves is expected to begin in 1994 while the state owned utility company completes construction of an associated power station. AOPL's 1993 share of production amounted to 38,400 barrels per day. At year end, AOPL had 281 employees, of which about 15% were located in the United States.

Environmental Activities

The Group's activities are subject to environmental, health and safety regulations in each of the countries in which it operates. Such regulations vary significantly in degree of scope, standards and enforcement. The Group's policy is to comply with all applicable environmental, health and safety laws and regulations. The Group has an active program to ensure its environmental standards are maintained, which includes closely monitoring applicable statutory and regulatory requirements, as well as enforcement policies, in each of the countries in which it operates, and conducting periodic environmental compliance audits. At December 31, 1993, the Group had accrued $12 million for various remediation activities. The environmental guidelines and definitions promulgated by the American Petroleum Institute provide the basis for reporting the Group's expenditures. For the year ended December 31, 1993, the Group, including its equity share of nonsubsidiary companies, incurred capital costs of $147 million and nonremediation related operating expenses of $92 million. The major component of the Group's expenditures is for the prevention of air pollution. Based upon existing statutory and regulatory requirements, investment and operating plans and known exposures, the Group believes environmental expenditures will not materially affect its liquidity, financial position or results of operations.

Independent Auditors' Report

To the Stockholders
The Caltex Group of Companies:

We have audited the accompanying combined balance sheets of the Caltex Group of Companies as of December 31, 1993 and 1992, and the related combined statements of income, retained earnings, and cash flows for each of the years in the three-year period ended December 31, 1993. In connection with our audits of the combined financial statements, we also have audited the financial statement schedules as listed in the accompanying index. These combined financial statements and financial statement schedules are the responsibility of the Group's management. Our responsibility is to express an opinion on these combined financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Caltex Group of Companies as of December 31, 1993 and 1992 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 1993, in conformity with generally accepted accounting principles. Also in our opinion, the related financial statement schedules, when considered in relation to the basic combined financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in Notes 1 and 6 to the combined financial statements, effective January 1, 1992, the Group adopted the provisions of the Financial Accounting Standards Board's Statements of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" and No. 109, "Accounting for Income Taxes."

February 15, 1994

CALTEX GROUP OF COMPANIES
COMBINED BALANCE SHEET - DECEMBER 31, 1993 AND 1992
(MILLIONS OF DOLLARS)

ASSETS

	1993	1992
CURRENT ASSETS:		
Cash and cash equivalents (including time deposits of $64 in 1993 and $121 in 1992)	$ 166	$ 239
Notes and accounts receivable, less allowance for doubtful accounts of $14 in 1993 and $15 in 1992:		
Trade	950	1,020
Other	155	115
Nonsubsidiary companies	112	173
	1,217	1,308
Inventories:		
Crude oil	148	239
Refined products	532	512
Materials and supplies	56	55
	736	806
Deferred income taxes	4	25
Total current assets	2,123	2,378
INVESTMENTS AND ADVANCES:		
Nonsubsidiary companies at equity	1,796	1,427
Miscellaneous investments and long-term receivables, less allowance of $7 in 1993 and 1992	195	173
	1,991	1,600
PROPERTY, PLANT AND EQUIPMENT, AT COST:		
Producing	3,027	2,783
Refining	1,483	1,259
Marketing	2,252	2,107
Marine	35	35
Capitalized leases	119	113
	6,916	6,297
Less: Accumulated depreciation, depletion and amortization	2,878	2,628
	4,038	3,669
PREPAID AND DEFERRED CHARGES	237	216
Total assets	$8,389	$7,863

See accompanying Notes to Combined Financial Statements.

CALTEX GROUP OF COMPANIES
COMBINED BALANCE SHEET - DECEMBER 31, 1993 AND 1992
(MILLIONS OF DOLLARS)

LIABILITIES AND STOCKHOLDERS' EQUITY

	1993	1992
CURRENT LIABILITIES:		
Notes payable to banks and other financial institutions	$ 966	$ 830
Long-term debt due within one year	51	51
Accounts payable:		
Trade and other	967	1,081
Stockholder companies	87	229
Nonsubsidiary companies	149	76
	1,203	1,386
Accrued liabilities	86	91
Estimated income taxes	105	95
Total current liabilities	2,411	2,453
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS	530	486
ACCRUED LIABILITY FOR EMPLOYEE BENEFITS	98	92
DEFERRED CREDITS	646	605
DEFERRED INCOME TAXES	263	270
MINORITY INTEREST IN SUBSIDIARY COMPANIES	146	138
STOCKHOLDERS' EQUITY:		
Common stock	355	355
Additional paid-in capital	2	2
Retained earnings	3,688	3,310
Currency translation adjustment	250	152
Total stockholders' equity	4,295	3,819
COMMITMENTS AND CONTINGENT LIABILITIES	_____	_____
Total liabilities and stockholders' equity	$8,389	$7,863

See accompanying Notes to Combined Financial Statements.

CALTEX GROUP OF COMPANIES
COMBINED STATEMENT OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991
(MILLIONS OF DOLLARS)

	1993	1992	1991
SALES AND OTHER OPERATING REVENUES(1)	$15,409	$17,281	$15,445
OPERATING CHARGES:			
Cost of sales and operating expenses(2)	13,431	15,348	13,394
Selling, general and administrative expenses	496	479	444
Depreciation, depletion and amortization	295	263	257
Maintenance and repairs	170	165	156
	14,392	16,255	14,251
Operating income	1,017	1,026	1,194
OTHER INCOME (DEDUCTIONS):			
Equity in net income of nonsubsidiary companies	140	163	188
Dividends, interest and other income	99	83	288
Foreign exchange, net	23	21	(5)
Interest expense	(93)	(102)	(131)
Minority interest in subsidiary companies	(8)	(13)	(8)
	161	152	332
Income before provision for income taxes and cumulative effects of changes in accounting principles	1,178	1,178	1,526
PROVISION FOR INCOME TAXES:			
Current	433	456	649
Deferred	25	53	38
Total provision for income taxes	458	509	687
Income before cumulative effects of changes in accounting principles	720	669	839
Cumulative effects of changes in accounting principles	-	51	-
Net income	$ 720	$ 720	$ 839
(1) Includes sales to:			
Stockholder companies	$ 907	$ 835	$1,124
Nonsubsidiary companies	$2,684	$3,075	$2,610
(2) Includes purchases from:			
Stockholder companies	$3,333	$3,917	$3,181
Nonsubsidiary companies	$2,618	$2,198	$2,217

See accompanying Notes to Combined Financial Statements.

CALTEX GROUP OF COMPANIES
COMBINED STATEMENT OF RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991
(MILLIONS OF DOLLARS)

	1993	1992	1991
Balance at beginning of year	$3,310	$2,955	$2,518
Net income	720	720	839
Cash dividends	(342)	(365)	(402)
Balance at end of year	$3,688	$3,310	$2,955

COMBINED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991
(MILLIONS OF DOLLARS)

	1993	1992	1991
OPERATING ACTIVITIES:			
Net income	$720	$720	$839
Adjustments to reconcile net income to net cash provided by operating activities:			
Cumulative effects of changes in accounting principles	-	(51)	-
Depreciation, depletion and amortization	295	263	257
Dividends from nonsubsidiary companies, less than equity in net income	(103)	(133)	(162)
Asset sales	(4)	(4)	(200)
Deferred income taxes	25	53	38
Prepaid charges and deferred credits	(41)	25	45
Changes in operating working capital	31	(58)	127
Other	10	(46)	5
Net cash provided by operating activities	933	769	949
INVESTING ACTIVITIES:			
Capital expenditures	(763)	(711)	(640)
Investments in and advances to nonsubsidiary companies	(149)	(17)	(1)
Net purchases of investment instruments	(21)	(11)	(14)
Proceeds from asset sales	73	144	85
Net cash used in investing activities	(860)	(595)	(570)
FINANCING ACTIVITIES:			
Proceeds from borrowings having original terms in excess of three months	745	831	643
Repayments of borrowings having original terms in excess of three months	(704)	(857)	(553)
Net increase (decrease) in other borrowings	140	94	(37)
Dividends paid, including minority interest	(342)	(365)	(407)
Net cash used in financing activities	(161)	(297)	(354)
Effect of exchange rate changes on cash and cash equivalents	15	(8)	(17)
Net change in cash and cash equivalents	(73)	(131)	8
Cash and cash equivalents at beginning of year	239	370	362
Cash and cash equivalents at end of year	$166	$239	$370

See accompanying Notes to Combined Financial Statements.

CALTEX GROUP OF COMPANIES

NOTES TO COMBINED FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

Principles of Combination

The combined financial statements of the Caltex Group of Companies (Group) include the accounts of Caltex Petroleum Corporation and subsidiaries, American Overseas Petroleum Limited and subsidiaries and P.T. Caltex Pacific Indonesia after the elimination of intercompany balances and transactions. A subsidiary of Chevron Corporation and two subsidiaries of Texaco Inc. (stockholders) each own 50% of the outstanding common shares. The Group is primarily engaged in exploring, producing, refining and marketing crude oil and refined products in the Eastern Hemisphere. The Group employs accounting policies that are in accordance with generally accepted accounting principles in the UnitedStates.

Translation of Foreign Currencies

The U.S. dollar is the functional currency for all principal subsidiary operations. Nonsubsidiary companies in Japan and Korea use the local currency as the functional currency.

Inventories

Crude oil and refined product inventories are stated at the lower of cost (primarily determined on the last-in, first-out (LIFO) method) or current market value. Costs include applicable purchase and refining costs, duties, import taxes, freight, etc. Materials and supplies are valued at average cost.

Investments and Advances

Investments in and advances to nonsubsidiary companies in which 20% to 50% of the voting stock is owned by the Group, or in which the Group has the ability to exercise significant influence, are accounted for by the equity method. Under this method, the Group's equity in the earnings or losses of these companies is included in current results, and the related investments reflect the equity in the book value of underlying net assets. Investments in other nonsubsidiary companies are carried at cost and related dividends are reported as income.

Property, Plant and Equipment

Exploration and production activities are accounted for under the "successful efforts" method. Depreciation, depletion and amortization expenses for capitalized costs relating to the producing area, including intangible development costs, are computed using the unit-of-production method.

All other assets are depreciated by class on a uniform straight line basis. Depreciation rates are based upon the estimated useful life of each class of property. In view of the numerous depreciation classifications, it is not practical to provide a schedule of depreciation rates.

Maintenance and repairs necessary to maintain facilities in operating condition are charged to income as incurred. Additions and betterments that materially extend the life of properties are capitalized. Upon disposal of properties, any net gain or loss is included in other income.

(1) Summary of Significant Accounting Policies - Continued

Deferred Income Taxes

Effective January 1, 1992, deferred income taxes are recognized according to the asset and liability method specified in Statement of Financial Accounting Standards (SFAS) No. 109 "Accounting for Income Taxes" by applying individual jurisdiction tax rates applicable to future years to differences between the financial statement and tax basis carrying amounts of assets and liabilities. The effect of tax rate changes on previously recorded deferred taxes is recognized in the current year. Deferred income taxes for 1991 were recognized under the method specified in SFAS No. 96.

No provision has been made for possible income taxes that might be payable if accumulated earnings of subsidiary companies and nonsubsidiary companies accounted for by the equity method were distributed, since such earnings have been or are intended to be indefinitely reinvested.

Environmental Matters

Compliance with environmental regulations is determined in relation to the existing laws in each of the countries in which the Group operates and the Group's own internal standards. The Group capitalizes expenditures that create future benefits or contribute to future revenue generation. Remediation costs are accrued based on estimates of known environmental exposure even if uncertainties exist about the ultimate cost of the remediation. Such accruals are based on the best available nondiscounted estimated costs using data developed by third party experts. Costs of environmental compliance for past and ongoing operations, including maintenance and monitoring, are expensed as incurred. Recoveries from third parties are recorded as assets when realization is determined to be probable.

Reclassifications

Certain amounts have been reclassified for preceding periods to conform with the current year's presentation.

(2) Inventories

The excess of current cost over the stated value of inventory maintained on the LIFO basis was approximately $40 million and $91 million at December 31, 1993 and 1992, respectively. The reduction of LIFO inventories in certain countries resulted in an increase in the earnings of consolidated subsidiaries and nonsubsidiary companies at equity of approximately $1 million in 1993. Previous reductions in LIFO inventories resulted in a decrease in earnings of $2 million in 1992 and an increase in earnings of $4 million in 1991.

Charges of $104 million and $25 million reduced income in 1993 and 1991, respectively, to reflect a market value of certain inventories lower than their LIFO carrying value. Earnings of $14 million were recorded in 1992 to reflect a partial recovery of the 1991 charge.

(3) Nonsubsidiary Companies at Equity

Investments in and advances to nonsubsidiary companies at equity at December 31 include the following (in millions):

	Equity Share	1993	1992
Nippon Petroleum Refining Company, Ltd.	50%	$829	$727
Koa Oil Company, Ltd.	50%	310	268
Honam Oil Refinery Company, Ltd.	50%	423	357
All other	Various	234	75
		$1,796	$1,427

Shown below is summarized combined financial information for these nonsubsidiary companies (in millions):

	100%		Equity Share	
	1993	1992	1993	1992
Current assets	$4,680	$5,149	$2,316	$2,564
Other assets	6,147	4,851	2,975	2,410
Current liabilities	4,900	4,946	2,349	2,470
Other liabilities	2,306	2,173	1,146	1,078
Net worth	3,621	2,881	1,796	1,426

	100%			Equity Share		
	1993	1992	1991	1993	1992	1991
Operating revenues	$10,679	$10,502	$10,267	$5,304	$5,216	$5,102
Operating income	494	645	839	242	319	416
Net income	281	326	380	140	163	188

Retained earnings at December 31, 1993, includes $1.2 billion representing the Group's share of undistributed earnings of nonsubsidiary companies at equity.

Cash dividends received from these nonsubsidiary companies were $37 million, $30 million, and $26 million in 1993, 1992 and 1991, respectively.

Sales to the other 50 percent owner of Nippon Petroleum Refining Company, Ltd. of products refined by Nippon Petroleum Refining Company, Ltd. and Koa Oil Company, Ltd. were approximately $1.9 billion, $2 billion, and $2.1 billion in 1993, 1992, and 1991, respectively.

(4) Notes Payable

Information regarding short-term financing, consisting primarily of demand loans, promissory notes, acceptance credits and overdrafts, is shown below (dollars in millions):

	Borrowings At Year End	Weighted Average Interest Rate At Year End	Maximum Outstanding At Any Month End	Average Amount Outstanding	Weighted Average Interest Rate On Average Outstanding
1993	$966	4.7%	$1,041	$902	4.6%
1992	830	5.0	1,063	898	5.7
1991	907	7.2	996	875	9.9

Unutilized lines of credit available for short-term financing totaled $814 million at December 31, 1993.

(5) Long-Term Debt and Capital Lease Obligations

Long-term debt and capital lease obligations, with related interest rates at December 31, 1993 and 1992, consist of the following (in millions):

	1993	1992
U.S. dollars:		
Variable interest rate term loans	$173	$155
Fixed interest rate term loans with 7.6% average rate	220	205
Australian dollars:		
Debentures with interest rates at 12.5% due 1995 - 1996	8	11
Promissory notes payable with 4.9% average rate	76	65
Capital lease obligations	33	33
New Zealand dollars:		
Term loans with interest rates 6 - 6.35% due 1996-1997	14	-
Other	6	17
	$530	$486

At December 31, 1993 and 1992, $101 million and $110 million, respectively, of notes payable were classified as long-term debt. Settlement of these obligations is not expected to require the use of working capital in 1994, as the Group has both the intent and ability to refinance this debt on a long-term basis. At December 31, 1993 and 1992, $101 million and $110 million, respectively, of long-term committed credit facilities were available with major banks to support notes payable classified as long-term debt.

Maturities subsequent to December 31, 1993 follow (in millions): 1994 - $51 (included on the combined balance sheet as a current liability); 1995 - $151; 1996 - $147; 1997 - $37; 1998 - $86; 1999 and thereafter - $109.

(6) Employee Benefits

The Group has retirement plans covering substantially all eligible employees. Generally, these plans provide defined benefits based on final or final average pay, as defined. The benefit levels, vesting terms and funding practices vary among plans.

The funded status of retirement plans, primarily foreign and inclusive of nonsubsidiary companies at equity, at December 31 follows (in millions):

Funding Status	Assets Exceed Accumulated Benefits		Accumulated Benefits Exceed Assets	
	1993	1992	1993	1992
Actuarial present value of:				
Vested benefit obligation	$280	$240	$117	$100
Accumulated benefit obligation	309	264	137	117
Projected benefit obligation	484	432	195	170
Amount of assets available for benefits:				
Funded assets at fair value	$450	$403	$ 39	$ 26
Net pension (asset) liability recorded	(11)	(8)	128	123
Total assets	$439	$395	$167	$149
Assets less than projected benefit obligation	$(45)	$(37)	$(28)	$(21)
Consisting of:				
Unrecognized transition net assets (liabilities)	31	38	(2)	(4)
Unrecognized net losses	(44)	(42)	(23)	(16)
Unrecognized prior service costs	(32)	(33)	(3)	(1)
Weighted average rate assumptions:				
Discount rate	9.5%	11.1%	6.5%	6.5%
Rate of increase in compensation	7.4%	9.0%	4.7%	4.7%
Expected return on plan assets	10.3%	11.4%	5.5%	4.9%

Expenses (Funded & Unfunded Combined)	1993	1992	1991
Cost of benefits earned during the year	$27	$26	$21
Interest cost on projected benefit obligation	58	54	49
Actual return on plan assets	(59)	(9)	(64)
Net amortization and deferral	16	(38)	22
	$42	$33	$28

The Group adopted SFAS No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions" effective January 1, 1992, using the immediate recognition option. SFAS No. 106 requires accrual, during the employees' service with the Group, of the cost of their retiree health and life insurance benefits. Prior to 1992, postretirement benefits were included in expense as the benefits were paid.

(6) Employee Benefits - Continued

Certain companies within the Group provide health care and life insurance benefits to retired employees. The plans which provide these benefits are unfunded. As of December 31, 1993 and 1992, the accumulated postretirement benefit obligation amounted to $47 million and $43 million, respectively, with related accruals of $44 million and $43 million, respectively. The net periodic postretirement benefit costs amounted to $6 million for each of the years ending December 31, 1993 and 1992.

In November 1992 the Financial Accounting Standards Board issued SFAS No. 112 "Employers' Accounting for Postemployment Benefits." This new standard requires companies to accrue, no later than 1994, for the cost for benefits provided to former or inactive employees after employment but prior to retirement. Adoption of this new standard is not expected to materially impact the combined financial statements of the Group.

(7) Operating Leases

The Group has various operating leases involving service stations, equipment and other facilities for which net rental expense was $110 million, $95 million, and $53 million in 1993, 1992 and 1991, respectively.

Future net minimum rental commitments under operating leases having noncancelable terms in excess of one year are as follows (in millions): 1994 - $42; 1995 - $42; 1996 - $42; 1997 - $37; 1998 - $31; 1999 and thereafter - $146.

(8) Contingent Liabilities

On January 25, 1990, Caltex Petroleum Corporation and certain of its subsidiaries were named as defendants, along with privately held Philippine ferry and shipping companies and the shipping company's insurer, in a lawsuit filed in Houston, Texas State Court. After removal to Federal District Court in Houston, the litigation's disposition turned on questions of federal court jurisdiction and whether the case should be dismissed for forum non conveniens. The plaintiffs' petition purported to be a class action on behalf of at least 3,350 parties, who were either survivors of, or next of kin of persons deceased in a collision in Philippine waters on December 20, 1987. One vessel involved in the collision was carrying Group products in connection with a freight contract. Although the Group had no direct or indirect ownership or operational responsibility for either vessel, various theories of liability were alleged against the Group. No specific monetary recovery was sought although the petition contained a variety of demands for various categories of compensatory as well as punitive damages. These issues were resolved in the Group's favor by the Federal District Court in March 1992, and that decision is now final. However, the plaintiffs had separately filed another lawsuit, alleging the same causes of action as in the Texas litigation, in Louisiana State Court in New Orleans in late 1988 but never served the Group until late December of 1993, after the decision in the Texas litigation became final. Subsequent to receipt of the service, the Group has removed this case to Federal District Court in New Orleans and has moved for its dismissal. Management is contesting this case vigorously. It is not possible to estimate the amount of damages involved, if any.

The Group may be subject to loss contingencies pursuant to environmental laws and regulations in each of the countries in which it operates that, in the future, may require the Group to take action to correct or remediate the effects on the environment of prior disposal or release of petroleum substances by the Group. The amount of such future cost is indeterminable due to such factors as the nature of the new regulations, the unknown magnitude of any possible contamination, the unknown timing and extent of the corrective actions that may be required, and the extent to which such costs are recoverable from third party insurance.

(8) Contingent Liabilities - Continued

The Group is also involved in certain other litigation and Internal Revenue Service tax audits that could involve significant payments if such items are all ultimately resolved adversely to the Group.

While it is impossible to ascertain the ultimate legal and financial liability with respect to the above mentioned contingent liabilities, the aggregate amount that may arise from such liabilities is not anticipated to be material in relation to the Group's combined financial position, results of operations, or liquidity.

(9) Financial Instruments

Certain Group companies are parties to financial instruments with off-balance sheet credit and market risk, principally interest rate risk. As of December 31, the Group had commitments outstanding for interest rate swaps and foreign currency transactions for which the notional or contractual amounts are as follows (in millions):

	1993	1992
Interest rate swaps	$344	$317
Commitments to purchase foreign currencies	$338	$141
Commitments to sell foreign currencies	$ 89	$ 20

The interest rate swaps are intended to hedge against fluctuations in interest rates on debt, and their effects are recognized in the statement of income at the same time as the interest expense on the debt to which they relate.

Commitments to purchase and sell foreign currencies are made to provide exchange rate protection for specific transactions and to maximize economic benefit based on expected currency movements. The above purchase and sale commitments are at year end exchange rates and mature during the following year. These commitments are marked to market and the resulting gains and losses are recognized in current year income unless the contract is a specific hedge of an identifiable transaction. There were no material differences between the notional and estimated fair value for these commitments.

The Group's long-term debt, excluding capital lease obligations, of $497 million and $453 million at December 31, 1993 and 1992, respectively, had fair values of $511 million and $462 million at December 31, 1993 and 1992, respectively. The fair value estimates were based on the present value of expected cash flows discounted at current market rates for similar obligations. The reported amounts of financial instruments such as Cash and cash equivalents, Notes and accounts receivable, and all current liabilities approximate fair value because of their short maturity.

Certain Group companies were contingently liable as guarantors for $7 million and $12 million at December 31, 1993 and 1992, respectively. The Group also had commitments of $36 million and $96 million at December 31, 1993 and 1992, respectively, in the form of letters of credit which have been issued on behalf of Group companies to facilitate either the Group's or other parties' ability to trade in the normal course of business.

Financial instruments exposed to credit risk consist primarily of trade receivables. These receivables are dispersed among the countries in which the Group operates, thus limiting concentrations of such risk.

The Group performs ongoing credit evaluations of its customers and generally does not require collateral. Letters of credit are the principal security obtained to support lines of credit when the financial strength of a customer or country is not considered sufficient. Credit losses have been historically within management's expectations.

(10) Other Income/Deductions

In 1991, dividends, interest and other income included gains from asset sales on a before and after tax basis of $200 million and $120 million, respectively. Asset sales in 1993 and 1992 were not significant.

Net foreign exchange (exclusive of the currency translation adjustment) for consolidated subsidiaries and nonsubsidiary companies at equity, after applicable income taxes, amounted to gains of $32 million and $43 million in 1993 and 1992, respectively. The gain in 1991 was less than $1 million.

(11) Taxes

Taxes charged to income consist of the following (in millions):

	1993	1992	1991
Taxes other than income taxes:			
Duties, import and excise taxes	$1,978	$1,891	$1,802
Other	29	29	29
Total taxes other than income taxes	2,007	1,920	1,831
Provision for income taxes	458	509	687
	$2,465	$2,429	$2,518

The provision for income taxes, substantially all foreign, has been computed on an individual company basis at rates in effect in the various countries of operation. The actual tax expense differs from the "expected" tax expense (computed by applying the U.S. Federal corporate tax rate to income before provision for income taxes) as follows:

	1993	1992	1991
Computed "expected" tax expense	35.0%	34.0%	34.0%
Effect of recording equity in net income of nonsubsidiary companies on an after tax basis	(4.2)	(4.9)	(4.2)
Effect of dividends received from subsidiary and nonsubsidiary companies	4.2	3.8	3.3
Foreign income subject to foreign taxes in excess of U.S. statutory tax rate	7.4	11.6	10.4
Decrease in deferred tax asset valuation allowance	(3.1)	(.4)	-
Other	(.4)	(.9)	1.5
	38.9%	43.2%	45.0%

(11) Taxes - Continued

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of assets and liabilities. Temporary differences and tax loss carryforwards which give rise to deferred tax assets and liabilities at December 31, 1993 and 1992 are as follows (in millions):

	Deferred Tax Assets		Deferred Tax Liabilities	
	1993	1992	1993	1992
Inventory	$ 10	$ 27	$ 18	$ 17
Depreciation	-	-	298	275
Retirement plans	33	28	3	2
Tax loss carryforwards	29	36	-	-
Other	28	30	34	30
	100	121	353	324
Valuation allowance	(6)	(42)	-	-
Total deferred taxes	$94	$79	$353	$324

The valuation allowance has been established to record deferred tax assets at amounts where recoverability is more likely than not. Net income was increased by $36 million and $5 million for changes in the deferred tax asset valuation allowance during 1993 and 1992, respectively.

Undistributed earnings for which no deferred income tax provision has been made approximated $3.6 billion at December 31, 1993. Such earnings have been or are intended to be indefinitely reinvested. These earnings would become taxable in the U.S. only upon remittance as dividends. It is not practical to estimate the amount of tax that might be payable on the eventual remittance of such earnings. On remittance, certain foreign countries impose withholding taxes which, subject to certain limitations, are then available for use as tax credits against a U.S. tax liability, if any.

(12) Cash Flows

For purposes of the statement of cash flows, all highly liquid debt instruments with original maturities of three months or less are considered cash equivalents.

The "Changes in Operating Working Capital" consists of the following (in millions):

	1993	1992	1991
Notes and accounts receivable	$82	$(45)	$418
Inventories	66	(114)	62
Accounts payable	(147)	212	(317)
Accrued liabilities	16	(27)	(2)
Estimated income taxes	14	(84)	(34)
Total	$31	$(58)	$127

(12) Cash Flows - Continued

"Net Cash Provided by Operating Activities" includes the following cash payments for interest and income taxes (in millions):

	1993	1992	1991
Interest paid (net of capitalized interest)	$ 92	$106	$132
Income taxes paid	$391	$528	$662

In 1991, an asset sale was funded with receivables of $120 million, which were subsequently collected in 1992. No other significant non-cash investing or financing transactions occurred in 1993, 1992 or 1991.

(13) Investments in Debt and Equity Securities

In May 1993, the Financial Accounting Standards Board issued SFAS No. 115 "Accounting For Certain Investments in Debt and Equity Securities." This new standard requires companies, no later than 1994, to classify debt and equity securities into one of three categories: held-to-maturity, available-for-sale, or trading. Debt which will be held to maturity will be carried at amortized cost. Certain securities considered available-for-sale shall be carried at fair value and unrealized holding gains and losses shall be carried as a net amount in a separate component of stockholders' equity until realized. Securities classified as trading shall be carried at fair value and unrealized holding gains and losses shall be included in earnings.

Adoption of this new standard will not materially impact the combined financial position or the results of operations of the Group.

(14) Oil and Gas Exploration, Development and Producing Activities

The financial statements of Chevron Corporation and Texaco Inc. contain required supplementary information on oil and gas producing activities, including disclosures on equity affiliates. Accordingly, such disclosures are not presented herein.

CALTEX GROUP OF COMPANIES
SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT
FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991
(MILLIONS OF DOLLARS)

Classification	Balance At Beginning Of Period	Additions At Cost	Retirements Or Sales	Other Changes Add (Deduct)	Balance At End Of Period
Year ended December 31, 1993					
Producing	$2,783	$247	$ 3	$ -	$3,027
Refining	1,259	237	6	(7)(1)	1,483
Marketing	2,107	262	108	(9)(2)	2,252
Marine	35	-	-	-	35
Capitalized leases	113	8	2	-	119
Total	$6,297	$754	$119	$(16)	$6,916
Year ended December 31, 1992					
Producing	$2,462	$322	$ 1	$ -	$2,783
Refining	1,111	166	18	-	1,259
Marketing	1,915	253	46	(15)(3)	2,107
Marine	55	-	20	-	35
Capitalized leases	113	-	-	-	113
Total	$5,656	$741	$ 85	$(15)	$6,297
Year ended December 31, 1991					
Producing	$2,179	$284	$ 1	$ -	$2,462
Refining	1,008	105	2	-	1,111
Marketing	1,689	243	39	22(1)	1,915
Marine	54	1	-	-	55
Capitalized leases	111	3	1	-	113
Total	$5,041	$636	$ 43	$ 22	$5,656

(1) Reclassification
(2) Currency translation adjustment $(4) and reclassification $(5)
(3) Currency translation adjustment

CALTEX GROUP OF COMPANIES
SCHEDULE VI - ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION
FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991
(MILLIONS OF DOLLARS)

Classification	Balance At Beginning Of Period	Additions Charged To Costs and Expenses	Retirements Or Sales	Other Changes Add (Deduct)	Balance At End Of Period
Year ended December 31, 1993					
Producing	$1,158	$128	$ 1	$ -	$1,285
Refining	646	51	6	(2)(1)	689
Marketing	736	104	32	(2)(2)	806
Marine	7	2	-	-	9
Capitalized leases	81	10	2	-	89
Total	$2,628	$295	$41	$(4)	$2,878
Year ended December 31, 1992					
Producing	$1,051	$106	$(1)	$ -	$1,158
Refining	614	47	15	-	646
Marketing	672	98	25	(9)(3)	736
Marine	23	2	18	-	7
Capitalized leases	73	10	2	-	81
Total	$2,433	$263	$59	$(9)	$2,628
Year ended December 31, 1991					
Producing	$ 940	$111	$ -	$ -	$1,051
Refining	567	49	2	-	614
Marketing	609	85	22	-	672
Marine	21	2	-	-	23
Capitalized leases	64	10	1	-	73
Total	$2,201	$257	$25	$ -	$2,433

(1) Reclassification
(2) Currency translation adjustment $(1) and reclassification $(1)
(3) Currency translation adjustment

APPENDIX

DESCRIPTION OF GRAPHIC MATERIAL INCLUDED IN EXHIBIT 13 - TEXACO INC.'S 1993 ANNUAL REPORT TO STOCKHOLDERS.

The following information is depicted in graphic form in Texaco Inc.'s 1993 Annual Report to Stockholders filed as Exhibit 13 to this Annual Report on Form 10-K and all page references included in the following descriptions are to the actual and complete paper format version of Texaco Inc.'s 1993 Annual Report to Stockholders as provided to Texaco Inc.'s shareholders:

1. The first graph is located in the top left margin next to the Consolidated Highlights table on page 24. The bar graph is entitled "Rates of Return on Average Stockholders' Equity." The Y axis depicts percentages from 0% to 20% with 5% increments. The X axis depicts the years 1991, 1992 and 1993. Each year has 2 bar graphs, side by side, representing rate of return excluding special items (blue) and rate of return based on net income as reported (red) with applicable percentages shown on top of each graph. The plot points are as follows:

	Excluding Special Items	As Reported
1991	12.8%	13.5%
1992	12.0%	10.9%
1993	11.3%	12.5%

Below the graph a footnote appears which states "Returns exclude discontinued operations and the 1992 cumulative effect of accounting changes."

2. The second graph is located in the middle left margin next to the Consolidated Highlights table on page 24. The bar graph is entitled "Total Debt to Total Borrowed And Invested Capital." The Y axis depicts percentages from 0% to 50% with 10% increments. The X axis depicts the years 1991, 1992 and 1993 with applicable percentages shown on top of each graph. The plot points are as follows:

1991	39.4%
1992	39.3%
1993	38.7%

3. The third graph is located in the top left margin next to the first paragraph on page 25. The bar graph is entitled "Revenues." The Y axis depicts dollars in billions from $0 to $50 with $10 increments. The X axis depicts the years 1991, 1992 and 1993. Each years' bar graph is segmented into 4 colors representing the sources of revenues from refined products (blue), crude oil (red), natural gas (green) and equity and other income (including services) (yellow) and shows only yearly totals on top of each bar graph. The revenues, in billions of dollars, for each year and segment are depicted as follows:

	Refined Products	Crude Oil	Natural Gas	Equity and Other Income (including services)	Total
1991	$17.9	$13.8	$1.8	$3.7	$37.2
1992	$18.4	$12.8	$1.9	$3.4	$36.5
1993	$17.5	$11.1	$2.3	$3.2	$34.1

Below the graph a footnote appears which states "Excludes revenues for discontinued operations."

4. The fourth graph is located in the middle left margin next to the third and fourth paragraphs on page 25. The bar graph is entitled "Costs and Expenses." The Y axis depicts dollars in billions from $0 to $50 with $10 increments. The X axis depicts the years 1991, 1992 and 1993. Each years' bar graph is segmented into 2 colors representing purchases and other costs (blue) and expenses (red) and shows only yearly totals on top of each bar graph. Purchases and other costs and expenses, in billions of dollars, for each year and segment are depicted as follows:

	Purchases and Other Costs	Expenses	Total
1991	$27.1	$8.6	$35.7
1992	$27.0	$8.2	$35.2
1993	$24.7	$8.2	$32.9

Below the graph a footnote appears which states "Excludes amounts for discontinued operations."

5. The fifth graph is located in the bottom left margin next to the fifth and sixth paragraphs on page 25. The bar graph is entitled "Operating Earnings by Geographic Area." The Y axis depicts dollars in millions from $0 to $2500 with $500 increments. The X axis depicts the years 1991, 1992 and 1993. Each years' bar graph is segmented into 2 colors representing operating earnings in the United States (red) and International (blue) as well as yearly totals on top of each bar graph. The plot points are as follows:

	United States	International	Total
1991	$772	$1037	$1809
1992	$809	$ 698	$1507
1993	$708	$ 760	$1468

Below the graph a footnote appears which states "Operating earnings exclude corporate and nonoperating costs, cumulative effect of accounting changes and discontinued operations."

6. The sixth graph is located in the top left margin next to the Exploration and Production - United States earnings table on page 26. The bar graph is entitled "Exploration And Production Total Operating Earnings." The Y axis depicts dollars in millions from $0 to $2000 with $500 increments. The X axis depicts the years 1991, 1992 and 1993. Each years' bar graph is segmented into 2 colors representing operating earnings in the United States (red) and International (blue) as well as yearly totals on top of each bar graph. The plot points are as follows:

	United States	International	Total
1991	$605	$421	$1026
1992	$543	$416	$ 959
1993	$510	$322	$ 832

7. The seventh graph is located in the middle left margin next to the first and second paragraph, on page 26. The line graph is entitled "Average Crude Oil Selling Prices-Per Quarter" and is shown in dollars per barrel by quarter for the years 1991, 1992 and 1993. The Y axis depicts dollars per barrel from $5 to $30 with $5 increments. The X axis depicts the calendar quarters for 1991, 1992 and 1993. Each quarter has 2 points plotted with the red line points representing average crude oil selling prices in the United States and the yellow line points representing average International crude oil selling prices. The plot points are depicted as follows:

	United States	International
First Quarter 1991	$17.66 per barrel	$19.63 per barrel
Second Quarter 1991	$16.48 per barrel	$17.12 per barrel
Third Quarter 1991	$16.97 per barrel	$17.92 per barrel
Fourth Quarter 1991	$17.09 per barrel	$19.08 per barrel
First Quarter 1992	$14.48 per barrel	$16.52 per barrel
Second Quarter 1992	$16.70 per barrel	$17.47 per barrel
Third Quarter 1992	$17.81 per barrel	$18.42 per barrel
Fourth Quarter 1992	$16.50 per barrel	$18.01 per barrel
First Quarter 1993	$15.46 per barrel	$16.90 per barrel
Second Quarter 1993	$15.70 per barrel	$17.01 per barrel
Third Quarter 1993	$13.55 per barrel	$15.49 per barrel
Fourth Quarter 1993	$12.36 per barrel	$14.05 per barrel

8. The eighth graph is located in the bottom left margin next to the third and fourth paragraphs on page 26. The line graph is entitled "Average U.S. Natural Gas Selling Price-Per Quarter" and is shown in dollars per thousand cubic feet by quarter for the years 1991, 1992 and 1993. The Y axis depicts dollars per thousand cubic feet from $1.00 to $3.00 with $0.50 increments. The X axis depicts the calendar quarters for the years 1991, 1992 and 1993. The plot points are depicted as follows:

First Quarter 1991	$2.00 Per MCF
Second Quarter 1991	$1.48 Per MCF
Third Quarter 1991	$1.35 Per MCF
Fourth Quarter 1991	$1.72 Per MCF
First Quarter 1992	$1.72 Per MCF
Second Quarter 1992	$1.51 Per MCF
Third Quarter 1992	$1.83 Per MCF
Fourth Quarter 1992	$2.40 Per MCF
First Quarter 1993	$1.99 Per MCF
Second Quarter 1993	$2.26 Per MCF
Third Quarter 1993	$2.17 Per MCF
Fourth Quarter 1993	$2.34 Per MCF

9. The ninth graph is located in the top left margin next to the first and second paragraphs on page 27. The bar graph is entitled "Manufacturing, Marketing and Distribution Total Operating Earnings." The Y axis depicts dollars in millions from $0 to $1000 with $200 increments. The X axis depicts the years 1991, 1992 and 1993. Each years' bar graph is segmented into 2 colors representing operating earnings in the United States (red) and International (blue) as well as yearly totals on top of each bar graph. The plot points are as follows:

	United States	International	Total
1991	$187	$647	$834
1992	$267	$300	$567
1993	$215	$434	$649

10. The tenth graph is located in the middle left margin next to the Manufacturing, Marketing and Distribution - United States earnings table on page 27. The bar graph is entitled "Refined Product Sales-U.S. by Principal Products." The Y axis depicts barrels in thousands per day from 0 to 1000 with increments of 200. The X axis depicts the years 1991, 1992 and 1993. Each years' bar graph is segmented into 5 colors representing sales of gasolines (blue), middle distillates (red), avjets (green), residuals (purple) and other (yellow) and shows only yearly totals on top of each graph. Refined product sales, in thousands of barrels a day for each year and segment, are depicted as follows:

	Gasolines	Middle Distillates	Avjets	Residuals	Other	Total
1991	431	168	97	107	66	869
1992	441	172	98	100	69	880
1993	425	180	84	61	80	830

Below the graph a footnote appears which states "Includes equity in an affiliate."

11. The eleventh graph is located in the top left margin next to the first and second paragraphs on page 29. The bar graph is entitled "Environmental-Cash Expenditures." The Y axis depicts dollars in millions from $0 to $1000 with increments of $200. The X axis depicts the years 1991, 1992 and 1993. Each years' bar graph is segmented into 2 colors representing capital expenditures (green) and other (yellow) and shows only yearly totals on top of each graph. Environmental cash expenditures, in millions of dollars, for each year and segment are depicted as follows:

	Capital Expenditures	Other	Total
1991	$253	$435	$688
1992	$270	$403	$673
1993	$302	$475	$777

Below the graph a footnote appears which states "Includes equity in affiliates."

12. The twelfth graph is located in the top left margin next to the first and second paragraphs on page 30. The pie chart is entitled "1993 Sources of Cash and Cash Equivalents" and is shown in billions of dollars. The pie chart is segmented with 4 colors depicting the 1993 sources of cash and cash equivalents. The four sources are operations (blue), borrowings (red), issuance of preferred stock by subsidiaries (green) and asset sales (yellow). For each source shown there is a corresponding dollar amount in billions, as well as a percent of each source to the total. The plot points and percentages are as follows:

1993 Sources of Cash and Cash Equivalents	Billions of Dollars	Percent
Operations	$3.1	62%
Borrowings	$1.1	22%
Issuance of Preferred Stock by Subsidiaries	$0.4	8%
Asset Sales	$0.4	8%
Total	$5.0	

13. The thirteenth graph is located in the middle left margin next to the third and fourth paragraphs on page 30. The pie chart is entitled "1993 Uses of Cash and Cash Equivalents" and is shown in billions of dollars. The pie chart is segmented with 4 colors depicting the 1993 uses of cash and cash equivalents. The four uses are capital and exploratory (capex) (blue), dividends (red), repayments of borrowings and other uses (green) and outflows unrelated to current year operations (yellow). For each use shown there is a corresponding dollar amount in billions, as well as a percent of each use to the total. The plot points and percentages are as follows:

1993 Uses of Cash and Cash Equivalents	Billions of Dollars	Percent
Capex	$2.3	47%
Dividends	$1.0	20%
Repayments of Borrowings and Other Uses	$1.0	19%
Outflows Unrelated To Current Year Operations	$0.7	14%
Total	$5.0	

14. The fourteenth graph is located in the bottom left margin next to the fifth paragraph on page 30. The bar graph is entitled "Debt Profile." The Y axis depicts numerical values from 0 to 15 with increments of 3. The X axis depicts two sets of bar graphs for the years 1991, 1992 and 1993. The first set of bar graphs represent the average interest rate percentages (blue) at each year-end. The second set of bar graphs represent the average maturity years (red) at each year-end. The applicable plot points are as follows:

	Average Interest Rate	Average Maturity
1991	7.9%	7.5 years
1992	7.2%	9.0 years
1993	7.1%	12.3 years

15. The fifteenth graph is located in the top left margin next to the first and second paragraphs on page 31. The bar graph is entitled "Total Production and Reserve Additions." The Y axis depicts barrels of oil equivalent, in millions, from 0 to 600 with increments of 100. The X axis depicts the years 1991, 1992 and 1993. Each year has 2 bar graphs, side by side. The first bar (blue) represents total production with the total shown on top of each year's graph. The second bar depicts reserve additions and is segmented into 2 colors representing extensions, discoveries and additions (red) and revisions (green) and shows only yearly totals on top of each graph. The production and reserve additions, in million barrels of oil equivalent, for each year and segment are shown or depicted as follows:

		Reserve Additions		
	Total Production	Extensions, Discoveries and Additions	Revisions	Total Reserve Additions
1991	432	258	166	424
1992	404	215	167	382
1993	402	303	147	450

Below the graph a footnote appears which states "Includes equity in an affiliate."

16. The sixteenth graph is located in the bottom left margin on page 31. The bar graph is entitled "Capital and Exploratory Expenditures." The Y axis depicts dollars in billions from $0 to $5 with increments of $1. The X axis depicts two sets of bar graphs for the years 1991, 1992 and 1993. The first set of bar graphs segments the expenditures by function representing exploration and production (blue), manufacturing, marketing and distribution (yellow) and other (red) and shows only yearly totals on top of each graph. The second set of bar graphs segments the expenditures geographically representing the United States (green) and International (purple) and shows only yearly totals on top of each graph. Capital and exploratory expenditures, in millions of dollars, for each year and segment are depicted as follows:

	Exploration and Production	Manufacturing, Marketing and Distribution	Other	Total
1991	$2.0	$1.2	$0.2	$3.4
1992	$1.7	$1.2	$0.1	$3.0
1993	$1.7	$1.1	$0.1	$2.9

Capital and exploratory expenditures, in millions of dollars, segregated geographically are depicted as follows:

	United States	International	Total
1991	$1.8	$1.6	$3.4
1992	$1.4	$1.6	$3.0
1993	$1.3	$1.6	$2.9

Below the graph a footnote appears which states "Includes equity in affiliates and excludes amounts for discontinued operations."

17. The seventeenth graph is located in the top left margin next to the first paragraph on page 32. The bar graph is entitled "Exploratory Expenses." The Y axis depicts dollars in millions from $0 to $600 with increments of $100. The X axis depicts two sets of bar graphs for the years 1991, 1992 and 1993. The first set of bar graphs segments the expenses by category representing dry hole (blue) and geological, geophysical and other (red) and shows only yearly totals on top of each bar graph. The second set of bar graphs segments the expenses geographically representing the United States (green) and International (purple) and shows only yearly totals on top of each bar graph. Exploratory expenses, in millions of dollars, for each year and segment are depicted as follows:

	Dry Hole	Geological, Geophysical and Other	Total
1991	$179	$257	$436
1992	$118	$231	$349
1993	$175	$177	$352

	United States	International	Total
1991	$137	$299	$436
1992	$126	$223	$349
1993	$115	$237	$352

INDEX TO EXHIBITS

The exhibits designated by an asterisk are incorporated herein by reference to documents previously filed by Texaco Inc. with the Securities and Exchange Commission, SEC File No. 1-27.

Exhibits		Page
(3.1)	Copy of Restated Certificate of Incorporation of Texaco Inc., as amended to and including December 22, 1992, including Certificate of Designations, Preferences and Rights of Series B ESOP Convertible Preferred Stock, Series C Variable Rate Cumulative Preferred Stock, Series D Junior Participating Preferred Stock, Series E Variable Rate Cumulative Preferred Stock, Series F ESOP Convertible Preferred Stock and Series G, H, I and J Market Auction Preferred Shares, filed as Exhibit 3.1 to Texaco Inc.'s Annual Report on Form 10-K for 1992 dated March 17, 1993, incorporated herein by reference.	*
(3.2)	Copy of By-Laws of Texaco Inc., as amended to and including February 26, 1993, filed as Exhibit 3.2 to Texaco Inc.'s Annual Report on Form 10-K for 1992 dated March 17, 1993, incorporated herein by reference.	*
(10(iii)(a))	Texaco Inc.'s Stock Incentive Plan, incorporated by reference to pages A-1 through A-8 of Texaco Inc.'s proxy statement dated April 5, 1993.	*
(10(iii)(b))	Texaco Inc.'s Stock Incentive Plan, incorporated by reference to pages IV-1 through IV-5 of Texaco Inc.'s proxy statement dated April 10, 1989, as such Plan was amended by Exhibit A to Texaco Inc.'s proxy statement dated March 29, 1991, incorporated herein by reference.	*
(10(iii)(c))	Texaco Inc.'s Incentive Bonus Plan, incorporated by reference to page IV-5 of Texaco Inc.'s proxy statement dated April 10, 1989.	*
(10(iii)(d))	Description of Texaco Inc.'s Supplemental Pension Benefits Plan, incorporated by reference to pages 8 and 9 of Texaco Inc.'s proxy statement dated March 17, 1981.	*
(10(iii)(e))	Description of Texaco Inc.'s Revised Supplemental Plan, incorporated by reference to pages 24 through 27 of Texaco Inc.'s proxy statement dated March 9, 1978.	*
(10(iii)(f))	Description of Texaco Inc.'s Revised Incentive Compensation Plan, incorporated by reference to pages 10 and 11 of Texaco Inc.'s proxy statement dated March 13, 1969.	*
(11)	Computation of Earnings Per Share of Common Stock of Texaco Inc. and Subsidiary Companies.	
(12.1)	Computation of Ratio of Earnings to Fixed Charges of Texaco on a Total Enterprise Basis.	

Page

(12.2) Definitions of Selected Financial Ratios.
(13) Copy of those portions of Texaco Inc.'s 1993 Annual Report to Stockholders that are incorporated by reference into this Annual Report on Form 10-K.
(21) Listing of significant Texaco Inc. subsidiary companies and the name of the state or other jurisdiction in which each subsidiary was organized.
(23) Consent of Arthur Andersen & Co.
(24) Powers of Attorney for the Directors and certain Officers of Texaco Inc. authorizing, among other things, the signing of Texaco Inc.'s Annual Report on Form 10-K on their behalf.

EXHIBIT 11

TEXACO INC. AND SUBSIDIARY COMPANIES
COMPUTATION OF EARNINGS PER SHARE OF COMMON STOCK
FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991

(Millions of dollars, except per share amounts)

Primary Net Income Per Common Share	1993	1992*	1991*
Net income from continuing operations, before cumulative effect of accounting changes	$ 1,259	$ 1,038	$ 1,292
Net income (loss) from discontinued operations	(191)	(26)	2
Cumulative effect of accounting changes	_	(300)	_
Net income	1,068	712	1,294
Less: Preferred dividend requirements	101	99	103
Primary net income available for common stock	$ 967	$ 613	$ 1,191
Average number of primary common shares outstanding (thousands)	258,923	258,656	258,410
Primary net income per common share	$ 3.74	$ 2.37	$ 4.61

Fully Diluted Net Income Per Common Share	1993	1992*	1991*
Net income	$ 1,068	$ 712	$ 1,294
Preferred stock dividend requirements of non-dilutive issues and adjustments to net income associated with dilutive securities	(64)	(100)	(66)
Fully diluted net income	$ 1,004	$ 612	$ 1,228
Average number of primary common shares outstanding (thousands)	258,923	258,656	258,410
Additional shares outstanding assuming full conversion of dilutive convertible securities into common stock, (thousands):			
Convertible debentures	148	159	169
Series B ESOP Convertible Preferred Stock	10,499	_	10,654
Series F ESOP Convertible Preferred Stock	_	_	686
Other	81	96	152
Average number of fully diluted common shares outstanding (thousands)	269,651	258,911	270,071
Fully diluted net income per common share	$ 3.72	$ 2.36	$ 4.55

* Results for 1992 and 1991 have been reclassified to separately identify discontinued operations.

EXHIBIT 12.1

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
OF TEXACO ON A TOTAL ENTERPRISE BASIS (UNAUDITED)
FOR EACH OF THE FIVE YEARS ENDED DECEMBER 31, 1993 (a)
(in millions of dollars)

	Years Ended December 31, 1993	1992	1991	1990	1989 (b)
Income from continuing operations, before provision or benefit for income taxes and cumulative effect of accounting changes effective 1-1-92	$1,392	$1,707	$1,744	$2,448	$2,888
Dividends from less than 50% owned companies more or (less) than equity in net income	(8)	(9)	5	(7)	(12)
Minority interest in net income	17	18	16	12	2
Previously capitalized interest charged to income during the period	33	30	23	16	14
Total earnings	1,434	1,746	1,788	2,469	2,892
Fixed charges:					
Items charged to income:					
Interest charges	546	551	644	676	798
Interest factor attributable to operating lease rentals	91	94	76	58	40
Preferred stock dividends of subsidiaries guaranteed by Texaco Inc.	4	_	_	_	_
Total items charged to income	641	645	720	734	838
Interest capitalized	57	109	80	50	54
Interest on ESOP debt guaranteed by Texaco Inc.	14	18	26	38	42
Total fixed charges	712	772	826	822	934
Earnings available for payment of fixed charges	$2,075	$2,391	$2,508	$3,203	$3,730
(Total earnings + Total items charged to income)					
Ratio of earnings to fixed charges of Texaco on a total enterprise basis	2.91	3.10	3.04	3.90	3.99

(a) Excludes discontinued chemical operations.
(b) Excluding the gains from the sale of Texaco Canada Inc. and the sale of a 20% stock interest in a subsidiary, as well as the 1989 restructuring charges, the ratio of earnings to fixed charges on a total enterprise basis approximated 2.14.

EXHIBIT 12.2

DEFINITIONS OF SELECTED FINANCIAL RATIOS

CURRENT RATIO

Current assets divided by current liabilities.

RETURN ON AVERAGE STOCKHOLDERS' EQUITY

Net income divided by average stockholders' equity. Average stockholders' equity is computed using the average of the monthly stockholders' equity balances.

RETURN ON AVERAGE CAPITAL EMPLOYED

Net income plus minority interest plus after-tax interest expense divided by average capital employed. Capital employed consists of stockholders' equity, total debt and minority interest. Average capital employed is computed on a four-quarter average basis.

TOTAL DEBT TO TOTAL BORROWED AND INVESTED CAPITAL

Total debt, including capital lease obligations, divided by total debt plus minority interest liability and stockholders' equity.

Financial Review

Consolidated Highlights

GRAPHIC MATERIALS APPEAR HERE.

SEE APPENDIX GRAPHIC AND IMAGE IMAGE MATERIAL ITEMS 1, 2.

Millions of dollars, except per share and ratio data	1993	1992	1991
Revenues from continuing operations	$34,071	$36,530	$37,162
Net income from continuing operations, before cumulative effect of accounting changes	$ 1,259	$ 1,038	$ 1,292
Discontinued chemical operations:			
Net income (loss) from operations	(17)	(26)	2
Net loss on disposal	(174)	--	--
	(191)	(26)	2
Cumulative effect of accounting changes	--	(300)	--
Net income	$ 1,068	$ 712	$ 1,294
Total assets	$26,626	$25,992	$26,182
Total debt	$ 6,826	$ 6,581	$ 6,504
Per common share (dollars)			
Net income (loss) before cumulative effect of accounting changes:			
Continuing operations	$ 4.47	$ 3.63	$ 4.60
Discontinued chemical operations	(.73)	(.10)	.01
Cumulative effect of accounting changes	--	(1.16)	--
Net income	$ 3.74	$ 2.37	$ 4.61
Cash dividends	$ 3.20	$ 3.20	$ 3.20
Current ratio	1.44	1.33	1.05
Return on average stockholders' equity*	12.5%	10.9%	13.5%
Return on average capital employed*	9.4%	8.5%	10.4%
Total debt to total borrowed and invested capital	38.7%	39.3%	39.4%

*Returns exclude discontinued chemical operations and the 1992 cumulative effect of accounting changes.

Consolidated worldwide net income for the year 1993 was $1,068 million, or $3.74 per common share, compared with $712 million, or $2.37 per common share for the year 1992 and $1,294 million, or $4.61 per common share for the year 1991.

These results include special gains and charges as well as Discontinued Chemical Operations. Also, results for 1992, including Texaco's equity in the Caltex group of companies and Star Enterprise, reflect the cumulative effect of the adoption of Statement of Financial Accounting Standards (SFAS) 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," and SFAS 109, "Accounting for Income Taxes." The adoption of these two Standards resulted in a net cumulative charge as of January 1, 1992 of $300 million, or $1.16 per common share. The year 1991 has not been restated for these accounting changes. Excluding the cumulative effect of accounting changes, net income for 1992 amounted to $1,012 million, or $3.53 per common share.

Discontinued Chemical Operations

Texaco Inc. entered into memorandums of understanding to sell Texaco Chemical Company, a wholly owned subsidiary, and substantially all of its worldwide chemical operations to Huntsman Financial Corporation ("Huntsman"), an affiliate of the Jon M. Huntsman Group of Companies. Except for the additive business, the sale is expected to take place in the first quarter of 1994. The sale of the additives portion of the chemical business is expected to take place by September 30, 1994. Texaco is cooperating with Huntsman, at their request, to sell the additives portion of the business to a third party. The combined purchase price of the chemical businesses is $1,045 million. The results for such chemical operations have been classified as discontinued operations.

Net income for discontinued operations in 1991 amounted to $2 million, or $15 million before special charges relating to environmental reserves and other issues. Although special charges were also recorded in 1992 and 1993, operating results before these charges were in a loss position. The 1992 results were impacted by depressed margins for olefins and ethylene oxide derivatives coupled with scheduled maintenance downtime on major processing units. In 1993, the loss from operations was principally due to feedstock and energy costs for products not being fully recovered in a period of oversupply in the marketplace.

Summary statements and other detailed financial information on discontinued chemical operations can be found in Note 3 to the Consolidated Financial Statements on page 40 of this Report.

Results of Operations

GRAPHIC MATERIALS APPEAR HERE.

SEE APPENDIX GRAPHIC AND IMAGE IMAGE MATERIAL ITEMS 3, 4, 5.

Continuing Operations

The following relates to Texaco's consolidated and functional results for continuing operations.

Revenues

Consolidated worldwide revenues from continuing operations were $34.1 billion in 1993 as compared to $36.5 billion in 1992 and $37.2 billion in 1991. Revenues for 1993 decreased principally due to lower prices for crude oil and refined products, partially offset by higher natural gas prices during the year. Revenues in 1993 also decreased due to lower international crude oil sales volumes. In the United States, lower sales of less profitable unbranded gasolines and aviation fuels were partly offset by higher sales of branded gasolines. Refined product sales volumes in the Caltex area of operations increased more than 7% over 1992 levels, resulting in higher equity in income of the affiliate.

In 1992, revenues declined slightly as compared with 1991 reflecting generally lower prices for crude oil and refined products, partially offset by higher refined product sales volumes and improved natural gas prices.

Costs and Expenses

Purchases and other costs for 1993 of $24.7 billion were $2.3 billion below that for 1992, reflecting the impact of lower worldwide crude oil prices and the reduced costs of petroleum products. Costs for 1992 remained relatively flat compared with 1991, due to the offsetting impact of lower prices and higher volumes. Crude oil prices, as reflected by the benchmark, West Texas Intermediate, declined over $2 per barrel in 1993 as compared to 1992, after a somewhat smaller decrease of almost $1 per barrel in 1992 as compared to the earlier year.

Texaco continued to realize the benefits of its quality initiatives in controlling expenses during 1993. Over the last three years total expenses including special items, have declined more than 5% in spite of general inflationary pressures. Operating and overhead expenses (before special items, dry hole expense and depreciation, depletion and amortization) were successfully reduced by 4% in 1993. This improvement follows a 4% expense reduction in 1992 as compared with 1991. Expense reductions occurred in both 1993 and 1992 in all of the company's operating units and staff departments. Additionally, during the period 1991 to 1993, employee levels dropped by almost 4,200, a decrease of 11%. These results reflect the value of the company's ongoing commitment to improve productivity through the redesign of business processes and the restructuring of operations.

Texaco also lowered its borrowing costs over the past three years. While Texaco's debt level has remained relatively constant with some small increases reflected in 1993, interest expense has declined by nearly 18% from $558 million for the year 1991 to $459 million for the year 1993. This savings was accomplished through aggressive efforts to refinance high-cost debt issues at significantly lower rates while lengthening maturities.

Net Income

Consolidated net income from continuing operations includes special gains and charges in addition to net income more directly related to the current production, manufacturing and marketing of products and services of the company. The elements of consolidated net income from continuing operations are provided below. Explanations of net income are shown in the functional analysis which follows.

Millions of dollars	1993	1992	1991
Net income, before special items	$1,132	$1,138	$1,228
Tax law changes	152	--	--
Special charges	(235)	(140)	(160)
Gains from tax benefits and asset sales	210	40	224
Net income from continuing operations, before cumulative effect of accounting changes	$1,259	$1,038	$1,292

The Consolidated Financial Statements and related Notes should be read in conjunction with this financial review.

Functional Analysis

Worldwide net income from continuing operations in the following table is segregated between operating and corporate/nonoperating. Net operating results are further segregated functionally and geographically.

Net Income

Millions of dollars	1993	1992	1991
Operating earnings (losses)			
Petroleum and natural gas			
Exploration and production			
United States	$ 510	$ 543	$ 605
International	322	416	421
Total	832	959	1,026
Manufacturing, marketing and distribution			
United States	215	267	187
International	434	300	647
Total	649	567	834
Total petroleum and natural gas	1,481	1,526	1,860
Nonpetroleum	(13)	(19)	(51)
Total operating earnings	1,468	1,507	1,809
Corporate/nonoperating	(209)	(469)	(517)
Net income from continuing operations, before cumulative effect of accounting changes	$1,259	$1,038	$1,292

Petroleum and Natural Gas

Exploration and Production

GRAPHIC MATERIALS APPEAR HERE.

SEE APPENDIX GRAPHIC AND IMAGE IMAGE MATERIAL ITEMS 6, 7, 8.

United States

Millions of dollars	1993	1992	1991
Operating earnings, before special items	$548	$576	$619
Tax law change	(32)	--	--
Special charges	(6)	(33)	(14)
Total operating earnings	$510	$543	$605
Selected Operating Data			
Net production of crude oil and NGL's (000 BPD)	423	432	456
Net production of natural gas--available for sale (000 MCFPD)	1,729	1,782	1,933

Natural gas sales (000 MCFPD)	2,735	2,705	2,879

Operating earnings were $510 million in 1993 compared with $543 million in 1992. This decrease resulted primarily from lower crude oil and natural gas liquids prices and volumes which were partially offset by higher natural gas prices. Production of natural gas decreased by about 3% from 1992; however, sales volumes remained virtually flat. For the year 1993, production of crude oil and NGL's was down by about 2% to 423 thousand barrels per day as compared to a decline of approximately 5% for 1992 versus 1991. The company has made significant progress in slowing the rate of decline in production from its older and more mature producing fields through utilization of its proprietary advanced technologies for enhanced oil recovery.

Also, benefits were derived from a decline in operating expenses, before taxes and special items, of $67 million in 1993 as compared with 1992 primarily as a result of successful restructuring programs and business process initiatives to reduce producing and overhead expenses.

Total operating earnings for 1992 decreased compared with 1991 reflecting reduced crude oil and natural gas production from maturing fields, coupled with lower crude oil prices, particularly in the first quarter. Higher natural gas prices and decreased operating expenses partially offset the decrease in earnings.

Total operating earnings for 1993 included a deferred tax charge of $32 million due to the increase in the U.S. tax rate to 35% effective January 1, 1993 and a special charge of $6 million related to staff reductions.

Special charges in 1992 included $14 million for employee benefit costs, primarily related to staff reductions, $7 million for property damage associated with Hurricane Andrew and $12 million for environmental and other issues. Total operating earnings for 1991 included special charges related to environmental remediation and certain oil and gas lease issues.

International

Millions of dollars	1993	1992	1991
Operating earnings, before special items	$212	$414	$350
Tax law change	169	--	--
Special charges	(59)	(8)	(11)
Gain from tax benefits	--	10	82
Total operating earnings	$322	$416	$421
Selected Operating Data			
Net production of crude oil and NGL's, including CPI (000 BPD)	305	304	334
Net production of natural gas--available for sale (000 MCFPD)	238	213	198
Natural gas sales (000 MCFPD)	255	223	205

Texaco's total operating earnings in 1993 outside the United States were $322 million compared with $416 million for 1992. This decrease is attributable to lower worldwide crude oil prices and benefits recorded in 1992 under SFAS 109 of approximately $110 million due primarily to the currency exchange impact of the Pound Sterling on deferred income taxes. Results for 1993 benefited from higher production from the Belida field in Indonesia and improved production in the North Sea and the Partitioned Neutral Zone, an area located between Saudi Arabia and Kuwait.

Texaco's 1992 operating results as compared with 1991 included the aforementioned 1992 benefits under SFAS 109 due to currency translation. These benefits were partially offset by the impact of lower crude oil prices, principally in the first quarter of 1992, and decreased production in the North Sea due to the shut-in of production platforms for scheduled maintenance and the installation of safety equipment. Earnings for 1992 also benefited from lower exploratory expenses in the U.K. North Sea.

GRAPHIC MATERIALS APPEAR HERE.

SEE APPENDIX GRAPHIC AND IMAGE IMAGE MATERIAL ITEMS 9, 10.

Total operating earnings for 1993 included a benefit of $169 million related to the change in the tax treatment of certain items under the U.K. Petroleum Revenue Tax and the tax rate reduction of this tax from 75% to 50 %. Special charges of $59 million were recorded relating to staff reductions and the reduction in the carrying value of certain assets, principally in the North Sea, brought about by a change in the Petroleum Revenue Tax laws.

Special items for 1992 included a gain related to the favorable settlement of a Danish tax issue and special charges for employee benefit costs primarily related to staff reductions. Total operating earnings for 1991 included gains related to a Canadian tax refund and special charges related to prior period income tax adjustments.

Manufacturing, Marketing and Distribution

United States

Millions of dollars	1993	1992	1991
Operating earnings, before special items	$306	$288	$241
Tax law change	(4)	--	--
Special charges	(87)	(21)	(54)
Total operating earnings	$215	$267	$187
Selected Operating Data--including interest in an affiliate			
Refinery input (000 BPD)	658	652	661
Refined product sales (000 BPD)	830	880	869

Total operating earnings for 1993 were $215 million as compared with $267 million for 1992. Total operating earnings for 1993 included a charge of $4 million due to the increase in the U.S. tax rate to 35% effective January 1, 1993 and special charges of $87 million for staff reductions and reserves for environmental remediation costs. Excluding special items, 1993 operating results reflected higher marketing margins on the East and Gulf coasts of the United States. Branded gasoline sales grew during the year 1993 as compared with 1992. Increased sales volumes in this preferred class of trade and lower refinery feedstock costs benefited operating results for 1993. Operating results were negatively impacted by refinery downtime.

Operating results for 1992 reflected improved product margins on the West Coast, particularly in the fourth quarter, as opposed to the depressed levels of 1991. Also, increased sales volumes of branded gasoline and lower operating expenses contributed to the improved earnings for the year 1992. These improved results were partly offset by weak refining margins on the East and Gulf Coasts, mainly caused by an oversupply of products in the marketplace.

Total operating earnings for 1992 included special charges of $18 million for employee benefit costs, primarily related to staff reductions, and $12 million for property damage associated with a fire at the Los Angeles refinery, partially offset by a benefit of $9 million relating to other issues. Operating earnings for 1991 included special charges for financial reserves relating to environmental remediation, expected resolution of environmental and other issues and a reduction in the carrying value of certain assets.

International

Millions of dollars	1993	1992	1991
Operating earnings, before special items	$464	$335	$578
Special charges	(30)	(35)	(27)
Gains from tax benefits and asset sales	--	--	96
Total operating earnings	$434	$300	$647
Selected Operating Data--including interests in affiliates			
Refinery input (000 BPD)	812	769	713
Refined product sales (000 BPD)	1,504	1,454	1,335

Operating earnings outside the United States were $434 million in 1993 compared with $300 million in 1992. This increase reflects strong margins in areas served by the company's affiliate, Caltex, including most

Pacific Rim countries and South Africa. Partially offsetting this improvement was a 1993 charge to Texaco's earnings of $51 million recorded by Caltex to recognize that the market value of inventories is lower than the LIFO carrying value. Strong margins were also realized in the Latin American operating areas, mainly Brazil.

Results from operations in 1992 outside the United States decreased as compared with 1991 reflecting significantly lower refinery margins in Europe, due mainly to an excess of product supply, as well as unit downtime at the Pembroke refinery in Wales. In the Pacific Rim, Caltex margins weakened during the year 1992. In the first quarter of 1991, Caltex results benefited from particularly strong margins in Japan. The year 1992 included benefits under SFAS 109 of approximately $25 million due to currency translation. This resulted primarily from lower U.K. deferred income taxes due to the weakness of the Pound Sterling versus the U.S. Dollar.

Total operating earnings for 1993 included special charges of $30 million related to staff reductions and the reduction in the carrying value of certain marketing assets.

Special charges in 1992 included $6 million for employee benefit costs, primarily related to staff reductions and $29 million for financial reserves for the expected resolution of environmental and other issues and the write-down of the carrying value of certain assets. Operating earnings for 1991 included special gains of $37 million related to a Canadian tax refund and $59 million, included in 1991 Caltex equity earnings, from the sale of surplus properties in Japan, partially offset by charges of $27 million related to costs associated with pension benefits and prior period taxes.

Nonpetroleum

Millions of dollars	1993	1992	1991
Operating losses, before special items	$ (9)	$ (1)	$(37)
Tax law change	(4)	--	--
Special charges	--	(18)	(14)
Total operating losses	$(13)	$(19)	$(51)

Operating results for 1991 through 1993 reflect developmental expenses in the company's alternate energy area. The impact of these charges was significantly reduced in 1992 by profits from the licensing of technology relating to gasification. These licensing profits were somewhat less in 1993.

The year 1993 included a charge of $4 million due to the increase in the U.S. tax rate to 35% effective January 1, 1993. The year 1992 included special charges by the company's insurance subsidiary for property damage related to a fire at the Los Angeles refinery and Hurricane Andrew. The year 1991 included special charges related to financial reserves for the expected resolution of environmental issues.

Corporate/Nonoperating

Millions of dollars	1993	1992	1991
Corporate/nonoperating, before special items	$(389)	$(474)	$(523)
Tax law change	23	--	--
Special charges	(53)	(25)	(40)
Gains from tax benefits and asset sales	210	30	46
Total	$(209)	$(469)	$(517)

Corporate/nonoperating includes interest expense, general corporate expenses as well as interest income, dividends and other nonoperating income.

During 1993, corporate/nonoperating results showed significant improvement over 1992 results due to the company's overhead expense reduction efforts as well as the impact of lower overall interest costs.

In 1992, corporate/nonoperating results also showed improvement as compared with those of the preceding year due to the impact of lower overall corporate interest rates, interest income on U.K. and Danish tax refunds, and the reduction of overhead expenses from the company's expense control efforts.

The year 1993 included current and deferred tax benefits realizable through the sale of interests in a subsidiary, benefits from a tax law change, a windfall profits tax refund, special charges relating to staff reductions and charges primarily relating to oil and gas issues.

The year 1992 included a gain related to the sale of an interest in a subsidiary and special charges for employee benefit costs, primarily related to staff reductions, and the write-down of the carrying value of certain assets. The year 1991 included gains arising from interest income on a Canadian tax refund and from the sale of an interest in an Australian uranium property, and special charges related to asset writedowns and the settlement of tax and other issues.

Environmental Matters

GRAPHIC MATERIALS APPEAR HERE.

SEE APPENDIX GRAPHIC AND IMAGE IMAGE MATERIAL ITEM 11.

Texaco has an active program to ensure that the company's high environmental standards are maintained, which includes closely monitoring U.S. Federal, state and local, and international regulatory requirements. Texaco's activities concerning environmental, health and safety matters are overseen by the Public Responsibility Committee of the Board of Directors. The worldwide responsibilities for these activities are coordinated by a corporate officer whose department's mission includes carrying out environmental audits of facilities. Texaco is committed to conducting its operations in a manner that minimizes the environmental impact of the company's operations and maximizes safety and the protection of health. The company works closely with governmental agencies to ensure compliance with the various environmental laws and regulations.

Texaco is a member in over 30 oil spill cooperatives, including the Oil Spill Response Limited and supports the Marine Spill Response Corporation. Additionally, Texaco underwrites its own regional and international oil spill response teams and its emergency response assistance team as part of the company's emergency planning. Texaco's involvement in other proactive organizations that define and promote environmental standards include the American Petroleum Institute and the International Chamber of Commerce.

Texaco makes substantial capital and operating expenditures concerning the environment. These expenditures relate to the prevention of the release of pollutants into the air and water and to the disposal of wastes. These expenditures also include costs associated with remediation obligations at company operated sites, previously operated sites and at certain third party sites.

The discussion that follows details environmental expenditures and reserve information relative to Texaco and its equity in affiliates.

In 1993, Texaco's capital environmental expenditures amounted to $302 million. The major portion of these expenditures related to investments required by regulations under the U.S. Clean Air Act. Expenditures in 1993 included initial capital investments to meet reformulated gasoline standards and completion of capital investments at refineries to reduce sulfur levels in diesel fuels. Further investments will be required in the future as more provisions of the Clean Air Act become effective. Capital expenditures for 1994 and 1995 projected for the company amount to $399 million and $410 million, respectively. Of these 1994 and 1995 capital expenditures, approximately 69% will relate to operations in the United States.

Texaco spent and expensed approximately $276 million in 1993 associated with prevention of pollution in the company's ongoing operations and in the management of the company's environmental programs, including Superfund taxes. A similar level of expenditures is expected in 1994.

Expenditures in 1993 relating to remediation amounted to $147 million. The company had financial reserves of $821 million at the end of 1993 for the estimated future costs of its environmental remediation programs. These expenditures and reserves principally relate to remediation activities at refineries, terminals and service stations, and to third party waste sites in which Texaco has been named as a responsible party.

Since the enactment of the Comprehensive Environmental Response, Compensation and Liability Act (commonly referred to as Superfund), the Environmental Protection Agency (EPA), other regulatory agencies and groups have identified Texaco as a potentially responsible party (PRP) for cleanup of hazardous waste sites. Texaco has determined that it may have potential exposure, though limited in certain cases, at about 200 multiparty hazardous waste sites, of which 85 sites are on the EPA's National Priority List. Although liability under

Superfund is joint and several, the company is actively pursuing and/or participating in sharing of Superfund costs with other identified PRPs using weight, volume and toxicity factors of the material contributed by the PRPs. The expenditures in 1993 relating to remediation included $21 million for multiparty waste sites. The financial reserves for environmental remediation include $82 million relative to multiparty waste sites. This reserve is based on the company's analysis of developments at various of these sites for which costs can reasonably be estimated. However, there are potential additional costs for waste sites for which a range of exposures cannot reasonably be estimated until further information develops. In many cases, the amounts and types of wastes are still under investigation by regulatory agencies.

In addition to the environmental remediation reserves, the company also provides financial reserves to cover the cost of restoration and abandonment of its oil and gas producing properties. These reserves at December 31, 1993 totaled $816 million. Expenditures in 1993 for restoration and abandonment amounted to $52 million.

In summary, Texaco has provided, to the extent reasonably measurable, financial reserves for its probable environmental remediation liabilities. The recording of these obligations is based on technical evaluations of the currently available facts, interpretation of the regulations and the company's experience with similar sites. Additional financial reserve requirements relative to existing and new remediation sites may be necessary in the future when more facts are known. In addition, capital and other environmental expenditures may be required in the future as the result of new or revised regulations. The potential also exists for further legislation to provide limitations on liability. It is not possible to project the costs or a range of costs for environmental items beyond that disclosed above due to uncertainty surrounding future developments, both in relation to remediation exposure and to regulatory initiatives. However, while future environmental expenditures that will be incurred by the petroleum industry may certainly be significant in the absolute, they will be a cost of doing business that will have to be recovered in the marketplace. The fact that Texaco has taken a proactive approach to prevention, detection and remediation of environmental problems gives the company a competitive position in our industry with respect to future environmental costs. Moreover, it is not believed that such future costs will be material to the company's financial position nor to its operating results over any reasonable period of time.

Liquidity and Capital Resources

GRAPHIC MATERIALS APPEAR HERE.

SEE APPENDIX GRAPHIC AND IMAGE IMAGE MATERIAL ITEMS 12, 13, 14.

The company's cash, cash equivalents and short-term investments totaled $536 million at December 31, 1993 as compared with the year-end 1992 level of $482 million.

Texaco's net cash provided by operating activities for 1993 (as presented on the Statement of Consolidated Cash Flows) was impacted by significant items not directly related to current period operations. Among these items were outflows relating to environmental expenditures, legal settlements and tax payments relating to prior years. Also, the company's accounts receivable sales facility was not utilized at the end of 1993 but was fully utilized at year-end 1992. In the aggregate, these items decreased Texaco's 1993 cash flow by some $700 million. Excluding these items, cash generated from normal operating activities of some $3.1 billion remained comparable to the prior year though somewhat lower than 1991 due to continuing weak oil prices.

Cash generated from normal operating activities, proceeds from asset sales of $373 million, mainly through the formation of U.S. producing joint ventures, as well as financing activities discussed below, totaled some $5 billion. These sources of cash were used to support Texaco's capital and exploratory program of $2.3 billion, for the payment of dividends to common, preferred and minority shareholders of $1.0 billion and for working capital, the retirement of debt and other general corporate purposes.

Cash generated by financing activities included the issuance by Texaco Capital LLC, a finance subsidiary, of $350 million of Cumulative Guaranteed Monthly Income Preferred Shares, Series A, in a public offering. The shares were sold at $25 per share with an annual dividend rate of 6 7/8%, and are callable at par after five years. Additionally, a producing subsidiary of Texaco issued $75 million of its preferred stock in a private placement.

Total debt at December 31, 1993 amounted to $6.8 billion as compared to $6.6 billion at year-end 1992. Texaco's ratio of total debt to total borrowed and invested capital was 38.7% at December 31, 1993, lower than the 39.3% and 39.4% at year-end 1992 and 1991, respectively. The company continued restructuring its debt portfolio during 1993, reducing its average interest cost over the past three years by nearly one percentage point to 7.1%, while increasing its average maturity over the same period by nearly five years to 12.3 years. In 1993, the company completed public long-term debt offerings totaling $732 million, which included $200 million of 30-year debt, $200 million of 40-year debt, $200 million of 50-year debt and $132 million under its medium-term note program. The 50-year debt issue helped reestablish the market for 50- to 100-year corporate debt.

Texaco maintains revolving credit facilities with commitments of $2.35 billion which remained unused at year-end 1993. Texaco also maintains an accounts receivable sales facility of approximately $400 million which was not utilized at December 31, 1993.

During 1993, Texaco entered into memorandums of understanding to sell Texaco Chemical Company and substantially all of its worldwide petrochemical operations for $1,045 million, of which $850 million of this transaction, consisting of cash of approximately $650 million and a note of approximately $200 million, is expected to be completed in the first quarter of 1994. The sale of the additives portion of the chemical business is expected to take place by September 30, 1994. It is anticipated that the proceeds from these sales will be used in support of Texaco's investment programs in its core business as well as other general corporate purposes.

Subsequent to year-end, Texaco reached an out-of-court global settlement ending a long-standing royalty dispute with the state of Louisiana. The settlement calls for Texaco to pay the state of Louisiana $250 million, consisting of a $150 million payment in February, 1994 and $50 million payments in 1995 and 1996. In addition, Texaco will embark on an economic expansion program in which it will cause $152 million to be spent over the next five years on expanded activity and investments affecting state-owned oil and gas properties in which Texaco has interests.

The company considers its financial position sufficient to meet its anticipated future financial requirements.

Reserves

GRAPHIC MATERIALS APPEAR HERE.

SEE APPENDIX GRAPHIC AND IMAGE IMAGE MATERIAL ITEM 15.

Texaco's worldwide net proved reserves at year-end 1993, including equity in P.T. Caltex Pacific Indonesia (CPI), an affiliate, totaled 3.7 billion barrels of oil equivalent, of which 59% were in the United States. The worldwide reserves include 2.7 billion barrels of crude oil and natural gas liquids, and 6.1 trillion cubic feet of natural gas.

On a worldwide basis, including equity reserves and excluding purchases and sales, the company added new volumes to its reserve base equal to 112% of combined liquid and gas production in 1993, 94% in 1992 and 98% in 1991. The three-year average for 1991-1993 was 101% and the five-year average for 1989-1993 was 106%.

Texaco's worldwide finding and development costs were $3.84 in 1993, $4.53 over the three-year period 1991-1993 and $4.10 over the five-year period 1989-1993.

In 1993, reserve additions in the United States replaced 89% of the combined oil and gas production versus 82% in 1992. Outside the United States, reserve additions in 1993 replaced 155% of the combined oil and gas production versus 120% in 1992.

Capital and Exploratory Expenditures

GRAPHIC MATERIALS APPEAR HERE.

SEE APPENDIX GRAPHIC AND IMAGE IMAGE MATERIAL ITEM 16.

Worldwide capital and exploratory expenditures for continuing operations, including equity in such expenditures of affiliates, were $2.9 billion for the year 1993 as compared to $3.0 billion in 1992 and $3.4 billion in 1991. The declines in 1993 and 1992 as compared to 1991 reflect the impact of continuing depressed crude oil prices and low refined product margins. The company continuously reexamines its capital and exploratory program and systematically reprioritizes the timing of projects in an effort to add value for its shareholders. Texaco remains committed to adding to the company's underground reserve base through a balanced portfolio approach which mixes a selection of low, medium and high risk exploration opportunities together with those opportunities where established reserves entail sophisticated technology to exploit. Texaco also remains committed to upgrading refinery facilities to enhance the production of valuable light-end products and improve product distribution through investments in retail class-of-trade marketing outlets. Many of these opportunities are in the international sector as evidenced by the increase in expenditures outside the United States from 48% of the total expenditures in 1991 to 54% in 1993.

United States

Upstream capital and exploratory expenditures increased in 1993 as compared to 1992 representing higher drilling and workover activity. These expenditures, however, remained below the 1991 level primarily due to lower crude prices. Downstream expenditures in 1993 by Texaco and its affiliate, Star Enterprise, declined as compared to recent years primarily due to the completion of refinery upgrade projects that began in 1991. The decline also reflects expenditures related to service station acquisitions in 1991. Expenditures in 1993 for other operations continued to decline due to the completion of joint-venture cogeneration facilities under construction in 1991 and 1992. These facilities efficiently produce steam and electricity from clean-burning gas.

International

GRAPHIC MATERIALS APPEAR HERE.

SEE APPENDIX GRAPHIC AND IMAGE IMAGE MATERIAL ITEM 17.

Upstream capital and exploratory expenditures in 1993 declined as compared with 1992 and 1991 reflecting the completion of several development projects in the U.K. North Sea where new production was placed on stream, as well as reduced exploratory expenses in many international areas. The year 1991 also included lease acquisitions in Canada. These declines were partially offset by increased appraisal drilling in the U.K. North Sea and higher investments in Indonesia and Australia. Downstream expenditures in 1993 increased as compared to 1992 and 1991 reflecting refinery upgrades and modernization by the company's affiliate, Caltex, which conducts operations in the Middle East and Far East. This increase was partially offset by the completion of a refinery upgrade project at Pembroke in the United Kingdom in early 1993.

1994 Capital and Exploratory Expenditures

Texaco's capital and exploratory spending level, including equity in such expenditures of affiliates, is projected to approximate $3 billion during 1994. Of this amount, 56% has been designated for upstream opportunities and 44% for downstream and other activities. On a geographical basis, 53% will be directed to international areas and 47% to the U.S.

Upstream opportunities include Texaco's on-going risk-balanced exploration portfolio, expenditures for natural gas projects in the U.S. and Europe, continued offshore developments in the North Sea and Indonesia and worldwide enhanced reserve recovery projects. These projects will utilize state-of-the-art technological applications such as 3-D seismic imaging of the earth's sub-surface, CO_2 injection, horizontal drilling and steam-flooding applications.

Downstream investments will concentrate on meeting U.S. reformulated gasoline and other environmental requirements, refinery expansions and upgrades, particularly in the Pacific Rim and Panama, and selective investments in marketing growth areas and transportation facilities.

Capital and Exploratory Expenditures

Millions of dollars For the years ended December 31	1993	1992	1991
Texaco Inc. and subsidiary companies			
United States			
Exploration	$ 194	$ 190	$ 234
Production	602	545	670
Manufacturing, marketing and distribution	347	363	396
Other	37	60	80
Total	1,180	1,158	1,380
International			
Exploration	280	254	401

Production	475	607	548
Manufacturing, marketing and distribution	291	318	332
Other	6	16	12
Total	1,052	1,195	1,293
Total Texaco Inc. and subsidiary companies	2,232	2,353	2,673
Equity in affiliates			
United States			
Exploration and production	3	3	1
Manufacturing, marketing and distribution	147	246	292
Other	7	17	106
Total	157	266	399
International			
Exploration and production	151	148	159
Manufacturing, marketing and other*	352	237	194
Total	503	385	353
Total equity in affiliates	660	651	752
Total continuing operations	2,892	3,004	3,425
Discontinued operations	84	160	144
Total worldwide	$2,976	$3,164	$3,569

*Excludes expenditures of Caltex's affiliated companies.

Industry Review

Review of 1993

The world economy remained sluggish in 1993. Although the United States economy grew at a modest 2.9% rate in 1993, Western Europe and Japan slipped into recession, and the former Soviet Union continued to experience large contractions in domestic output. The most robust economic expansion continued to occur in the developing and newly-industrialized nations of the Pacific Rim.

Largely reflecting the recessions in Western Europe and Japan, and economic depression in the former Soviet Union, world oil demand declined from 67.1 million BPD in 1992 to 66.9 million BPD in 1993. Demand in the industrial nations as a whole fell slightly: U.S. oil demand rose only 0.5% in 1993 from 17.1 million BPD to 17.2 million BPD, while combined oil demand in Western Europe and Japan declined by 0.2 million BPD, offsetting the small U.S. gain.

World Petroleum Demand

Million BPD	1993	1992	1991
Industrial nations	38.9	38.9	38.3
Developing nations	21.2	20.1	18.9
Former Soviet bloc	6.8	8.1	9.6
Total	66.9	67.1	66.8

Mirroring the severe economic conditions in the former Soviet Union and cutbacks in Russian exports, oil demand in the former Soviet bloc (including Eastern Europe) averaged 6.8 million BPD in 1993, a drastic fall of 17% versus 1992. On the other hand, demand in China and the other developing countries continued to grow strongly.

On the supply side, total non-OPEC crude oil production continued its decline of the last several years, slipping from 35.9 to 35.1 million BPD, primarily because Russian output fell by over 1 million BPD from 1992 levels. However, non-OPEC crude production excluding Russia increased at rates not seen in many years, buoyed by record levels of production in the North Sea and significant increases in other areas.

Notwithstanding the decline in world oil consumption and renewed expansion in non-OPEC supplies outside of the former Soviet Union, OPEC crude production rose to 24.7 million BPD in 1993, 0.7 million BPD higher than 1992 levels.

Crude oil prices were stable during the first half of 1993, but declined sharply in the latter part of the year as a result of a general market perception of surplus oil supplies, the steady accumulation of excess oil inventories, and the continued possibility of Iraqi oil being added to an already saturated oil market. The spot price of West Texas Intermediate (WTI) dropped by almost 25% between June 1993 and December 1993, to a low of $14.50 per barrel. For the year as a whole, WTI averaged $18.44 per barrel, 10% lower than the previous year.

Despite the weakness in global oil demand, refiners' margins showed general improvement in most regions of the world, aided by lower crude prices.

Near-Term Outlook

World economic growth is expected to pick up somewhat in 1994 as the U.S. expansion accelerates and Western Europe and Japan emerge from recession. Growth in much of the developing world should also continue to be robust. However, the economies of the former Soviet Union are expected to contract further in 1994, as economic restructuring continues.

Spurred by continued economic expansion and exceptionally cold weather early in 1994, U.S. oil demand is expected to increase by about 0.3 million BPD to 17.5 million BPD. The beginnings of economic recovery in Western Europe and Japan are expected to add another 0.2 million BPD to world oil demand. As in 1993, the most significant growth in oil demand will be in the developing countries, where demand is expected to grow by 0.7 million BPD. These increases will be partially offset by declines in oil consumption in the former Soviet bloc, and world oil demand in total should rise by about 0.6 million BPD in 1994.

Near-Term World Supply/Demand Balance

Million BPD	1994	1993
Demand	67.5	66.9
Supply		
Non-OPEC Crude	34.9	35.1
OPEC Crude	24.7	24.7
Other Liquids	7.9	7.7
Total Supply	67.5	67.5
Stock Change	--	0.6

After the steady decline since the late 1980's, non-OPEC liquids production is likely to remain more-or-less flat in 1994 at about the 40.5 million BPD level. Former Soviet oil output will continue to fall, but at a slower rate than in 1993. The rate of decline in U.S. crude production should also moderate. These declines will be offset by strong gains in the U.K. sector of the North Sea and increases in many other non-OPEC producing countries.

The outlook for OPEC production hinges largely on whether the OPEC members, battered financially by recent price declines, exercise renewed restraint. Posturing for an eventual resumption of Iraqi exports could well influence the behavior of key Arabian Gulf producers.

After years of a market characterized by excess deliverability, the U.S. natural gas supply/demand continued to move into closer balance in 1993. Demand for natural gas is expected to grow as the U.S. economy strengthens and requirements for this environmentally-preferred fuel expand. Domestic natural gas supplies will continue to be augmented by imports from Canada.

Statements of Consolidated Income and Retained Earnings

	For the years ended December 31	1993	1992*	1991*
		Millions of dollars		
Revenues	Sales and services (includes transactions with significant affiliates of $3,027 million in 1993, $3,672 million in 1992 and $4,124 million in 1991)	$ 33,245	$ 35,687	$ 36,112
	Equity in income of affiliates, income from dividends, interest, asset sales and other	826	843	1,050
		34,071	36,530	37,162
Deductions	Purchases and other costs (includes transactions with			

		1993	1992	1991
	significant affiliates of $1,709 million in 1993, $1,838 million in 1992 and $2,062 million in 1991)	24,667	26,961	27,070
	Operating expenses	3,086	3,072	3,306
	Selling, general and administrative expenses	1,783	1,792	1,841
	Maintenance and repairs	418	446	466
	Exploratory expenses	352	349	436
	Depreciation, depletion and amortization	1,568	1,536	1,496
	Interest expense	459	477	558
	Taxes other than income taxes	549	530	551
	Minority interest	17	18	16
		32,899	35,181	35,740
	Income from continuing operations, before income taxes and cumulative effect of accounting changes	1,172	1,349	1,422
	Provision for (benefit from) income taxes (see Note 13)	(87)	311	130
	Net income from continuing operations, before cumulative effect of accounting changes	1,259	1,038	1,292
	Discontinued operations			
	Net income (loss) from operations	(17)	(26)	2
	Net loss on disposal	(174)	--	--
		(191)	(26)	2
	Cumulative effect of accounting changes	--	(300)	--
Net Income		$ 1,068	$ 712	$ 1,294
	Preferred stock dividend requirements	$ 101	$ 99	$ 103
	Net income available for common stock	$ 967	$ 613	$ 1,191
Net Income Per Common Share (dollars)				
	Net income (loss) before cumulative effect of accounting changes			
	Continuing operations	$ 4.47	$ 3.63	$ 4.60
	Discontinued operations	(.73)	(.10)	.01
	Cumulative effect of accounting changes	--	(1.16)	--
	Net income	$ 3.74	$ 2.37	$ 4.61
Average Number of Common Shares Outstanding (thousands)		258,923	258,656	258,410
Retained Earnings	Balance at beginning of year	$ 7,312	$ 7,514	$ 7,150
	Add: Net income	1,068	712	1,294
	Tax benefit on unallocated ESOP Convertible Preferred Stock dividends	13	13	--
	Deduct: Dividends declared on			
	Common stock ($3.20 per share in 1993, 1992 and 1991)	828	828	827
	Preferred stock	102	99	103
	Balance at end of year	$ 7,463	$ 7,312	$ 7,514

*Results for 1992 and 1991 have been reclassified to separately identify discontinued operations (see Note 3).

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheet

		Millions of dollars	
	As of December 31	1993	1992
Assets	Current Assets		
	Cash and cash equivalents	$ 488	$ 461
	Short-term investments--1993 at fair value, 1992 at cost, which approximates market	48	21
	Accounts and notes receivable (includes receivables from significant affiliates of $199 million in 1993 and $259 million in 1992), less allowance for doubtful accounts of $28 million in 1993 and $24 million in 1992	3,529	3,390
	Inventories	1,298	1,461
	Net assets of discontinued operations (see Note 3)	1,180	--
	Deferred income taxes and other current assets	322	278
	Total current assets	6,865	5,611
	Investments and Advances	4,984	4,533
	Net Properties, Plant and Equipment	14,171	15,226
	Deferred Charges	606	622
	Total	$26,626	$25,992
Liabilities and Stockholders' Equity			
	Current Liabilities		

Notes payable, commercial paper and current portion of long-term debt	$ 669	$ 140
Accounts payable and accrued liabilities (includes payables to significant affiliates of $81 million in 1993 and $80 million in 1992)	3,324	3,177
Estimated income and other taxes	763	908
Total current liabilities	4,756	4,225
Long-Term Debt and Capital Lease Obligations	6,157	6,441
Deferred Income Taxes	1,162	1,370
Employee Retirement Benefits	1,104	1,102
Deferred Credits and Other Noncurrent Liabilities	2,636	2,693
Minority Interest in Subsidiary Companies	532	188
Total	16,347	16,019
Stockholders' Equity		
Variable Rate Cumulative Preferred Stock	648	648
Market Auction Preferred Shares	300	300
ESOP Convertible Preferred Stock	536	543
Unearned employee compensation	(337)	(385)
Common stock--274,293,417 shares issued	1,714	1,714
Paid-in capital in excess of par value	655	654
Retained earnings	7,463	7,312
Currency translation adjustment	18	(24)
Unrealized net gain on investments	58	--
	11,055	10,762
Less--Common stock held in treasury, at cost--15,273,372 shares in 1993 and 15,545,777 shares in 1992	776	789
Total stockholders' equity	10,279	9,973
Total	$26,626	$25,992

See accompanying notes to consolidated financial statements.

Statement of Consolidated
Stockholders' Equity

Shares in thousands; amounts in millions of dollars

	1993		1992		1991	
	Shares	Amount	Shares	Amount	Shares	Amount
Preferred stock--par value $1; Shares authorized--30,000,000						
Series C Variable Rate Cumulative Preferred Stock--stated value of $50 per share						
Beginning and end of year	5,334	$ 267	5,334	$ 267	5,334	$ 267
Series E Variable Rate Cumulative Preferred Stock--stated value of $100,000 per share						
Beginning and end of year	4	381	4	381	4	381
Market Auction Preferred Shares (Series G, H, I and J)--liquidation preference of $250,000 per share						
Beginning of year	1	300	--	--		
Issuance	--	--	1	300		
End of year	1	300	1	300		
Series B ESOP Convertible Preferred Stock--liquidation value of $600 per share						
Beginning of year	823	494	828	497	831	499
Retirements	(11)	(7)	(5)	(3)	(3)	(2)
End of year	812	487	823	494	828	497
Series F ESOP Convertible Preferred Stock--liquidation value of $737.50 per share						
Beginning of year	67	49	68	50	68	50
Retirements	(1)	--	(1)	(1)	--	--
End of year	66	49	67	49	68	50
Unearned employee compensation (related to ESOP preferred stock and restricted stock awards)						
Beginning of year		(385)		(435)		(479)
Establishment		(10)		--		--
Amortization and other		58		50		44
End of year		(337)		(385)		(435)
Common stock--par value $6.25; Shares authorized--350,000,000						
Issued	274,293	1,714	274,293	1,714	274,293	1,714
Common stock held in treasury, at cost						
Beginning of year	15,545	(789)	15,799	(799)	16,132	(813)
Debenture conversions	--	--	(12)	1	(17)	1
Other--mainly employee compensation plans	(272)	13	(242)	9	(316)	13
End of year	15,273	(776)	15,545	(789)	15,799	(799)

	1993	1992	1991
Paid-in capital in excess of par value			
Beginning of year	654	658	656
Issuance of preferred stock and treasury stock transactions relating to investor services plan and employee compensation plans	1	(4)	2
End of year	655	654	658
Retained earnings--End of year*	7,463	7,312	7,514
Currency translation adjustment			
Beginning of year	(24)	(19)	(40)
Change during year	42	(5)	21
End of year	18	(24)	(19)
Unrealized net gain on investments--End of year	58	--	--
Stockholders' equity--End of year	$10,279	$9,973	$9,828

*For changes during the years, refer to accompanying Statement of Consolidated Retained Earnings.
See accompanying notes to consolidated financial statements.

Statement of Consolidated Cash Flows

	For the years ended December 31	1993	1992	1991
		Millions of dollars		
Operating Activities	Net income	$1,068	$ 712	$1,294
	Reconciliation to net cash provided by (used in) operating activities			
	Loss on disposal of discontinued operations	223	--	--
	Cumulative effect of accounting changes	--	300	--
	Depreciation, depletion and amortization	1,631	1,627	1,560
	Deferred income taxes	(283)	67	35
	Exploratory expenses	352	349	436
	Minority interest in net income	17	18	16
	Dividends from affiliates, less than equity in income	(227)	(149)	(288)
	Changes in operating working capital			
	Accounts and notes receivable	(275)	650	786
	Inventories	26	45	(125)
	Accounts payable and accrued liabilities	(215)	(529)	(1,061)
	Other--mainly estimated income and other taxes	(108)	(184)	156
	Other--net	153	(231)	157
	Net cash provided by operating activities	2,362	2,675	2,966
Investing Activities	Capital and exploratory expenditures	(2,326)	(2,533)	(2,795)
	Proceeds from sales of assets	373	176	221
	Purchases of investment instruments	(1,342)	(1,457)	(860)
	Sales of investment instruments	1,258	1,303	982
	Other--net	(7)	(2)	70
	Net cash used in investing activities	(2,044)	(2,513)	(2,382)
Financing Activities	Borrowings having original terms in excess of three months			
	Proceeds	821	1,707	1,883
	Repayments	(796)	(1,529)	(1,022)
	Net increase (decrease) in other borrowings	296	(49)	(319)
	Issuance of preferred stock	--	300	--
	Issuance of preferred stock by subsidiaries	425	--	--
	Dividends paid to the company's stockholders			
	Common	(828)	(828)	(827)
	Preferred	(101)	(99)	(103)
	Dividends paid to minority shareholders	(84)	(8)	(21)
	Other--net	(11)	--	--
	Net cash used in financing activities	(278)	(506)	(409)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		(13)	(38)	(25)
Increase (Decrease) in Cash and Cash Equivalents		27	(382)	150
Cash and Cash Equivalents at Beginning of Year		461	843	693
Cash and Cash Equivalents at End of Year		$ 488	$ 461	$ 843

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 1.
Description
of Significant

Accounting Policies

Principles of Consolidation

The consolidated financial statements consist of the accounts of Texaco Inc. and subsidiary companies owned directly or indirectly more than 50 percent. Intercompany accounts and transactions are eliminated.

The U.S. Dollar is the functional currency of all the company's operations and of a substantial portion of the operations of its affiliates accounted for on the equity method.

Cash Equivalents

Highly liquid investments with a maturity of three months or less when purchased are generally considered to be cash equivalents.

Inventories

Virtually all inventories of crude oil, petroleum products and petrochemicals are stated at cost, determined on the last-in, first-out (LIFO) method. Other merchandise inventories are stated at cost, determined on the first-in, first-out (FIFO) method. Materials and supplies are stated at average cost. Inventories are valued at the lower of cost or market.

Investments and Advances

The equity method of accounting is used for investments in certain affiliates owned 50 percent or less, including corporate joint ventures and partnerships. Under this method, equity in the pretax income or losses of partnerships and in the net income or losses of corporate joint-venture companies is reflected currently in Texaco's revenues, rather than when realized through dividends or distributions. Investments in the entities accounted for on this method generally reflect Texaco's equity in their underlying net assets.

The company's interest in the net income of affiliates accounted for at cost is reflected in net income when realized through dividends.

Properties, Plant and Equipment and Depreciation, Depletion and Amortization

Texaco follows the "successful efforts" method of accounting for its oil and gas exploration and producing operations.

Lease acquisition costs related to properties held for oil, gas and mineral production are capitalized when incurred. Unproved properties with acquisition costs which are individually significant are assessed on a property-by-property basis, and a loss is recognized, by provision of a valuation allowance, when the assessment indicates an impairment in value. Unproved properties with acquisition costs which are not individually significant are generally aggregated and the portion of such costs estimated to be nonproductive, based on historical experience, is amortized on an average holding period basis.

Exploratory costs, excluding the costs of exploratory wells, are charged to expense as incurred. Costs of drilling exploratory wells, including stratigraphic test wells, are capitalized pending determination whether the wells have found proved reserves which justify commercial development. If such reserves are not found, the drilling costs are charged to exploratory expenses. Intangible drilling costs applicable to productive wells and to development dry holes, as well as tangible equipment costs related to the development of oil and gas reserves, are capitalized.

The costs of productive leaseholds and other capitalized costs related to producing activities, including tangible and intangible costs, are amortized principally by field on the unit-of-production basis by applying the ratio of produced oil and gas to estimated recoverable proved oil and gas reserves. Estimated future restoration and abandonment costs are taken into account in determining amortization and depreciation rates.

Depreciation of properties, plant and equipment related to facilities other than producing properties is provided generally on the group plan, using the straight-line method, with depreciation rates based upon estimated useful life applied to the cost of each class of property. Marine vessels are depreciated based on estimated useful lives using the straight-line method.

Capitalized nonmineral leases are amortized over the estimated useful life of the asset or the lease term, as appropriate, using the straight-line method.

Periodic maintenance and repairs applicable to marine vessels and manufacturing facilities are accounted for on the accrual basis. Normal maintenance and repairs of all other properties, plant and equipment are charged to expense as incurred. Renewals, betterments and major repairs that materially extend the useful life of properties are capitalized and the assets replaced, if any, are retired.

When capital assets representing complete units of property are disposed of, the difference between the disposal proceeds and net book value is credited or charged to income. When miscellaneous business properties are disposed of, the difference between asset cost and salvage value is charged or credited to accumulated depreciation.

Environmental Expenditures

Environmentally related remediation costs are recorded as liabilities and expensed when remediation of a property is probable and the related costs can be reasonably estimated. If recoveries of environmental costs from third parties are reasonably assured, a receivable is recorded. Other environmental expenditures, that are principally maintenance or preventive in nature, are recorded when expended and are expensed or capitalized as appropriate.

Minority Interest in Subsidiary Companies

Minority interest in the Consolidated Balance Sheet reflects minority owners' share of stockholders' equity in subsidiaries.

Deferred Income Taxes

For all periods presented, deferred income taxes are determined utilizing a liability approach. This approach gives consideration to the future tax consequences associated with differences between financial accounting and tax bases of assets and liabilities. These differences relate to items such as depreciable and depletable properties, exploratory and intangible drilling costs, nonproductive leases, merchandise inventories and certain liabilities. This approach gives immediate effect to changes in income tax laws upon enactment. The income statement effect is derived from changes in deferred income taxes on the balance sheet.

Provision is not made for possible income taxes payable upon distribution of accumulated earnings of foreign subsidiary companies and affiliated corporate joint-venture companies when such earnings are deemed to be permanently reinvested.

The company adopted Statement of Financial Accounting Standards 109 as of January 1, 1992. For additional information, refer to Note 2, Changes in Accounting Principles.

Net Income per Common Share

Primary net income per common share is based on net income less preferred stock dividend requirements divided by the average number of common shares outstanding and common equivalents. Fully diluted net income per common share assumes full conversion of all convertible securities into common stock at the later of the beginning of the year or date of issuance (unless antidilutive).

Accounting for Contingencies

Certain conditions may exist as of the date financial statements are issued, which may result in a loss to the company, but which will only be resolved when one or more future events occur or fail to occur. Such contingent liabilities are assessed by the company's management and legal counsel. The assessment of loss contingencies necessarily involves an exercise of judgment and is a matter of opinion. In assessing loss contingencies related to legal proceedings that are pending against the company or unasserted claims that may result in such proceedings, the company's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the company's financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed. However, in some instances in which disclosure is not otherwise required, the company may disclose contingent liabilities of an unusual nature which, in the judgment of management and its legal counsel, may be of interest to shareholders or others.

Note 2. Changes in
Accounting Principles

In 1993, the company adopted the following Statements of Financial Accounting Standards (SFAS).

Employers' Accounting for Postemployment Benefits--SFAS 112 requires companies to accrue the cost of postemployment benefits either during the years that the employee renders the necessary service or at the date of the event giving rise to the benefit, depending upon whether certain conditions are met. Adoption of the Standard as of January 1, 1993 did not impact 1993 net income since the company had been accounting for substantially all of these costs in accordance with the new Standard.

Accounting for Certain Investments in Debt and Equity Securities--SFAS 115 requires that investments in equity securities that have readily determinable fair values and all investments in debt securities be classified into three categories based on management's intent. Such investments are to be reported at fair value except for investments intended to be held to maturity which are to be reported at amortized cost. Previously, all such investments were accounted for at amortized cost.

The cumulative effect on the consolidated financial statements of adopting SFAS 115 as of December 31, 1993 was not material. Adoption of this Standard resulted in an increase in stockholders' equity of $58 million, after related income taxes, representing unrealized net gains applicable to securities categorized as available-for-sale under the new Standard. SFAS 115 prohibits restatement of previous financial statements.

During the fourth quarter of 1992, the company and its significant affiliates adopted the following Statements, retroactive to January 1, 1992.

Employers' Accounting for Postretirement Benefits Other Than Pensions--SFAS 106 requires accrual of the cost of postretirement benefits over the estimated service lives of employees. For Texaco, these benefits principally relate to life insurance and health-care coverage. Previously, such costs were accounted for on a pay-as-you-go basis. The adoption of SFAS 106 resulted in a cumulative after-tax charge of $536 million, or $2.07 per common share, and an after-tax charge for the year 1992 of $27 million, or $.10 per common share.

Accounting for Income Taxes--SFAS 109 maintains the liability concept of income tax accounting in SFAS 96, but allows for the assumption of future taxable income in the recognition of deferred tax assets. Additionally, under SFAS 109 deferred taxes are not recorded on the differences between the historic and current translation rates for accounts translated for financial reporting at historic rates. SFAS 96 required the recording of deferred taxes on such differences. The adoption of SFAS 109 resulted in a cumulative benefit of $236 million, or $.91 per common share, and a benefit for the year 1992 of $177 million, or $.68 per common share.

Note 3. Discontinued Operations

In the third quarter of 1993, Texaco made the determination that substantially all of its worldwide chemical operations would be sold and therefore has accounted for these operations as discontinued operations. Memorandums of understanding were entered into with Huntsman Financial Corporation ("Huntsman"), an affiliate of the Jon M. Huntsman Group of Companies, for the sale of these discontinued operations. Except for the additives portion of the chemical business, the sale to Huntsman is expected to be completed in the first quarter of 1994, subject to completing a definitive agreement and obtaining any required governmental approvals. The sale of the additives business is expected to take place by September 30, 1994. Texaco has agreed to cooperate with Huntsman, at their request, to sell the additives business to a third party. The combined purchase price of the chemical businesses is $1,045 million, consisting of cash and notes of approximately $200 to $250 million. Huntsman will assume current liabilities and ongoing contractual obligations, while Texaco will retain the remaining obligations applicable to events occurring prior to the date of closing.

The results for chemical operations to be sold have been classified as discontinued operations for all periods presented in the Statement of Consolidated Income. The assets and liabilities of discontinued operations have been reclassified in the December 31, 1993 Consolidated Balance Sheet from their historical classifications to separately reflect them as net assets of discontinued operations. The Consolidated Balance Sheet for the prior period has not been restated. Discontinued operations have not been segregated in the Statement of Consolidated Cash Flows for 1993 and prior years. Therefore, amounts for certain captions will not agree with the restated Statement of Consolidated Income.

Related party transactions between the discontinued operations and Texaco's significant affiliates included both sale and purchase transactions. Sales to affiliates amounted to $67 million, $81 million and $86 million for 1993, 1992 and 1991, respectively. For the years 1993, 1992 and 1991, purchases from affiliates amounted to $118 million, $102 million and $103 million, respectively. Receivables from and payables to these affiliates at the end of each of these periods were immaterial.

The summarized results of discontinued operations and related per common share effects are as follows:

For the years ended December 31 (Millions of dollars)	1993	1992	1991
Revenues	$1,114	$1,128	$1,160
Loss from operations before income taxes	$ (19)	$ (44)	$ (2)
Benefit from income taxes	2	18	4
Net income (loss) from operations	$ (17)	$ (26)	$ 2
Loss on disposal			

before income taxes*	$ (223)	$ --	$ --
Benefit from income taxes	49	--	--
Net loss on disposal	$ (174)	$ --	$ --
Total net income (loss)	$ (191)	$ (26)	$ 2

*1993 includes losses in phase-out period of $19 million.

Per common share (dollars)			
Net income (loss) from operations	$ (.06)	$ (.10)	$ .01
Loss on disposal	(.67)	--	--
Total net income (loss)	$ (.73)	$ (.10)	$ .01

Summarized balance sheet data for the discontinued operations as of December 31, 1993 is as follows. The difference between the net assets below and the purchase price is reflected in current liabilities in the Consolidated Balance Sheet as of that date.

Assets	Millions of dollars
Current Assets	
Accounts receivable	$ 128
Inventories	121
Other	25
Total current assets	274
Net Properties, Plant and Equipment	1,025
Other Noncurrent Assets	9
Total	$1,308
Liabilities	
Current Liabilities	$ 109
Noncurrent Liabilities	19
Total	$ 128
Net Asset of discontinued operations	$1,180

Note 4. Inventories

As of December 31 (Millions of dollars)	1993	1992
Crude oil	$ 304	$ 290
Petroleum products	726	707
Petrochemicals	--	128
Other merchandise	52	55
Materials and supplies	216	281
Total	$1,298	$1,461

The excess of estimated current cost over the book value of inventories carried on the LIFO basis of accounting was approximately $137 million and $259 million at December 31, 1993 and 1992, respectively. Petrochemical and related materials and supplies inventories at December 31, 1993 have been included as part of net assets of discontinued operations.

Note 5. Investments and Advances

Investments in affiliates, including corporate joint ventures and partnerships, owned 50% or less are accounted for on the equity method. Texaco's total investments and advances are summarized as follows:

As of December 31 (Millions of dollars)	1993	1992
Affiliates accounted for on the equity method		
Caltex group of companies		
Exploration and production	$ 500	$ 450
Manufacturing, marketing and distribution	1,647	1,460
Total Caltex group of companies	2,147	1,910
Star Enterprise	863	813
Other affiliates	731	745
	3,741	3,468

Miscellaneous investments, long-term receivables, etc., less reserve	1,243	1,065
Total	$4,984	$4,533

Texaco's equity in the net income of affiliates accounted for on the equity method, adjusted to reflect income taxes for partnerships whose income is directly taxable to Texaco, is as follows:

For the years ended December 31 (Millions of dollars)	1993	1992	1991
Equity in net income			
Caltex group of companies			
Exploration and production	$134	$154	$166
Manufacturing, marketing and distribution	227	180	255
Total Caltex group of companies	361	334	421
Star Enterprise	61	7	85
Cumulative effect of accounting changes--Caltex and Star	--	(11)	--
Other affiliates	108	125	102
Total	$530	$455	$608
Dividends received from these companies	$366	$351	$389

The undistributed earnings of these affiliates accounted for on the equity method included in Texaco's retained earnings were $2,585 million, $2,363 million and $2,239 million as of December 31, 1993, 1992 and 1991, respectively.

Caltex Group

Texaco has investments in the Caltex group of companies, owned 50% by Texaco and 50% by Chevron Corporation. The Caltex group consists of Caltex Petroleum Corporation and subsidiaries, P.T. Caltex Pacific Indonesia and American Overseas Petroleum Limited and subsidiaries. This group of companies is engaged in the exploration for and production, transportation, refining and marketing of crude oil and products in Africa, Asia, the Middle East, Australia and New Zealand.

Star Enterprise

Star Enterprise (Star) is a joint-venture partnership owned 50% by Texaco and 50% by the Saudi Arabian Oil Company. The partnership refines, distributes and markets Texaco-branded petroleum products in 26 East and Gulf Coast states and the District of Columbia.

The table below provides summarized financial information on a 100 percent basis for the Caltex group, Star and all other affiliates accounted for on the equity method, as well as Texaco's share. The net income of all partnerships, including Star, is net of estimated income taxes. The actual income tax liability is reflected in the accounts of the respective partners and not shown in the table below.

Star's assets at the respective balance sheet dates include the remaining portion of the assets which were originally transferred from Texaco to Star at the fair market value on the date of formation. Texaco's investment and equity in the income of Star, as reported in the consolidated financial statements, reflect the remaining unamortized historical carrying cost of the assets transferred to Star at formation. Additionally, Texaco's investment includes adjustments necessary to reflect contractual arrangements on the formation of this partnership, principally involving contributed inventories.

	Caltex group			Star Enterprise			Other equity affiliates			Texaco's share		
Millions of dollars	1993	1992	1991	1993	1992	1991	1993	1992	1991	1993	1992	1991
For the years ended December 31:												
Gross revenues	$15,648	$17,527	$15,921	$6,252	$6,825	$7,165	$3,233	$2,891	$2,387	$12,150	$13,229	$12,377
Income before income taxes and cumulative effect of accounting changes	$ 1,178	$ 1,178	$ 1,526	$ 194	$ 29	$ 265	$ 633	$ 634	$ 563	$ 852	$ 781	$ 1,059
Net income (loss)*	$ 720	$ 720	$ 839	$ 126	$ (53)	$ 175	$ 406	$ 416	$ 346	$ 530	$ 455	$ 608
As of December 31:												
Current assets	$ 2,123	$ 2,378	$ 2,494	$1,015	$1,081	$1,089	$ 635	$ 675	$ 572	$ 1,637	$ 1,826	$ 1,829
Noncurrent assets	6,266	5,485	4,869	3,188	3,097	2,813	3,481	3,464	3,433	5,888	5,463	4,989

Current liabilities	(2,411)	(2,453)	(2,398)	(647)	(717)	(665)	(755)	(774)	(784)	(1,835)	(1,862)	(1,850)
Noncurrent liabilities and deferred credits	(1,537)	(1,453)	(1,354)	(1,161)	(1,170)	(762)	(1,928)	(1,979)	(1,915)	(1,876)	(1,890)	(1,576)
Minority interest in subsidiary companies	(146)	(138)	(126)	--	--	--	--	--	--	(73)	(69)	(63)
Net assets (or partners' equity)	$ 4,295	$ 3,819	$ 3,485	$2,395	$2,291	$2,475	$1,433	$1,386	$1,306	$ 3,741	$ 3,468	$ 3,329

*Net income (loss) for 1992 includes the cumulative effect of accounting changes. For the Caltex group, this represents an after-tax charge of $26 million for SFAS 106 and a benefit of $77 million for SFAS 109.

For Star Enterprise, adoption of SFAS 106 resulted in an after-tax charge of $72 million.

Note 6. Properties, Plant and Equipment

As of December 31 (Millions of dollars)	1993 Gross	1993 Net	1992 Gross	1992 Net
Exploration and production	$24,759	$ 8,829	$24,840	$ 9,033
Manufacturing	2,932	1,891	2,538	1,620
Marketing	3,123	2,250	2,946	2,134
Marine	379	125	414	150
Pipe lines	915	397	990	457
Petrochemical	--	--	1,885	1,137
Other	1,041	679	1,040	695
Total	$33,149	$14,171	$34,653	$15,226
Capital lease amounts included above	$ 578	$ 122	$ 597	$ 144

Accumulated depreciation, depletion and amortization totaled $18,978 million and $19,427 million at December 31, 1993 and 1992, respectively. Net property, plant and equipment for discontinued operations at December 31, 1993 has been reflected in net assets of discontinued operations in the Consolidated Balance Sheet.

Note 7. Notes Payable, Commercial Paper and Current Portion of Long-Term Debt

As of December 31 (Millions of dollars)	1993	1992	1991
Commercial paper	$1,195	$1,090	$1,136
Notes payable to banks and others with originating terms of one year or less	76	392	56
Current portion of long-term debt and capital lease obligations			
Indebtedness	376	453	77
Capital lease obligations	47	45	62
	1,694	1,980	1,331
Less short-term obligations intended to be refinanced (see Note 9)	1,025	1,840	--
Total	$ 669	$ 140	$1,331

The following table reflects data on commercial paper and notes payable to banks. The averages were determined by using the average of the amounts outstanding as of each day for commercial paper and each month-end for notes payable to banks.

Millions of dollars	1993	1992	1991
Weighted average interest rate at December 31	3.4%	3.7%	5.1%
Maximum outstanding at any month-end	$2,066	$2,538	$2,212
Average amount outstanding for the year	$1,793	$1,719	$1,752
Weighted average interest rate for the year	3.3%	3.7%	5.9%

Note 8. Accounts
Payable and Accrued
Liabilities

As of December 31 (Millions of dollars)	1993	1992
Trade	$1,887	$2,038
Other	1,437	1,139
Total	$3,324	$3,177

Note 9. Long-Term
Debt and Capital
Lease Obligations

As of December 31 (Millions of dollars)	1993	1992
Long-Term Debt		
6 7/8% Guaranteed notes, due 1999	$ 200	$ 200
6 7/8% Guaranteed debentures, due 2023	195	--
7 1/2% Guaranteed debentures, due 2043	198	--
7 3/4% Guaranteed debentures, due 2033	198	--
7 7/8% Guaranteed notes, due 1995	150	150
8% Guaranteed debentures, due 2032	147	147
8 1/4% Guaranteed debentures, due 2006	149	149
8 3/8% Guaranteed debentures, due 2022	198	198
8 1/2% Guaranteed notes, due 2003	199	199
8 5/8% Guaranteed debentures, due 2010	150	150
8 5/8% Guaranteed debentures, due 2031	199	199
8 5/8% Guaranteed debentures, due 2032	199	199
8.65% Guaranteed notes, due 1998	200	200
8 7/8% Guaranteed debentures, due 2021	150	150
9% Guaranteed notes, due 1994	250	250
9% Guaranteed notes, due 1996	400	400
9% Guaranteed notes, due 1997	200	200
9% Guaranteed notes, due 1999	200	200
9 3/4% Guaranteed debentures, due 2020	250	250
Medium-term notes, maturing from 1994 to 2043 (7.8%)	692	635
Pollution Control Revenue Bonds, due 2012--variable rate (2.6%)	166	166
Other long-term debt:		
Texaco Inc.--Guarantee of ESOP Series B and F loans--fixed and variable rates (3.8%)	329	385
U.S. dollars (6.4%)	254	337
Other currencies (9.9%)	51	59
Total	5,324	4,823
Capital Lease Obligations (See Note 10)	231	276
	5,555	5,099
Less current portion of long-term debt and capital lease obligations	423	498
	5,132	4,601
Short-term obligations intended to be refinanced	1,025	1,840
Total long-term debt and capital lease obligations	$6,157	$6,441

The percentages reflected for variable rate debt are the interest rates at December 31, 1993. The percentages reflected for the categories "Medium-term notes" and "Other long-term debt" are the weighted average interest rates at year-end 1993. Where applicable, principal amounts reflected in the preceding schedule include unamortized premium or discount.

During 1993, the company completed public long-term debt offerings totaling $732 million, which included $132 million under Texaco's medium-term note program. Also, the company redeemed prior to maturity $71 million of 5 3/4% debentures due in 1997. In 1992, the company redeemed prior to maturity some $960 million of high-cost debt.

At December 31, 1993, Texaco was party to revolving credit facilities with commitments of $2.35 billion with syndicates of major U.S. and international banks, available as support of the issuance of the company's commercial paper, as well as for working capital and for other general corporate purposes. Texaco had no amounts outstanding under these facilities at year-end 1993. Texaco pays a commitment fee on the unused portion of the $350 million facility and a facility fee on the $2 billion facility. The banks reserve the right to terminate the credit facilities upon the occurrence of certain specific events, including change in control.

At December 31, 1993, Texaco's long-term debt included $1,025 million of debt scheduled to mature during 1994, which the company has both the intent and the ability to refinance on a long-term basis, through the use of its $2 billion revolving credit facility.

Contractual annual maturities of long-term debt, including sinking fund payments and other redemption requirements, for the five years subsequent to December 31, 1993 are as follows (in millions): 1994--$376; 1995--$414; 1996--$426; 1997--$345; and 1998--$289. The preceding maturities are before consideration of short-term obligations intended to be refinanced and also exclude capital lease obligations.

Note 10. Lease Commitments and Rental Expense

The company has leasing arrangements involving service stations, tanker charters and other facilities. Amounts due under capital leases are reflected in the company's balance sheet as obligations, while Texaco's interest in the related assets is principally reflected as properties, plant and equipment. The remaining lease commitments are operating leases, and payments on such leases are recorded as rental expense.

As of December 31, 1993, Texaco Inc. and its subsidiary companies (excluding discontinued operations) had estimated minimum commitments for payment of rentals (net of noncancelable sublease rentals) under leases which, at inception, had a noncancelable term of more than one year, as follows:

Millions of dollars	Operating leases	Capital leases
1994	$157	$ 80
1995	94	65
1996	78	48
1997	72	30
1998	61	29
After 1998	476	126
Total lease commitments	$938	378
Less amounts representing		
Executory costs		48
Interest		149
Add noncancelable sublease rentals netted in capital lease commitments above		50
Present value of total capital lease obligations		$231

Rental expense (excluding discontinued operations) relative to operating leases, including contingent rentals based on factors such as gallons sold, is provided in the table below. Such payments do not include rentals on leases covering oil and gas mineral rights.

Millions of dollars	1993	1992	1991
Rental expense			
Minimum lease rentals	$238	$252	$249
Contingent rentals	20	24	19
Total	258	276	268
Less rental income on properties subleased to others	36	36	32
Net rental expense	$222	$240	$236

In 1992, Texaco as lessee entered into a five year agreement for the leasing of a chemical manufacturing plant to be constructed in Port Neches, Texas. The lease provides for a substantial residual value guarantee by the lessee at the termination of the lease. Both the lease payment amount and the residual value guarantee amount for this operating lease are dependent upon the final construction costs of the plant and related facilities and accordingly are not included in the preceding table of minimum rental commitments. The accumulated construction in progress was $359 million at December 31, 1993. Construction is expected to be completed in late 1994. Huntsman, in the memorandum of understanding with Texaco, will have an option for two years to purchase 50% or 100% of Texaco's rights under this lease.

Note 11. Preferred Stock and Rights

Series B ESOP Convertible Preferred Stock

An amendment to Texaco Inc.'s Employees Thrift Plan created an Employee Stock Ownership Plan (ESOP) feature. In 1988, the ESOP purchased 833,333 1/3 shares of Series B ESOP Convertible Preferred Stock (Series B) from the company for $600 per share, or an aggregate purchase price of $500 million. Texaco Inc. guaranteed a $500 million variable-rate loan made to the ESOP which was used to acquire the shares of Series B. Subsequently, in 1991, Texaco Inc. refinanced approximately $103 million of the outstanding balance through a Grantor Trust structure at a fixed interest rate of 6.19%.

Dividends on each share of Series B are cumulative and are payable semiannually at the rate of $57 per annum. Cash dividends on Series B totaled $47 million for 1993, 1992 and 1991.

Participants may partially convert their Series B into common stock beginning at age 55, and may elect full conversion upon retirement or separation from service with the company. The conversion ratio and number of votes per share of Series B are subject to adjustment under certain conditions. At present, the Series B entitles a participant to 12.9 votes per share, voting together with the holders of common stock, and is currently convertible into 12.868 shares of common stock. As an alternative to conversion, a participant can elect to receive $600 per share of Series B, payable in cash or common stock. If the participant elects to receive common stock, the company provides shares of common stock to the plan trustee, who then transmits the shares to the participant. Should the participant elect to receive cash, it is the intent of the company to provide the plan trustee with shares of common stock, so that the trustee can sell such shares in the open market and have sufficient cash to transmit to the participant. The shares of Series B may be redeemed by Texaco Inc. at $628.50 per share through December 19, 1994, and at prices declining to $600 per share on or after December 20, 1998. Also, Texaco Inc. may be required to redeem the shares of Series B under certain circumstances.

Series C Variable Rate Cumulative Preferred Stock

In 1989, the company distributed to its stockholders as a special dividend one share of Series C Variable Rate Cumulative Preferred Stock (Series C) for each 50 shares of common stock owned.

The Series C has a stated value of $50 per share, is non-callable for five years (except under certain circumstances) and is non-voting. Dividend rates are reset and paid quarterly, based upon the highest prevailing yields of three U.S. Treasury maturities (3-month, 10-year and 30-year), less 0.375 percent. Dividends would be reset in the event of either a credit-rating

downgrade to below investment grade in the Series C or a change in the U.S. Federal income tax dividends-received deduction percentage for corporate investors. During 1993, 1992 and 1991, cash dividends on Series C totaled $17 million ($3.26 per share), $20 million ($3.69 per share) and $21 million ($3.94 per share), respectively.

Holders have an option to put the Series C to the company between August 1, and September 22, 1994, at a price of $50 per share, payable on September 30, 1994. The company may call the Series C for redemption at a price of $50 per share plus accrued and unpaid dividends in the event of an increase in the dividend rate as the result of either a credit-rating downgrade to below investment grade or a decrease in the dividends-received deduction. The company may also call the stock unconditionally anytime on or after September 30, 1994, at a price of $50 per share plus accrued and unpaid dividends. A call by the company or a put by the shareholders may be funded at the company's option in either cash or an equivalent amount of common stock.

Series D Junior Participating Preferred Stock and Rights

In 1989, the company declared a dividend distribution of one Right for each outstanding share of common stock. Under certain circumstances, each Right may be exercised to purchase from the company a unit consisting of 1/100th of a share (Unit) of Series D Junior Participating Preferred Stock (Series D), par value $1.00 per share, at a purchase price of $150 per Unit (the Purchase Price), subject to adjustment.

The Rights may only be exercised after a person has acquired, or obtained the right to acquire, beneficial ownership of 20% or more of the company's common stock other than pursuant to a Qualifying Offer, or has commenced a tender offer that would result in that person owning 20% or more of the common stock.

A Qualifying Offer is an all-cash, fully financed tender offer for all outstanding shares of common stock which remains open for 45 days, which results in the acquiror owning a majority of the company's voting stock, and in which the acquiror agrees to purchase for cash all remaining shares of common stock.

The Rights expire on April 3, 1999, or sooner, upon the acquisition of the company pursuant to a Qualifying Offer, and may be redeemed by the company at a price of $.01 per Right at any time prior to 10 days after the Rights become exercisable.

In the event that a person becomes the beneficial owner of 20% or more of the common stock other than pursuant to a Qualifying Offer, each Right will thereafter entitle the holder to receive, upon exercise of the Right, in lieu of the Series D, a number of shares of common stock, property, cash or other securities having a formula value equal to two times the exercise price of the Right.

In the event that the company is acquired in a transaction in which the company is not the surviving corporation, or in the event 50% or more of the company's assets or earning power is sold or transferred, each holder of a Right thereafter has the right to receive, upon exercise, common stock of the acquiring company having a value equal to two times the exercise price of the Right.

Until a Right is exercised, the holder thereof, as such, has no rights as a stockholder of the company, including the rights to vote or to receive dividends.

As of December 31, 1993, there were 3,000,000 shares designated as Series D with a liquidation value of $100 per share. In general, the terms of the Series D have been designed so that each Unit of Series D should be substantially the economic equivalent of one share of common stock. The Series D will, if issued, be junior to any other series of Preferred Stock which may be authorized and issued, unless the terms of such other series provide otherwise. Each share of the Series D which may be issued will entitle the holder to receive a quarterly dividend equal to the greater of (i) $5.00 per share or (ii) 100 times the quarterly dividend declared per share of common stock, subject to adjustment. In the event of liquidation of the company, the holders of the Series D will be entitled to receive a preferred liquidation payment of $100 per share plus accrued and unpaid dividends to the date of payment, but in no event less than an amount equal to 100 times the payment made per share of common stock, if greater. The Series D will be redeemable as a whole, or in part, at any time, or from time to time, at the option of the company at a redemption price per share equal to 100 times the then market price of a share of common stock, plus accrued and unpaid dividends through the redemption date. Each share of the Series D will have 100 votes, voting together with the common stock. In the event of any merger, consolidation or other transaction in which the shares of common stock are exchanged, each share of the Series D will entitle the holder thereof to receive 100 times the amount received per share of common stock.

If dividends on the Series D are in arrears in an aggregate amount equal to six quarterly dividends, the number of directors of the company will be increased by two, and the holders of the Series D outstanding at the time of such dividend arrearage, voting separately as a class with any other series of preferred stock likewise qualified to vote, will be entitled at the next annual meeting to elect two directors. The Series D will also have a separate class vote on certain matters which would adversely affect the rights and preferences of the Series D.

The Purchase Price payable and the number of Units of Series D or other securities or property issuable upon exercise of the Rights are subject to adjustment from time to time in certain events to prevent dilution.

Series E Variable Rate Cumulative Preferred Stock

In 1989, the company issued 3,814 shares of Series E Variable Rate Cumulative Preferred Stock (Series E) in connection with a merger transaction.

The Series E has a stated value of $100,000 per share, is non-callable for five years (except under certain circumstances) and is non-voting. Dividend rates are reset and paid quarterly, based upon the highest prevailing yields of three U.S. Treasury maturities (3-month, 10-year and 30-year), less 0.375 percent.

Dividends would be reset in the event of either a credit-rating downgrade to below investment grade in Series E or a change in the U.S. Federal income tax dividends-received deduction percentage for corporate investors. During 1993, 1992 and 1991, cash dividends on Series E totaled $25 million ($6,513 per share), $28 million ($7,375 per share) and $30 million ($7,875 per share), respectively.

Holders can convert the shares of Series E at a price of $100,000 per share into shares of common stock on December 31, 1994 and December 31, 1999. The company may call the Series E for redemption at a price of $100,000 per share plus accrued and unpaid dividends in the event the holders elect to convert or in the event of an increase in the dividend rate as the result of either a credit-rating downgrade to below investment grade or a decrease in the dividends-received deduction. The company may also call the stock unconditionally anytime on or after December 31, 1994, at a price of $100,000 per share plus accrued and unpaid dividends. A call by the company may be funded at the company's option in either cash or an equivalent amount of common stock. However, under certain circumstances, the call must be funded with an equivalent amount of common stock.

Series F ESOP Convertible Preferred Stock

An amendment to Texaco Inc.'s Employees Savings Plan created an Employee Stock Ownership Plan (ESOP) feature. In 1990, the ESOP purchased 67,796.61 shares of Series F ESOP Convertible Preferred Stock (Series F) from the company for $737.50 per share, or an aggregate purchase price of $50 million. Texaco Inc. guaranteed a $50 million variable-rate loan made to the ESOP which was used to acquire the shares of Series F.

Dividends on each share of Series F are cumulative and are payable semiannually at the rate of $64.53 per annum. Cash dividends on Series F totaled $4 million for both 1993 and 1992 and $5 million for 1991.

Participants may partially convert their Series F into common stock beginning at age 55, and may elect full conversion upon retirement or separation from service with the company. The conversion ratio and number of votes per share of Series F are subject to adjustment under certain conditions. At present, the Series F entitles a participant to 10 votes per share, voting together with the holders of common stock, and is convertible into 10 shares of common stock. As an alternative to conversion, a participant can elect to receive $737.50 per share of Series F, in cash or common stock. If the participant elects to receive common stock, the company provides shares of common stock to the plan trustee, who then transmits the shares to the participant. Should the participant elect to receive cash, it is the intent of the company to provide the plan trustee with shares of common stock, so that the trustee can sell such shares in the open market and have sufficient cash to transmit to the participant. The shares of Series F may be redeemed by Texaco Inc. at $776.22 per share through February 12, 1995, and at prices declining to $737.50 per share on or after February 13, 2000. Also, Texaco Inc. may be required to redeem the shares of Series F under certain circumstances.

Market Auction Preferred Shares

On December 23, 1992, the company issued 1,200 shares of cumulative variable rate preferred stock, called Market Auction Preferred Shares (MAPS) in a private placement, for an aggregate purchase price of $300 million. The MAPS are grouped into four series (Series G, H, I and J) of $75 million each.

The initial dividend rate for each series was 3.25% per annum, and the initial dividend periods ranged from seven to ten weeks. The subsequent dividend rates for each series during 1993 were determined by Dutch auctions conducted at seven-week intervals. During 1993, the annual dividend rate for the MAPS ranged between 2.40% and 3.25% and cash dividends on the MAPS totaled $8 million (Series G, H, I and J of $6,281, $6,396, $6,549 and $6,762 per share, respectively). The MAPS contain the flexibility for the length of the dividend periods to be changed at each auction. Alternatively, the dividend rate and the dividend period can be negotiated with potential investors.

The company may redeem the MAPS, in whole or in part, at any time at a liquidation preference of $250,000 per share, plus premium, if any, and accrued and unpaid dividends thereon.

The MAPS are non-voting, except under certain limited circumstances.

Note 12. Foreign Currency

Currency translations from continuing operations resulted in pre-tax gains of $35 million in 1993, $182 million in 1992 and $27 million in 1991. After applicable income taxes, gains were $49 million in 1993, $230 million in 1992 and $48 million in 1991. These amounts include Texaco's equity in such gains and losses of affiliates accounted for on the equity method.

Not included in the above 1991 amount were currency translation effects included in the Statement of Consolidated Income as deferred income taxes, amounting to a gain of $93 million. The comparable amounts for 1993 and 1992 are included in currency translation as a result of the adoption of SFAS 109, "Accounting for Income Taxes."

The currency gains in 1993 and 1991 were primarily related to operations in developing countries which experienced high inflation and currency devaluations throughout the year. The currency gains in 1992 related mostly to operations in the U.K. reflecting the weakness of the Pound Sterling as well as operations in certain developing countries reflecting strong inflationary factors and currency devaluations.

Currency translation adjustments reflected in the separate stockholders' equity account result from translation items pertaining to certain affiliates of Caltex.

Note 13. Taxes

Millions of dollars	1993 United States	1993 Foreign	1993 Total	1992 United States	1992 Foreign	1992 Total	1991 United States	1991 Foreign	1991 Total

Direct taxes									
Provision (benefit) for income taxes									
Current									
U.S. Federal and foreign	$ 5	$ 143	$ 148	$ 111	$ 103	$ 214	$ 93	$ (57)	$ 36
U.S. state and local	14	--	14	36	--	36	--	--	--
Deferred									
Tax law changes	17	(169)	(152)	--	--	--	--	--	--
Other	(141)	44	(97)	(82)	143	61	(46)	140	94
Total provision (benefit) for income taxes	(105)	18	(87)	65	246	311	47	83	130
Taxes other than income taxes									
Oil and gas production	122	17	139	131	2	133	141	3	144
Sales and use	5	59	64	6	10	16	17	31	48
Property	124	16	140	112	21	133	120	18	138
Payroll	87	29	116	81	39	120	78	36	114
Other	75	15	90	59	69	128	73	34	107
Total taxes other than income taxes	413	136	549	389	141	530	429	122	551
Import duties and other governmental levies	42	3,735	3,777	39	3,743	3,782	45	3,335	3,380
Total direct taxes	350	3,889	4,239	493	4,130	4,623	521	3,540	4,061
Taxes collected from consumers for governmental agencies	1,068	2,060	3,128	986	2,125	3,111	954	1,996	2,950
Total	$1,418	$5,949	$7,367	$1,479	$6,255	$7,734	$1,475	$5,536	$7,011

All tax expense data excludes discontinued operations. Effective January 1, 1992, the company adopted SFAS 109, "Accounting for Income Taxes." All 1992 tax expense data exclude the cumulative effect of accounting changes for SFAS 106 and SFAS 109.

The provision (benefit) for deferred income taxes includes the following amounts:

Millions of dollars	1993	1992	1991
Type of temporary difference			
Depreciation	$ 99	$95	$156
Intangible drilling costs	(76)	16	46
Depletion	(95)	(37)	(65)
Environmental reserves	(15)	23	42
Tax-related reserves	113	8	(49)
DOE payments	--	66	22
Tax credit carryforwards	13	(25)	(55)
Employee benefit plans	(32)	(58)	(6)
Investment in stock of subsidiary	(145)	--	--
Casualty/property reserves	69	(1)	(1)
Tax loss carryforwards	(38)	9	--
Deferred revenue	(53)	--	--
Other	(89)	(35)	4
Total	$(249)	$61	$ 94

The deferred income tax assets and liabilities included in the Consolidated Balance Sheet as of December 31, 1993 and 1992 amounted to $264 million and $195 million, respectively, as net current assets and $1,162 million and $1,370 million, respectively, as net noncurrent liabilities. The table that follows shows deferred income tax assets and liabilities by category. Deferred income taxes are not recorded on differences between financial reporting and tax bases of investments in stock of subsidiary companies, unless realization of the effect is probable in the foreseeable future. Certain potential deferred tax asset amounts for which possibility of realization is deemed extremely remote have been eliminated and are therefore excluded from the following table.

	(Liability) Asset	
As of December 31 (Millions of dollars)	1993	1992
Depreciation	$(1,006)	$(1,060)
Depletion	(764)	(857)
Intangible drilling costs	(624)	(728)
Other deferred tax liabilities	(178)	(194)
Total	(2,572)	(2,839)
Employee benefit plans	496	458
Tax loss carryforwards	626	476
Tax-related reserves	157	289
Tax credit carryforwards	271	271
Environmental reserves	246	231
Other deferred tax assets	580	536
Total	2,376	2,261

Total before valuation allowance	(196)	(578)
Valuation allowance	(702)	(597)
Total--net	$ (898)	$(1,175)

The following schedule reconciles the differences between the U.S. Federal income tax rate and the effective income tax rate:

	1993	1992	1991
U.S. Federal income tax rate assumed to be applicable	35.0%	34.0%	34.0%
Net earnings and dividends attributable to affiliated corporations accounted for on the equity method	(11.6)	(9.5)	(10.7)
Aggregate earnings and losses from international operations before tax law changes	3.5	1.5	(2.7)
Tax law changes	(13.0)	--	--
Sales of stock of subsidiary	(17.9)	(2.2)	(1.3)
Energy credits	(2.5)	(1.6)	(1.1)
Canadian income tax refund	--	--	(8.5)
Other	(.9)	.8	(.5)
Effective income tax rate	(7.4)%	23.0%	9.2%

The decrease in the 1993 effective income tax rate as compared to 1992 is mainly due to the net tax benefits realizable through the sales of interests in a subsidiary as well as net deferred tax benefits arising from tax law changes in the U.K. and U.S. The change between 1992 and 1991 is mainly due to 1992 tax costs related to certain foreign producing operations and a Canadian tax refund received in 1991.

For companies operating in the United States, pre-tax earnings from continuing operations before cumulative effect of accounting changes aggregated $397 million in 1993, $382 million in 1992, and $90 million in 1991. For companies with operations located outside the United States, pre-tax earnings on that basis aggregated $775 million in 1993, $967 million in 1992, and $1,332 million in 1991.

Income taxes paid, net of refunds, as well as certain amounts deposited with the Internal Revenue Service amounted to $326 million, $283 million and $102 million in 1993, 1992 and 1991, respectively.

The undistributed earnings of subsidiary companies and of affiliated corporate joint-venture companies accounted for on the equity method, for which deferred U.S. income taxes have not been provided at December 31, 1993 amounted to $1,293 million and $2,038 million, respectively. The corresponding amounts at December 31, 1992 were $1,214 million and $1,847 million, respectively. Recording of deferred income taxes on these undistributed earnings is not required relative to foreign companies and pre-1992 earnings of domestic companies when the earnings have been permanently reinvested. These amounts would be subject to possible U.S. taxation only if remitted as dividends. The determination of the hypothetical amount of unrecognized deferred U.S. taxes on undistributed earnings of foreign entities is not practicable. For domestic entities, such unrecorded deferred income taxes were not material.

For the years 1993 and 1992 there was no utilization of loss carryforwards for U.S. Federal income taxes. For the year 1991 such utilization of loss carryforwards resulted in U.S. Federal income tax benefits of $8 million. For the years 1993, 1992 and 1991, the utilization of loss carryforwards resulted in income tax benefits of $20 million, $85 million and $15 million in foreign income taxes, respectively.

At December 31, 1993, Texaco had worldwide tax basis loss carryforwards of approximately $1,568 million, including $824 million which do not have an expiration date. The remainder expire at various dates through 2008.

Foreign tax credit carryforwards available for U.S. Federal income tax purposes amounted to approximately $522 million at December 31, 1993, expiring at various dates through 1998. Alternative minimum tax and other tax credit carryforwards available for U.S. Federal income tax purposes were $271 million at December 31, 1993, of which $253 million have no expiration date. The remaining credits expire at various dates through 2008. The credits that are not utilized by the expiration dates may be taken as deductions for U.S. Federal income tax purposes.

Note 14. Employee Benefit Plans

Texaco Inc. and certain of its non-U.S. subsidiaries sponsor various benefit plans for active employees and retirees.The costs of the savings, health care and life insurance plans relative to employees' active service are shared by the company and its employees, with Texaco's costs for these plans charged to expense as incurred. In addition, reserves for employee benefit plans are provided principally for the unfunded costs of various pension plans, retiree health and life insurance benefits, incentive compensation plans and for separation benefits payable to employees.

As of January 1, 1993, Texaco adopted SFAS 112, "Employers' Accounting for Postemployment Benefits." Adoption of SFAS 112 did not impact 1993 net income since the company had been accounting for substantially all of these costs in accordance with the new Standard.

The discussion of employee benefit plans that follows is for total plan activity, including benefits and amounts applicable to employees of the discontinued operations. Amounts relative to the discontinued operations are not material for any of the years discussed.

Employee Stock Ownership Plans

Texaco recorded $20 million, $17 million and $19 million in ESOP expense during 1993, 1992 and 1991, respectively. Company contributions to the Employees Thrift Plan of Texaco Inc. and the Employees Savings Plan of Texaco Inc. (the Plans) amounted to $20 million, $17 million and $22 million in 1993, 1992 and 1991, respectively. These Plans are designed to provide participants with a benefit of approximately 6% of base pay.

In 1993, 1992 and 1991, the company paid $51 million, $51 million and $52 million, respectively, in dividends on Series B and Series F stock. The dividends are applied by the trustee to fund interest payments which amounted to $14 million, $18 million and $26 million for 1993, 1992 and 1991, respectively, as well as to reduce principal on the ESOP loans. Dividends on the shares of Series B and Series F used to service debt of the Plans are tax deductible to the company.

Reflected in Texaco's long-term debt are the Plans' ESOP loans which are guaranteed by Texaco Inc. Commensurate with each repayment on the ESOP loans and as a result of the allocation of the Series B and Series F stock by the trustee of the Plans to the individual participating employees, there is a reduction in the remaining ESOP-related unearned employee compensation included as a component of stockholders' equity.

Pension Plans

The company sponsors pension plans that cover substantially all employees. Generally, these plans provide defined pension benefits based on final average pay. However, the level of benefits and terms of vesting vary among plans. Amounts charged to pension expense, as well as amounts funded, are generally based on actuarial studies. Pension plan assets are administered by trustees and are principally invested in equity and fixed income securities and deposits with insurance companies.

The total worldwide expense for all employee pension plans of Texaco, including pension supplementations and the smaller non-U.S. plans, was $111 million in 1993, $105 million in 1992 and $113 million in 1991.

The following data are provided for U.S. plans and principal non-U.S. plans.

Components of Pension Expense	United States Plans			Non-U.S. Plans		
Millions of dollars	1993	1992	1991	1993	1992	1991
Benefits earned during the year	$ 67	$ 68	$ 64	$ 14	$15	$12
Actual investment return on plan assets, (gain) loss	(158)	(115)	(185)	(155)	(98)	(81)
Interest cost on projected benefit obligations	125	134	131	61	56	46
Amortization of net deferred amounts	39	--	88	112	39	32
Total	$ 73	$ 87	$ 98	$ 32	$12	$ 9

The assumed long-term return on plan assets for U.S. plans was 9% for 1993, 1992 and 1991; for non-U.S. plans the weighted average rate was 8.6% for 1993, 8.5% for 1992 and 8.7% for 1991.

Funded Status of Pension Plans

	United States Plans			
	1993		1992	
As of December 31 (Millions of dollars)	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets
Present value of the estimated pension benefits to be paid in the future				
Vested benefits	$(1,302)	$(47)	$(1,169)	$(47)

Nonvested benefits	(100)	(3)	(110)	(3)
Accumulated benefit obligations	(1,402)	(50)	(1,279)	(50)
Effect of projected future salary increases	(467)	(16)	(441)	(15)
Total projected benefit obligations	(1,869)	(66)	(1,720)	(65)
Amount of assets available for benefits				
Funded assets of the plans, at fair value	1,513	--	1,429	--
Net pension liability (asset) recorded on Texaco's Consolidated Balance Sheet	128	50	184	34
Total assets	1,641	50	1,613	34
Assets in excess of (less than) projected benefit obligations(1)	$ (228)	$(16)	$ (107)	$(31)
(1)Consisting of:				
Net transition asset (liability) not yet recognized	$ 75	$(17)	$ 91	$(20)
Unrecognized cost of retroactive benefits granted by a plan amendment	(54)	(8)	(46)	(9)
Effect of changes in assumptions and differences between actual and estimated experience	(249)	9	(152)	(2)
Total	$ (228)	$(16)	$ (107)	$(31)

	Non-U.S. Plans			
	1993		1992	
As of December 31 (Millions of dollars)	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets
Present value of the estimated pension benefits to be paid in the future				
Vested benefits	$(344)	$(199)	$(238)	$(177)
Nonvested benefits	(19)	(19)	(16)	(6)
Accumulated benefit obligations	(363)	(218)	(254)	(183)
Effect of projected future salary increases	(54)	(29)	(56)	(50)
Total projected benefit obligations	(417)	(247)	(310)	(233)
Amount of assets available for benefits				
Funded assets of the plans, at fair value	696	--	611	--
Net pension liability (asset) recorded on Texaco's Consolidated Balance Sheet	(237)	218	(202)	183
Total assets	459	218	409	183
Assets in excess of (less than) projected benefit obligations(1)	$ 42	$ (29)	$ 99	$(50)
(1)Consisting of:				
Net transition asset (liability) not yet recognized	$ 92	$ (23)	$ 110	$(23)
Unrecognized cost of retroactive benefits granted by a plan amendment	(32)	(7)	(14)	(17)
Effect of changes in assumptions and differences between actual and estimated experience	(18)	1	3	(10)
Total	$ 42	$ (29)	$ 99	$(50)

Weighted Average Rate Assumptions Used in Estimating Pension Benefit Obligations

	United States Plans		Non-U.S. Plans	
	1993	1992	1993	1992
Discount rate	7.0%	7.8%	10.6%	12.8%
Rate of increase in compensation levels	4.8%	5.0%	7.0%	11.2%

Notes to Consolidated Financial Statements
continued

Other Postretirement Benefits

Texaco sponsors postretirement plans primarily in the U.S. that provide health care and life insurance for retirees and eligible dependents. The company's U.S. health insurance obligation is its fixed dollar contribution. The plans are unfunded, and the costs are shared by the company and its employees and retirees.

Effective January 1, 1992, the company adopted SFAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" using the immediate recognition method for the cumulative effect. This Standard requires companies to accrue for the cost of such benefits over the service lives of employees. For Texaco, this Standard primarily applies to the cost of life insurance and health insurance in the U.S. The company's previous practice was to expense these costs on a pay-as-you-go basis.

The determination of the company's obligation is based on the terms of the life and health insurance plans, along with applicable actuarial assumptions. The company continues to fund these benefit costs on a pay-as-you-go basis, with retirees paying the excess over the company's fixed dollar contribution for health insurance. For employees who retire from Texaco between age 55 and 65, most will be eligible to receive health care benefits, similar to those available to active employees, as well as life insurance benefits. The company's cost to provide these postretirement benefits for health insurance is currently equal to the company's cost for an active employee. After attaining age 65, the retirees' health care coverage is coordinated with available Medicare benefits.

The trend rates used for the purpose of estimating those costs reflect the expected increase in general U.S. health care inflation as measured by the health-care cost component of the U.S. Consumer Price Index. For retirees between age 55 and 65, the assumed rate of increase in the fixed dollar contribution for health-care benefits was 6.7% in 1993. The rate of increase in the fixed dollar contribution is expected to rise to 8.5% in 1996 and then decrease to an ultimate rate of 4.5% in the year 2002, at which time the company expects general U.S. health care inflation to increase at a rate approximating general inflation. The fixed dollar contribution for retirees 65 and older is assumed to increase by 4.5% per year. The fixed dollar contributions derived from these assumptions do not necessarily represent an obligation of the company.

Assuming a 1% increase in the annual rate of increase in the fixed dollar contribution for health insurance, the accumulated postretirement benefit obligation and annual expense would increase by approximately $58 million and $8 million, respectively.

Certain of the company's non-U.S. subsidiaries have postretirement benefit plans. However, most retirees outside the U.S. are covered by government sponsored and administered programs, the cost of which is not significant to the company. The total worldwide expense for all postretirement plans of Texaco, including the smaller non-U.S. plans was $76 million in 1993, $78 million in 1992 and $43 million in 1991. The amount for 1991 was accounted for under the pay-as-you-go method.

The following tables provide information on the status of the principal postretirement plans:

Components of Other Postretirement Benefit Expense

	1993			1992		
Millions of dollars	Health Care	Life Insurance	Total	Health Care	Life Insurance	Total
Benefits earned during the year	$ 13	$ 4	$ 17	$ 12	$ 5	$ 17
Interest cost on accumulated postretirement benefit obligations	40	19	59	41	20	61
Total	$ 53	$ 23	$ 76	$ 53	$ 25	$ 78

Funded Status of Other Postretirement Plans

	1993			1992		
Millions of dollars	Health Care	Life Insurance	Total	Health Care	Life Insurance	Total
Accumulated unfunded postretirement benefit obligations						
Retirees	$250	$208	$458	$279	$193	$472
Fully eligible active participants	57	26	83	68	30	98
Other active plan participants	172	51	223	169	54	223
Total accumulated unfunded postretirement benefit obligations	479	285	764	516	277	793
Unrecognized net gain (loss)	35	7	42	(24)	3	(21)
Net other postretirement benefit liability recorded on Texaco's Consolidated Balance Sheet	$514	$292	$806	$492	$280	$772

Weighted Average Rate Assumptions Used in Estimating Other Postretirement Benefit Obligations

	1993	1992
Discount rate	7.7%	8.3%
Rate of increase in compensation levels	4.8%	5.0%

Note 15. Stock Incentive Plan

Under the company's stock incentive plan (the Plan) approved by stockholders, among the awards that may be granted to executives and certain key employees are stock options, with or without stock appreciation rights, and restricted stock. The total number of shares available each year for issuance under the Plan through December 31, 2002 is eight-tenths of one percent (0.8%) of the aggregate number of shares of common stock issued and outstanding on December 31 of the previous year, adjusted for certain plan activity. Shares not issued in the current year are available for future grant. The option price per share cannot be less than the fair market value of a share of common stock on the date granted unless adjusted as provided in the Plan. At December 31, 1993, there were available for awards during 1994, 1,824,282 shares, of which 1,243,873 shares were available to all participants and 580,409 shares were available to those participants who are not officers or directors. At December 31, 1992, 1,578,445 shares were available for future grant.

Stock options granted under the Plan extend for 10 years from the date of grant and become 50% exercisable on the first anniversary. These options are fully exercisable on the second anniversary, except for the January 1990 awards, which became fully exercisable on the fourth anniversary of the award.

The Plan permits the company to grant restored options to a participant in the Plan who has previously been granted stock options. This feature enables a participant, who exercises an option by exchanging previously acquired common stock or who has shares withheld by the company to satisfy tax withholding obligations, to receive new options, exercisable at the then market value, for the same number of shares as were exchanged or withheld. Under existing regulations, restored options are fully exercisable six months after the date of grant.

Option activity during 1993 and 1992 is summarized in the following table:

Stock Options	1993	1992	Price Range Per Share
Outstanding January 1	2,651,746	1,997,467	$46.78--66.19
Granted	776,375	704,800	57.94--63.69
Canceled	--	(2,200)	61.44
Exercised	(831,869)	(599,180)	46.78--64.38
Restored	772,697	550,859	57.44--69.25
Outstanding December 31	3,368,949	2,651,746	46.78--69.25
Exercisable December 31	1,394,718	1,167,301	46.78--66.19

Note 16. Other Financial Information

Environmental Reserves

Texaco Inc. and subsidiary companies have financial reserves relating to environmental remediation programs which the company believes are sufficient for known requirements. At December 31, 1993, reserves for future environmental remediation costs amounted to $782 million and reserves relative to the future cost of restoring and abandoning existing oil and gas properties were $803 million. Texaco's significant affiliates also have recorded reserves for environmental remediation and restoration and abandonment costs.

Texaco makes every effort to remain in full compliance with existing governmental regulations. It is likely that changes in governmental regulations and/or Texaco's re-evaluation of its programs will result in additional future costs. However, it is not believed that such future costs will be material to the company's financial position nor to its operating results over any reasonable period of time. It is assumed that any mandated future costs would be recoverable in the marketplace, since all companies within the industry would be facing similar requirements.

Interest Paid and Interest Expense Capitalized

Interest paid, net of amounts capitalized, amounted to $439 million in 1993, $481 million in 1992 and $564 million in 1991.

Interest expense capitalized as part of properties, plant and equipment was $49 million in 1993, $88 million in 1992 and $66 million in 1991.

Sale of Receivables

At December 31, 1993 the company had a third-party accounts receivable agreement under which it has the right to sell approximately $400 million of accounts receivable on a continuing basis subject to limited recourse. Receivables sold under such facilities totaled approximately $1.1 billion during 1993 and approximately $1.4 billion during 1992. At December 31, 1993, no receivables sold remained uncollected. At December 31, 1992, $400 million of receivables sold remained uncollected.

Preferred Stock of Subsidiary Companies

On October 8, 1993, MVP Production Inc., a producing subsidiary, issued variable rate cumulative preferred stock in a private placement for an aggregate purchase price of $75 million. The shares have voting rights in the subsidiary and are redeemable on September 30, 2003.

On November 3, 1993, Texaco Capital LLC, a finance subsidiary, issued 14 million shares of Cumulative Guaranteed Monthly Income Preferred Shares (MIPS), Series A, in a public offering, for an aggregate purchase price of $350 million.

The dividend rate for the MIPS is 6 7/8% per annum. The payment of dividends and payments on liquidation or redemption with respect to the MIPS are guaranteed by Texaco Inc. Dividends on the MIPS are paid monthly commencing November 30, 1993. During 1993, cash dividends on the MIPS totaled $4 million ($.27 per share).

The MIPS are redeemable, at the option of Texaco Capital LLC (with Texaco Inc.'s consent) in whole or in part from time to time, at $25 per share on or after October 31, 1998, plus, in each case, accrued and unpaid dividends to the date fixed for redemption. In addition, under certain circumstances, Texaco Capital LLC (with Texaco Inc.'s consent) can redeem the MIPS at any time, in whole or in part, at $25 per share plus accrued unpaid dividends.

The MIPS are non-voting, except under certain limited circumstances.

Note 17. Financial Instruments and Commitments

In the normal course of its business, the company utilizes various types of financial instruments. These instruments include recorded assets and liabilities, and also items which principally involve off-balance sheet risk. The company has adopted SFAS 115, "Accounting for Certain Investments in Debt and Equity Securities", as of December 31, 1993. The required disclosures for investments in debt securities and in equity securities with readily determinable fair values are included below:

Financial Assets and Liabilities

Cash and cash equivalents--Fair value approximates cost as reflected in the Consolidated Balance Sheet at December 31, 1993 and 1992 because of the short-term maturities of these instruments. Cash equivalents are classified as held-to-maturity. The amortized cost of cash equivalents was as follows:

As of December 31, 1993 (Millions of dollars)	
Time deposits and certificates of deposit	$108
Commercial paper and other	140
	$248

Short-term and long-term investments--Fair value is primarily based on quoted market prices and valuation statements obtained from major financial institutions. Information concerning investments held at December 31, 1993 in short-term and long-term debt securities and in publicly-traded equity securities is shown in the tables that follow. These investments are classified as available-for-sale.

As of December 31, 1993 (Millions of dollars)	Amortized Cost	Estimated Fair Value
U.S. government securities	$213	$212
Foreign government securities	250	250
Corporate and other debt securities	174	176
Equity securities	22	109
	$659	$747

For the above items at year-end 1993, there were gross unrealized gains of $91 million, primarily related to equity securities, and gross unrealized losses of $3 million.

Debt securities in the preceding table had the following scheduled maturities:

As of December 31, 1993 (Millions of dollars)	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 47	$ 48
Due after one year through five years	300	297
Due after five years	290	293
	$637	$638

The estimated fair value of other long-term investments not included above, for which it is practicable to estimate fair value, approximated the December 31, 1993 carrying value of $97 million.

At December 31, 1992, the estimated fair value of short-term and long-term investments, for which it is practicable to estimate fair value, was $720 million compared with a carrying value of $664 million.

Notes payable and commercial paper--Fair value approximates carrying amounts as reflected in the Consolidated Balance Sheet at December 31, 1993 and 1992 because of the short-term maturities of these instruments.

Long-term debt, including debt due within one year--Fair value is primarily based on quoted market prices, as well as borrowing rates currently available to the company for bank loans with similar terms and maturities. The fair value of long-term debt, including debt due within one year, at December 31, 1993 and 1992 was $5.9 billion and $5.1 billion, respectively, compared with carrying values of $5.3 billion and $4.8 billion.

Other Financial Instruments

In the normal course of its business, the company enters into financial instrument transactions with off-balance sheet risk in order to hedge its exposure to market risk regarding petroleum prices, currency translations and interest rates.

Petroleum Futures, Forwards and Derivative Products--Contracts to hedge petroleum prices which are required to be settled in cash were immaterial at December 31, 1993 and 1992.

Forward Exchange Contracts--At December 31, 1993 and 1992, the company had outstanding $216 million and $321 million, respectively, of forward exchange contracts to purchase and sell foreign currency. The exposure to credit risk is minimal since the counterparties are major financial institutions. The company does not anticipate nonperformance by any of the multiple counterparties. The market risk exposure is essentially limited to risk related to currency rate movements. Outstanding forward exchange contracts are marked to market on a monthly basis using the month-end spot rate. The gains or losses arising from these contracts are applied to offset exchange gains or losses on related hedged assets, liabilities or future commitments. Unrealized gains or losses at December 31, 1993 and 1992 were not material.

Interest Rate Swaps--The company has outstanding interest rate swaps of various maturities with multiple major financial institutions to help manage the interest rate exposure associated with the company's debt portfolio. At December 31, 1993 and 1992, the aggregate notional principal amounts were $1,532 million and $840 million, respectively. Notional amounts do not represent cash flow and are not subject to credit risk. Credit and market risk exposures are limited to the net interest differentials. The interest differentials are reflected in interest expense as a hedge of interest on outstanding debt. The fair value of the swaps is the estimated amount that would be received or paid to terminate the agreements at year end, taking into account current interest rates and the current creditworthiness of the swap counterparties. At year-end 1993, the fair value of outstanding swaps was immaterial. The fair value at December 31, 1992 would have been a payable of $49 million. This amount did not reflect unamortized realized gains of approximately $22 million on terminated interest rate swaps which are being amortized over the life of the associated outstanding debt.

Financial Guarantees

The company has guaranteed the payment of certain debt and other obligations of third parties and affiliates. These guarantees totaled $154 million and $153 million at December 31, 1993 and 1992, respectively.

Exposure to credit risk in the event of non-payment by the obligors is represented by the contractual amount of these instruments. No loss is anticipated under these guarantees.

Throughput Agreements

Texaco Inc. and certain of its subsidiary companies have entered into certain long-term agreements wherein they have committed either to ship through affiliated pipeline companies and an offshore oil port, or to refine at an affiliated refining company a sufficient volume of crude oil or petroleum products to enable these affiliated companies to meet a specified portion of their individual debt obligations, or, in lieu thereof, to advance sufficient funds to enable these affiliated companies to meet these obligations. Additionally, Texaco has entered into long-term purchase commitments with third parties for take or pay gas transportation. The company's maximum exposure to loss was $765 million and $348 million at December 31, 1993 and 1992, respectively.

However, based on Texaco's right of counterclaim against third parties in the event of nonperformance, Texaco's net exposure was approximately $590 million and $313 million at December 31, 1993 and 1992, respectively.

No losses are anticipated as a result of the above obligations.

Other Commitments

At December 31, 1993, $425 million of preferred stock of subsidiaries was owned by minority holders. Such amount is reflected in minority interest in subsidiary companies in the Consolidated Balance Sheet. At present, Texaco is required to redeem $75 million in 2003 and $350 million in 2043. The company has the ability to extend the required redemption date for the $350 million beyond 2043. Such preferred stock requires annual dividend payments of approximately $27 million.

Note 18. Contingent Liabilities

Internal Revenue Service Claims

During 1989, Texaco commenced an action in the United States Tax Court (Tax Court), to challenge certain claimed increases in the company's 1979-1982 Federal income tax liability. The company's action contested, among other items, an Internal Revenue Service (IRS) claim that during the 1979-1981 years, Texaco should be taxed as if it had resold Saudi crude oil at prices higher than those mandated by the Saudi Arab Government (Aramco Advantage issue).

On December 22, 1993, the Tax Court issued an opinion upholding the company's position on the Aramco Advantage issue. The Tax Court held that the IRS was barred from taxing the company on income never received, and which could only have been received by violating Saudi law. Finding that the Saudi Arab Government's mandate represented the sovereign law of that country, the Tax Court determined that the company was required to comply with the Saudi Arab Government's mandate and did in fact observe it.

The IRS has not indicated whether it will appeal the decision, and need not do so until the two remaining issues in the case, involving the taxation of crude processed at Caltex' Bahrain refinery and sales of crude oil in the Far East, have been tried and decided by the Tax Court or otherwise resolved.

In March 1988, prior to the commencent of the Tax Court action, the company, as a condition of its emergence from Chapter 11 proceedings, agreed to make certain cash deposits with the IRS in contemplation of potential tax claims (Deposit Fund). From time to time, the company has applied Deposit Fund amounts to final liabilities agreed upon by the company and the IRS for income tax and windfall profit tax years of Texaco and Getty not involved in the Tax Court litigation. A portion of the Deposit Fund also will be applied to issues settled without trial in the 1979-1982 litigation years. After satisfaction of all liabilities associated with presently settled issues, it is anticipated that approximately $700 million will remain in the Deposit Fund and continue to accrue interest.

If the company ultimately prevails on the two remaining issues in the Tax Court and the Aramco Advantage issue, the amount remaining in the Deposit Fund will be refunded to the company, with interest. The company believes that even if the remaining two issues in the Tax Court are resolved in whole or part adversely to the company, a substantial portion of the amount remaining in the Deposit Fund will be available for refund, assuming continued success on the Aramco Advantage issue.

In the company's opinion, while it is impossible to ascertain the ultimate legal and financial liability with respect to the above-mentioned and other contingent liabilities and commitments, including lawsuits, claims, guarantees, taxes and regulations, the aggregate amount of such liability in excess of financial reserves, together with deposits and prepayments made against disputed tax claims, is not anticipated to be materially important in relation to the consolidated financial position or results of operations of Texaco Inc. and its subsidiaries.

Note 19. Settlement of Louisiana Royalties Issues

On February 22, 1994, the U.S. District Court for the Middle

District of Louisiana approved a global settlement of the suit which had been initiated in 1987, in which the State of Louisiana had sought payment of alleged underpaid royalties on State gas leases, interest, cancellation of the leases, double royalties and attorneys' fees. The settlement, for which sufficient financial reserves had been established, provides for payments by Texaco totaling $250 million, $150 million of which will be paid on February 28, 1994, and two $50 million payments to be made over the next two years. Texaco also agreed to cause $152 million to be spent over the next five years on activity and investment affecting state-owned oil and gas properties in which Texaco has interests. Texaco and the State exchanged comprehensive releases of all pending and related claims.

Note 20.
Financial Data by Geographic Area

Texaco Inc. and its subsidiary companies, together with affiliates, represent a vertically integrated enterprise principally engaged in the worldwide exploration for and production, transportation, refining and marketing of crude oil, natural gas and petroleum products, as well as nonpetroleum operations such as insurance and alternate energy activities. Intergeographic sales and services shown are based on prices which are generally representative of market prices or arm's-length negotiated prices.

Operating profit represents total sales and services as shown on the Statement of Consolidated Income less operating costs and expenses, net of income taxes. Corporate/nonoperating includes interest income and expense, dividends, general corporate expenses and other nonoperating items, net of income taxes. Equity in income or losses of partnership joint-venture companies is reflected net of taxes, since this income is directly taxable to Texaco.

Identifiable assets are those from continuing operations which can be directly identified or associated with operations which have been geographically segregated. Net assets of discontinued operations (see Note 3) for the year 1993 and identifiable assets of discontinued operations for the years 1992 and 1991 are reflected in corporate/nonoperating to conform to the presentation of net income (loss) from discontinued operations. Investments in affiliates pertain to those affiliates which are accounted for on the equity method. Investments in affiliates relating to discontinued operations are reflected in corporate/nonoperating. Corporate assets include cash and cash investments, as well as receivables, properties, plant and equipment and other assets which are corporate in nature.

	Millions of dollars	United States	Other Western Hemisphere	Europe	Other Eastern Hemisphere	Corporate/ Nonoperating*	Consolidated
Year 1993	Sales and services						
	Outside	$17,417	$4,245	$ 8,416	$3,167	$ --	$33,245
	Intergeographic	289	241	725	43	(1,298)	--
	Total sales and services	$17,706	$4,486	$ 9,141	$3,210	$ (1,298)	$33,245
	Net income (loss)						
	Operating profit	$ 562	$ 107	$ 245	$ 24	$ --	$ 938
	Equity in income of affiliates	146	8	8	368	--	530
	Corporate/nonoperating	--	--	--	--	(209)	(209)
	Net income (loss) before discontinued operations	708	115	253	392	(209)	1,259
	Discontinued operations	--	--	--	--	(191)	(191)
	Total net income (loss)	$ 708	$ 115	$ 253	$ 392	$ (400)	$ 1,068
	Identifiable assets	$12,603	$1,435	$ 4,556	$1,107	$ --	$19,701
	Net assets of discontinued operations	--	--	--	--	1,180	1,180
	Investments in affiliates	1,171	29	388	2,153	--	3,741
	Corporate assets	--	--	--	--	2,004	2,004
	Total assets	$13,774	$1,464	$ 4,944	$3,260	$ 3,184	$26,626
Year 1992	Sales and services						
	Outside	$18,651	$4,023	$ 9,295	$3,718	$ --	$35,687
	Intergeographic	223	233	695	152	(1,303)	--
	Total sales and services	$18,874	$4,256	$ 9,990	$3,870	$ (1,303)	$35,687
	Net income (loss)						
	Operating profit (loss)	$ 714	$ (39)	$ 300	$ 66	$ --	$ 1,041
	Equity in income of affiliates	95	8	22	341	--	466
	Corporate/nonoperating	--	--	--	--	(469)	(469)
	Net income (loss) before discontinued operations and cumulative effect of accounting changes	809	(31)	322	407	(469)	1,038

	Discontinued operations	--	--	--	--	(26)	(26)
	Cumulative effect of accounting changes	--	--	--	--	(300)	(300)
	Total net income (loss)	$ 809	$ (31)	$ 322	$ 407	$ (795)	$ 712
	Identifiable assets	$12,596	$1,452	$ 4,093	$1,147	$ --	$19,288
	Identifiable assets of discontinued operations	--	--	--	--	1,409	1,409
	Investments in affiliates	1,128	29	387	1,921	3	3,468
	Corporate assets	--	--	--	--	1,827	1,827
	Total assets	$13,724	$1,481	$ 4,480	$3,068	$ 3,239	$25,992
Year 1991	Sales and services						
	Outside	$19,698	$3,868	$ 9,429	$3,117	$ --	$36,112
	Intergeographic	501	65	770	127	(1,463)	--
	Total sales and services	$20,199	$3,933	$10,199	$3,244	$ (1,463)	$36,112
	Net income (loss)						
	Operating profit	$ 614	$ 173	$ 343	$ 71	$ --	$ 1,201
	Equity in income of affiliates	158	5	17	428	--	608
	Corporate/nonoperating	--	--	--	--	(517)	(517)
	Net income (loss) before discontinued operations	772	178	360	499	(517)	1,292
	Discontinued operations	--	--	--	--	2	2
	Total net income (loss)	$ 772	$ 178	$ 360	$ 499	$ (515)	$ 1,294
	Identifiable assets	$13,062	$1,533	$ 3,966	$1,050	$ --	$19,611
	Identifiable assets of discontinued operations	--	--	--	--	1,326	1,326
	Investments in affiliates	1,183	29	366	1,748	3	3,329
	Corporate assets	--	--	--	--	1,916	1,916
	Total assets	$14,245	$1,562	$ 4,332	$2,798	$ 3,245	$26,182

*Includes intergeographic sales and services eliminations.

Report of Management

The consolidated financial statements are the responsibility of the management of Texaco Inc. They were prepared in accordance with generally accepted accounting principles and are, in part, based on certain estimates and judgments, as required. Other information contained in this Annual Report is presented on a basis consistent with the financial statements.

To meet these responsibilities, it is Texaco's long-established corporate policy to maintain a control conscious environment and an effective internal control system throughout its worldwide operations. Included in this system are Corporate Conduct Guidelines which require that all employees maintain the highest level of ethical standards. The internal control system provides reasonable assurance that assets are safeguarded and that financial records are accurately and objectively maintained, thus serving as a reliable basis for the preparation of financial statements. This system is augmented by written policies and procedures and an organizational structure that provides for an appropriate division of responsibility. Management personnel are required to formally certify each year that an effective internal control system is maintained. The internal controls are complemented by Texaco's internal auditors who conduct regular and extensive internal audits throughout the company. In addition, the independent public accounting firm of Arthur Andersen & Co. is engaged to provide an objective, independent audit of the company's financial statements. Their accompanying report is based on an audit conducted in accordance with generally accepted auditing standards, which included obtaining a sufficient understanding of the company's internal controls to plan their audit and determine the nature, timing and extent of audit tests to be performed. The appointment of the independent auditors is presented to the stockholders for approval at each Annual Meeting of the Stockholders.

The Board of Directors of Texaco Inc. maintains an Audit Committee which has been in place since 1939. This Committee, currently comprised of five non-employee Directors, met two times in 1993. Depending on the nature of the matters under review, the independent auditors, as well as certain officers and employees of the company, may attend all or part of a meeting. The Committee reviews and evaluates the company's accounting policies and reporting practices, internal auditing, internal controls, security procedures and other matters deemed appropriate. The Audit Committee also reviews the performance of Arthur Andersen & Co. in their audit of Texaco's financial statements and evaluates their independence and professional competence, as well as the scope of their audit. Both the internal and independent auditors have unrestricted access to the Audit Committee to discuss the results of their audits and the quality of the company's financial reporting and internal control system.

(Alfred C. DeCrane Jr.)
Alfred C. DeCrane, Jr.

Chairman of the Board and Chief Executive Officer

(Allen J. Krowe)
Allen J. Krowe
Vice Chairman and Chief Financial Officer

(Patrick J. Lynch)
Patrick J. Lynch
Vice President and Comptroller

February 24, 1994

Report of Independent Public Accountants

ARTHUR ANDERSEN & CO.

To the Stockholders, Texaco Inc.:

We have audited the accompanying consolidated balance sheet of Texaco Inc. (a Delaware corporation) and subsidiary companies as of December 31, 1993 and 1992, and the related statements of consolidated income, retained earnings, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1993. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Texaco Inc. and subsidiary companies as of December 31, 1993 and 1992, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1993 in conformity with generally accepted accounting principles.

As discussed in Note 2 to the Consolidated Financial Statements, effective January 1, 1992, the company changed its methods of accounting for income taxes and postretirement benefits other than pensions.

February 24, 1994
New York, N.Y.

(Arthur Andersen & Co.)

Supplemental Oil and Gas Information

The following information for Texaco Inc. and consolidated subsidiaries, as well as Texaco's equity in P.T. Caltex Pacific Indonesia (CPI), a 50%-owned affiliate operating in Other Eastern Hemisphere areas, is presented in accordance with Statement of Financial Accounting Standards No. 69, "Disclosures about Oil and Gas Producing Activities" (SFAS 69).

Estimated Proved Reserves

Volumes reported for proved liquid and gas reserves are based upon reasonable estimates. These estimates are consistent with current knowledge of the characteristics and production history of the reserves. Although they are based upon sound geological and engineering principles, by their very nature, such estimates are subject to upward and downward revision as additional information about producing fields and technology becomes available. Reported volumes include only such reserves as can reasonably be classified as proved. Net reserves represent the volumes estimated to be available after deduction of the royalty interests of others from gross reserves. In addition to reported reserves, Texaco has a large inventory of potential reserves that will add to the company's proved reserve base as future investments are made in exploration and development programs.

CPI's estimated liquids reserves include volumes projected to be recovered as reimbursement for a portion of costs incurred. Accordingly, these volumes will fluctuate annually with the price of crude oil. CPI's natural gas production is all consumed in operations.

Annually, Texaco Inc. provides information concerning oil and gas reserves to the U.S. Department of Energy and to certain governmental bodies. Such information is compatible with the information presented in this Annual Report.

During 1993, reserve increases, including equity and excluding purchases and sales, replaced 112% of worldwide combined oil and gas production. New fields, new sands, new plants, extensions, and improved recovery accounted for 67% of these reserve increases. During the three-year period 1991-1993, Texaco's reserve additions were 101% of worldwide production. During the five-year period 1989-1993, reserve additions were 106% of worldwide production.

In the United States during 1993, extensions, discoveries, and other additions of liquids and natural gas mainly reflect volumes added from the Ewing Bank Block 873 offshore Louisiana and from drilling in Texas, Utah, Wyoming and offshore Louisiana. New and planned CO2 and waterflood projects in Louisiana, New Mexico, and Texas also added reserves. Significant gas reserve volumes were added from the drilling at the Carthage and Brookeland fields in Texas where the productive limits were extended by exploiting 3D Seismic technology to enhance Texaco's resource base. Upward reserve revisions resulted mainly from improved performance at various fields in California, Louisiana, New Mexico and Texas. Liquids and natural gas reserves sales of minerals-in-place were principally comprised of numerous smaller economically marginal properties which did not fit into Texaco's business.

Outside the United States during 1993, significant gas reserves were added in the offshore Trinidad Dolphin Field in the Other Western Hemisphere area. European liquid reserve increases reflect additional volumes at the Captain Field offshore in the United Kingdom sector of the North Sea. Other liquid reserve increases resulted from upward revisions arising from future additional development at the Tyra Field and improved recovery from utilizing horizontal drilling techniques at the Dan Field--both offshore in the Danish sector of the North Sea. Gas reserve additions mainly reflect volumes added from the Orwell Field offshore in the United Kingdom sector of the North Sea. Upward revisions to gas reserves reflect the agreement reached on a new gas sales contract through 2012 covering the Dan, Tyra, and Gorm Fields in the Danish sector of the North Sea. Affiliate liquid reserves in Indonesia increased due to improved recovery from steam flooding at the Duri Field and improved performance at the Minas Field which resulted in upward revisions.

During 1994, Texaco expects that net production of natural gas will approximate 2,180 million cubic feet per day. This estimate is based upon past performance and on the assumption that such gas quantities can be produced under operating and economic conditions existing at December 31, 1993. Possible future changes in prices or world economic conditions were not factored into this estimate. These expected production volumes, together with normal related supply arrangements, are sufficient to meet anticipated delivery requirements under contractual arrangements. Texaco's proved natural gas reserves in the United States that are covered by long-term sales contracts were approximately 42% in 1993, 37% in 1992 and 33% in 1991.

Estimated Net Proved Developed and Undeveloped Reserves
of Crude Oil

Millions of barrels	Texaco Inc. and Consolidated Subsidiaries: United States	Other Western Hemisphere	Europe	Other Eastern Hemisphere	Worldwide	Equity: Affiliate -Other Eastern Hemisphere	Total
As of December 31, 1990	1,399	129	219	380	2,127	395	2,522
Increase (decrease) attributable to:							
Extensions, discoveries and other additions	22	3	26	11	62	2	64
Improved recovery	53	--	1	--	54	8	62
Revisions of previous estimates	26	1	21	25	73	36	109
Purchases of minerals-in-place	--	1	--	--	1	--	1
Sales of minerals-in-place	(6)	--	--	--	(6)	--	(6)
Production	(135)	(34)	(28)	(20)	(217)	(44)	(261)
As of December 31, 1991*	1,359	100	239	396	2,094	397	2,491
Increase (decrease) attributable to:							
Extensions, discoveries and other additions	14	2	4	11	31	40	71
Improved recovery	32	--	19	--	51	35	86
Revisions of previous estimates	37	(2)	19	17	71	4	75
Purchases of minerals-in-place	--	1	--	--	1	--	1
Sales of minerals-in-place	(10)	--	--	--	(10)	--	(10)
Production	(127)	(16)	(25)	(30)	(198)	(44)	(242)
As of December 31, 1992*	1,305	85	256	394	2,040	432	2,472
Increase (decrease) attributable to:							
Extensions, discoveries and other additions	36	1	50	8	95	1	96
Improved recovery	37	--	9	--	46	52	98
Revisions of previous estimates	37	(2)	3	14	52	18	70
Purchases of minerals-in-place	1	--	--	--	1	--	1
Sales of minerals-in-place	(15)	(3)	(5)	--	(23)	--	(23)
Production	(123)	(7)	(28)	(36)	(194)	(47)	(241)
As of December 31, 1993*	1,278	74	285	380	2,017	456	2,473
*Includes net proved developed reserves							
As of December 31, 1991	1,111	86	113	359	1,669	281	1,950
As of December 31, 1992	1,047	73	115	350	1,585	319	1,904
As of December 31, 1993	991	67	123	347	1,528	354	1,882

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Supplemental Oil and Gas Information
continued

Estimated Net Proved Developed and Undeveloped Reserves
of Natural Gas Liquids

Millions of barrels	Texaco Inc. and Consolidated Subsidiaries United States	Other Western Hemisphere	Europe	Other Eastern Hemisphere	Worldwide	Equity Affiliate -Other Eastern Hemisphere	Total
As of December 31, 1990	201	--	23	--	224	7	231
Increase (decrease) attributable to:							
Extensions, discoveries and other additions	4	--	3	--	7	--	7
Revisions of previous estimates	14	--	2	--	16	(1)	15
Purchases of minerals-in-place	--	1	--	--	1	--	1
Production	(31)	--	(2)	--	(33)	(1)	(34)
As of December 31, 1991*	188	1	26	--	215	5	220
Increase (decrease) attributable to:							
Extensions, discoveries and other additions	4	--	--	--	4	1	5
Improved recovery	1	--	--	--	1	--	1
Revisions of previous estimates	34	1	1	--	36	--	36
Sales of minerals-in-place	(1)	--	--	--	(1)	--	(1)
Production	(31)	--	(2)	--	(33)	--	(33)
As of December 31, 1992*	195	2	25	--	222	6	228
Increase (decrease) attributable to:							
Extensions, discoveries and other additions	5	--	--	--	5	--	5
Revisions of previous estimates	15	(1)	3	--	17	(1)	16
Sales of minerals-in-place	(3)	--	--	--	(3)	--	(3)
Production	(32)	--	(2)	--	(34)	--	(34)
As of December 31, 1993*	180	1	26	--	207	5	212
*Includes net proved developed reserves							
As of December 31, 1991	184	1	9	--	194	4	198
As of December 31, 1992	189	1	8	--	198	5	203
As of December 31, 1993	174	1	7	--	182	5	187
Grand total reserves of crude oil and natural gas liquids							
As of December 31, 1991	1,547	101	265	396	2,309	402	2,711
As of December 31, 1992	1,500	87	281	394	2,262	438	2,700
As of December 31, 1993	1,458	75	311	380	2,224	461	2,685

Estimated Net Proved Developed and Undeveloped Reserves
of Natural Gas

Billions of cubic feet	Texaco Inc. and Consolidated Subsidiaries United States	Other Western Hemisphere	Europe	Other Eastern Hemisphere	Worldwide	Equity Affiliate -Other Eastern Hemisphere	Total
As of December 31, 1990	4,849	588	477	84	5,998	140	6,138
Increase (decrease) attributable to:							
Extensions, discoveries and other additions	491	9	228	2	730	15	745
Improved recovery	7	--	--	--	7	--	7
Revisions of previous estimates	160	54	26	--	240	10	250
Purchases of minerals-in-place	1	83	--	--	84	--	84
Sales of minerals-in-place	(89)	--	(37)	--	(126)	--	(126)
Production	(722)	(51)	(30)	(2)	(805)	(16)	(821)
As of December 31, 1991**	4,697	683	664	84	6,128	149	6,277
Increase (decrease) attributable to:							
Extensions, discoveries and other additions	230	14	2	4	250	20	270
Improved recovery	29	--	5	--	34	7	41
Revisions of previous estimates	332	5	3	(3)	337	(1)	336
Purchases of minerals-in-place	1	23	--	--	24	--	24
Sales of minerals-in-place	(91)	(15)	--	--	(106)	--	(106)
Production	(672)	(55)	(26)	(2)	(755)	(17)	(772)
As of December 31, 1992**	4,526	655	648	83	5,912	158	6,070
Increase (decrease) attributable to:							
Extensions, discoveries and other additions	344	128	110	1	583	--	583
Improved recovery	26	6	4	--	36	--	36
Revisions of previous estimates	257	--	149	(37)	369	--	369
Purchases of minerals-in-place	2	4	--	1	7	--	7
Sales of minerals-in-place	(174)	(14)	--	(1)	(189)	--	(189)

Production	(652)	(57)	(36)	(3)	(748)	(18)	(766)
As of December 31, 1993**	4,329	722	875	44	5,970	140	6,110
**Includes net proved developed reserves							
As of December 31, 1991	4,325	497	234	73	5,129	134	5,263
As of December 31, 1992	4,064	589	216	74	4,943	150	5,093
As of December 31, 1993	3,971	575	362	41	4,949	128	5,077

Capitalized Costs

Capitalized costs represent cumulative expenditures for proved and unproved properties and support equipment and facilities used in oil and gas exploration and producing operations together with related accumulated depreciation, depletion and amortization (including provisions for restoration and abandonment costs, net of such costs expended to date).

	Texaco Inc. and Consolidated Subsidiaries					Equity	Total
Millions of dollars	United States	Other Western Hemisphere	Europe	Other Eastern Hemisphere	Worldwide	Affiliate -Other Eastern Hemisphere	
As of December 31, 1993							
Proved properties	$18,442	$ 549	$3,232	$1,094	$23,317	$ 694	$24,011
Unproved properties	434	23	258	80	795	356	1,151
Support equipment and facilities	373	48	114	90	625	439	1,064
Gross capitalized costs	19,249	620	3,604	1,264	24,737	1,489	26,226
Accumulated depreciation, depletion and amortization	(12,837)	(394)	(2,018)	(643)	(15,892)	(629)	(16,521)
Net capitalized costs	$ 6,412	$ 226	$1,586	$ 621	$ 8,845	$ 860	$ 9,705
As of December 31, 1992							
Proved properties	$18,779	$ 528	$3,059	$ 967	$23,333	$ 622	$23,955
Unproved properties	510	31	246	79	866	330	1,196
Support equipment and facilities	399	72	112	76	659	414	1,073
Gross capitalized costs	19,688	631	3,417	1,122	24,858	1,366	26,224
Accumulated depreciation, depletion and amortization	(12,836)	(378)	(2,012)	(645)	(15,871)	(567)	(16,438)
Net capitalized costs	$ 6,852	$ 253	$1,405	$ 477	$ 8,987	$ 799	$ 9,786

Costs Incurred

Costs incurred represent amounts capitalized or charged against income as expended. Property acquisition costs include costs to purchase or lease proved and unproved properties. Exploration costs include the costs of geological and geophysical work, carrying and retaining undeveloped properties and drilling and equipping exploratory wells. Development costs include expenditures to drill and equip development wells; to provide improved recovery systems; to construct facilities for extraction, treating, gathering and storing liquids and natural gas; and to maintain producing facilities for existing developed reserves. Exploration and development costs include applicable depreciation of support equipment and facilities used in those activities, rather than the expenditures to acquire such assets.

	Texaco Inc. and Consolidated Subsidiaries					Equity	Total
Millions of dollars	United States	Other Western Hemisphere	Europe	Other Eastern Hemisphere	Worldwide	Affiliate -Other Eastern Hemisphere	
For the year ended December 31, 1993							
Proved property acquisition	$ 15	$ 2	$ --	$ 3	$ 20	$ --	$ 20
Unproved property acquisition	15	1	--	8	24	--	24
Exploration	157	9	141	111	418	10	428
Development	690	29	299	119	1,137	137	1,274
Total	$ 877	$ 41	$440	$241	$1,599	$147	$1,746
For the year ended December 31, 1992							
Proved property acquisition	$ 9	$ 3	$ --	$ --	$ 12	$ --	$ 12
Unproved property acquisition	11	--	--	7	18	--	18
Exploration	162	55	85	114	416	9	425
Development	639	39	485	87	1,250	171	1,421
Total	$ 821	$ 97	$570	$208	$1,696	$180	$1,876

For the year ended December 31, 1991							
Proved property acquisition	$ 11	$ 39	$ --	$ --	$ 50	$ --	$ 50
Unproved property acquisition	20	6	--	--	26	--	26
Exploration	193	69	213	123	598	11	609
Development	782	54	397	66	1,299	164	1,463
Total	$1,006	$168	$610	$189	$1,973	$175	$2,148

Supplemental Oil and Gas Information
continued

Results of Operations--Oil and Gas Exploration and Producing Activities

The results below solely relate to Texaco's exploration for and net production of liquids and natural gas. They exclude operating earnings related to the sale of purchased oil and gas, equity earnings of certain affiliates, liquids and gas trading activity, general overhead, and miscellaneous operating income. Related estimated income tax expense was computed by applying the statutory income tax rates, including state and local income taxes, to the pre-tax results of operations and reflects applicable credits and allowances.

	Texaco Inc. and Consolidated Subsidiaries					Equity	Total
Millions of dollars	United States	Other Western Hemisphere	Europe	Other Eastern Hemisphere	Worldwide	Affiliate -Other Eastern Hemisphere	
For the year ended December 31, 1993							
Gross revenues from:							
Sales and transfers to affiliates and to divisions and subsidiaries within Texaco	$2,945	$ --	$ 184	$ 457	$3,586	$ 486	$4,072
Sales to unaffiliated entities	464	130	350	98	1,042	23	1,065
Production costs	(1,203)	(50)	(252)	(205)	(1,710)	(146)	(1,856)
Exploration expenses	(102)	(13)	(76)	(92)	(283)	(9)	(292)
Depreciation, depletion and amortization	(967)	(28)	(164)	(93)	(1,252)	(64)	(1,316)
Other expenses	(213)	(11)	--	(21)	(245)	(4)	(249)
Results before estimated income taxes	924	28	42	144	1,138	286	1,424
Estimated income taxes	(303)	(23)	(6)	(115)	(447)	(152)	(599)
Net results	$ 621	$ 5	$ 36	$ 29	$ 691	$ 134	$ 825
For the year ended December 31, 1992							
Gross revenues from:							
Sales and transfers to affiliates and to divisions and subsidiaries within Texaco	$3,136	$ 55	$ 151	$ 495	$3,837	$ 536	$4,373
Sales to unaffiliated entities	440	167	389	12	1,008	19	1,027
Production costs	(1,281)	(87)	(261)	(173)	(1,802)	(138)	(1,940)
Exploration expenses	(107)	(55)	(73)	(102)	(337)	(8)	(345)
Depreciation, depletion and amortization	(975)	(41)	(104)	(72)	(1,192)	(53)	(1,245)
Other expenses	(244)	(26)	--	(22)	(292)	(20)	(312)
Results before estimated income taxes	969	13	102	138	1,222	336	1,558
Estimated income taxes	(321)	(26)	2	(125)	(470)	(182)	(652)
Net results	$ 648	$ (13)	$ 104	$ 13	$ 752	$ 154	$ 906
For the year ended December 31, 1991							
Gross revenues from:							
Sales and transfers to affiliates and to divisions and subsidiaries within Texaco	$3,315	$ 187	$ 164	$ 373	$4,039	$ 563	$4,602
Sales to unaffiliated entities	460	209	455	37	1,161	20	1,181
Production costs	(1,405)	(115)	(290)	(80)	(1,890)	(129)	(2,019)
Exploration expenses	(115)	(61)	(142)	(108)	(426)	(10)	(436)
Depreciation, depletion and amortization	(979)	(50)	(107)	(51)	(1,187)	(55)	(1,242)
Other expenses	(209)	(12)	(3)	(97)	(321)	(11)	(332)
Results before estimated income taxes	1,067	158	77	74	1,376	378	1,754
Estimated income taxes	(350)	(154)	15	(67)	(556)	(212)	(768)
Net results	$ 717	$ 4	$ 92	$ 7	$ 820	$ 166	$ 986

Average Sales Prices and Production Costs--Per Unit

Average sales prices per unit are based upon the gross revenues reported in the Results of Operations--Oil and Gas Exploration and Producing Activities table. Average production costs per composite barrel includes related depreciation, depletion and amortization. It also includes cash lifting costs, excluding payments for royalties and income taxes. However, users of this information are cautioned that such income taxes and royalties substantially add to the total cost of producing operations and substantially reduce the profitability and cash flow from such operations.

	Average sales prices 1993 Crude oil and natural gas liquids per barrel	1993 Natural gas per thousand cubic feet	1992 Crude oil and natural gas liquids per barrel	1992 Natural gas per thousand cubic feet	1991 Crude oil and natural gas liquids per barrel	1991 Natural gas per thousand cubic feet	Average production costs (per composite barrel) 1993	1992	1991
United States	$13.61	$2.07	$15.50	$1.73	$16.19	$1.54	$4.60	$4.77	$4.93
Other Western Hemisphere	11.11	.89	11.21	.78	10.33	.99	3.06	3.69	2.84
Europe	16.06	2.33	18.69	2.36	19.48	2.19	10.11	8.56	8.27
Other Eastern Hemisphere	15.18	2.58	17.83	2.89	18.90	2.78	5.49	6.17	3.69
Affiliate--Other Eastern Hemisphere	13.45	--	14.21	--	15.38	--	3.21	3.19	3.11

Standardized Measure of Discounted Future Net Cash Flows

The following table shows estimated future net cash flows from future production of net developed and undeveloped reserves of crude oil, natural gas liquids and natural gas; therefore, reserves exclude the royalty interests of others. As prescribed by SFAS 69, such future net cash flows were estimated using year-end prices, costs, and tax rates, and, a 10% annual discount factor. Future production costs are based upon current year costs used uniformly throughout the life of the reserves. Future development costs include restoration and abandonment costs, net of residual salvage value. Estimated future income taxes were computed by applying the statutory income tax rates, including state and local taxes, to the future pre-tax net cash flows less appropriate tax deductions, giving effect to tax credits. Effective tax rates were used for certain foreign areas.

Texaco is presenting this information in accordance with the requirements of SFAS 69 and has exercised all due care in developing the data. It is necessary to caution investors and other users of the information to avoid its simplistic use. While the intent of this disclosure is to provide a common benchmark to help financial statement users project future cash flows and compare companies, users should note the following: data in this table excludes the effect of future changes in prices, costs, and tax rates which past experience indicates will occur. Such future changes could significantly impact the disclosed discounted net cash flows. The data also excludes the estimated net cash flows from reserves that are yet to be proved. Extensive judgement is used to estimate the timing of production and future costs over the remaining life of the reserves utilized in developing this disclosure. Values can be distorted by the use of year-end prices that may reflect seasonal factors or unpredictable distortions from wars and other significant world events. For all the preceding reasons, this disclosure is not necessarily indicative of Texaco's perception of the future cash flows to be derived from underground reserves.

Standardized Measure of Discounted Future Net Cash Flows

Millions of dollars	Texaco Inc. and Consolidated Subsidiaries: United States	Other Western Hemisphere	Europe	Other Eastern Hemisphere	Worldwide	Equity: Affiliate -Other Eastern Hemisphere	Total
As of December 31, 1993							
Future cash inflows from sale of oil and gas	$24,897	$1,373	$5,444	$4,044	$35,758	$4,113	$39,871
Future production costs	(10,678)	(774)	(3,023)	(1,879)	(16,354)	(1,573)	(17,927)
Future development costs	(2,831)	(166)	(1,060)	(418)	(4,475)	(636)	(5,111)
Future income tax expense	(3,060)	(156)	(487)	(1,228)	(4,931)	(1,009)	(5,940)
Net future cash flows before discount	8,328	277	874	519	9,998	895	10,893
10% discount for timing of future cash flows	(3,231)	(113)	(305)	(168)	(3,817)	(349)	(4,166)
Standardized measure: discounted future net cash flows	$ 5,097	$ 164	$ 569	$ 351	$ 6,181	$ 546	$ 6,727
As of December 31, 1992							
Future cash inflows from sale of oil and gas	$31,609	$1,669	$5,917	$5,485	$44,680	$5,154	$49,834
Future production costs	(11,487)	(827)	(2,541)	(1,615)	(16,470)	(1,780)	(18,250)
Future development costs	(3,128)	(120)	(959)	(400)	(4,607)	(631)	(5,238)
Future income tax expense	(5,173)	(303)	(966)	(2,476)	(8,918)	(1,399)	(10,317)

Net future cash flows before discount	11,821	419	1,451	994	14,685	1,344	16,029
10% discount for timing of future cash flows	(4,741)	(176)	(517)	(357)	(5,791)	(522)	(6,313)
Standardized measure: discounted future net cash flows	$ 7,080	$ 243	$ 934	$ 637	$ 8,894	$ 822	$ 9,716
As of December 31, 1991							
Future cash inflows from sale of oil and gas	$29,908	$1,820	$6,351	$5,579	$43,658	$4,752	$48,410
Future production costs	(12,157)	(814)	(2,258)	(1,935)	(17,164)	(1,423)	(18,587)
Future development costs	(3,837)	(147)	(1,312)	(390)	(5,686)	(502)	(6,188)
Future income tax expense	(4,075)	(481)	(1,152)	(2,334)	(8,042)	(1,583)	(9,625)
Net future cash flows before discount	9,839	378	1,629	920	12,766	1,244	14,010
10% discount for timing of future cash flows	(3,817)	(164)	(655)	(345)	(4,981)	(423)	(5,404)
Standardized measure: discounted future net cash flows	$ 6,022	$ 214	$ 974	$ 575	$ 7,785	$ 821	$ 8,606

Changes in the Standardized Measure of
Discounted Future Net Cash Flows

Millions of dollars	Texaco Inc. and Consolidated Subsidiaries--Worldwide 1993	1992	1991	Total Including Equity in Affiliate--Other Eastern Hemisphere 1993	1992	1991
Standardized measure--Beginning of year	$8,894	$7,785	$12,968	$9,716	$8,606	$14,544
Sales of minerals-in-place	(211)	(115)	(138)	(211)	(115)	(138)
	8,683	7,670	12,830	9,505	8,491	14,406
Changes in ongoing oil and gas operations:						
Sales and transfers of produced oil and gas, net of estimated future production costs	(2,918)	(3,043)	(3,310)	(3,281)	(3,460)	(3,764)
Net changes in prices, production and development costs	(5,512)	1,182	(11,537)	(6,001)	788	(13,301)
Extensions, discoveries and improved recovery, less related costs	955	541	830	963	763	777
Development costs incurred during the period	1,137	1,250	1,299	1,274	1,421	1,463
Timing of production and other changes	(488)	(551)	83	(564)	(488)	(45)
Revisions of previous quantity estimates	725	1,129	865	787	1,111	1,025
Purchases of minerals-in-place	6	12	12	6	12	12
Accretion of discount	1,398	1,234	2,203	1,566	1,420	2,561
Net change in future income taxes	2,195	(530)	4,510	2,472	(342)	5,472
Standardized measure--End of year	$6,181	$8,894	$ 7,785	$6,727	$9,716	$8,606

Selected Financial Data

Selected Quarterly Financial Data*

	Millions of dollars	1993 First Quarter	1993 Second Quarter	1993 Third Quarter	1993 Fourth Quarter	1992** First Quarter	1992** Second Quarter	1992** Third Quarter	1992** Fourth Quarter
Revenues	Sales and services	$8,061	$8,591	$8,276	$8,317	$8,085	$8,943	$9,483	$9,176
	Equity in income of affiliates, income from dividends, interest, asset sales and other	172	182	214	258	193	144	221	285
		8,233	8,773	8,490	8,575	8,278	9,087	9,704	9,461
Deductions	Purchases and other costs	5,957	6,380	6,167	6,163	6,003	6,844	7,228	6,886
	Operating expenses	708	754	835	789	714	726	776	856
	Selling, general and administrative expenses	402	418	524	439	416	402	440	534
	Maintenance and repairs	98	96	102	122	109	105	110	122
	Exploratory expenses	55	60	161	76	78	84	89	98
	Depreciation, depletion and amortization	375	386	401	406	387	389	366	394
	Interest expense, taxes other than income taxes and minority interest	253	257	270	245	256	264	243	262
		7,848	8,351	8,460	8,240	7,963	8,814	9,252	9,152
	Income from continuing operations before income taxes and cumulative effect of accounting changes	385	422	30	335	315	273	452	309
	Provision for (benefit from) income								

taxes	104	110	(287)	(14)	92	124	127	(32)
Net income from continuing operations, before cumulative effect of accounting changes	281	312	317	349	223	149	325	341
Discontinued operations								
Net income (loss) from operations	(3)	(3)	(11)	--	9	2	(9)	(28)
Net loss on disposal	--	--	(164)	(10)	--	--	--	--
Cumulative effect of accounting changes	--	--	--	--	(300)	--	--	--
Net Income (Loss)	$ 278	$ 309	$ 142	$ 339	$ (68)	$ 151	$ 316	$ 313
Per common share (dollars)								
Net income (loss) before cumulative effect of accounting changes								
Continuing operations	$ .98	$ 1.11	$ 1.13	$ 1.25	$ .77	$ .48	$ 1.16	$ 1.22
Discontinued operations	(.01)	(.01)	(.68)	(.04)	.03	.01	(.04)	(.11)
Cumulative effect of accounting changes	--	--	--	--	(1.16)	--	--	--
Net income (loss)	$ .97	$ 1.10	$ .45	$ 1.21	$ (.36)	$ .49	$ 1.12	$ 1.11

*Results for 1992 and the first and second quarters of 1993 have been reclassified to separately identify discontinued operations.

**Results for 1992 reflect the impact of the 1992 adoption of SFAS 106 and SFAS 109 which resulted in a cumulative after-tax charge of $536 million, or $2.07 per common share, and benefit of $236 million, or $.91 per common share, respectively, as of January 1, 1992. The combined effects of SFAS 106 and SFAS 109 on results for the first three quarters of 1992 were as follows--increase (decrease): first quarter $32 million or $.12 per share; second quarter, $(94) million, or $(.36) per share; third quarter, $47 million, or $.18 per share. The SFAS 109 portions of these amounts for the first, second and third quarters of 1992 were $39 million, or $.15 per share; $(87) million, or $(.34) per share; and $53 million, or $.21 per share, respectively.

See accompanying notes to consolidated financial statements.

Selected Financial Data
continued

Five-Year Comparison of Selected Financial Data*

	Millions of dollars	1993	1992	1991	1990	1989
For the year:	Revenues from continuing operations	$34,071	$36,530	$37,162	$40,508	$34,209
	Net income (loss) before cumulative effect of accounting changes					
	Continuing operations	$ 1,259	$ 1,038	$ 1,292	$ 1,405	$ 2,106
	Discontinued operations	(191)	(26)	2	45	307
	Cumulative effect of accounting changes	--	(300)	--	--	--
	Net income	$ 1,068	$ 712	$ 1,294	$ 1,450	$ 2,413
	Per common share (dollars)					
	Primary net income (loss) before cumulative effect of accounting changes					
	Continuing operations	$ 4.47	$ 3.63	$ 4.60	$ 5.01	$ 7.93
	Discontinued operations	(.73)	(.10)	.01	.17	1.19
	Cumulative effect of accounting changes	--	(1.16)	--	--	--
	Primary net income	$ 3.74	$ 2.37	$ 4.61	$ 5.18	$ 9.12
	Fully diluted net income (loss) before cumulative effect of accounting changes					
	Continuing operations	$ 4.43	$ 3.62	$ 4.54	$ 4.92	$ 7.65
	Discontinued operations	(.71)	(.10)	.01	.16	1.09
	Cumulative effect of accounting changes	--	(1.16)	--	--	--
	Fully diluted net income	$ 3.72	$ 2.36	$ 4.55	$ 5.08	$ 8.74
	Dividends	$ 3.20	$ 3.20	$ 3.20	$ 3.05	$ 10.00
	Total cash dividends paid on common stock	$ 828	$ 828	$ 827	$ 793	$ 2,635
At end of year:	Total assets	$26,626	$25,992	$26,182	$25,975	$25,636
	Debt and capital lease obligations					
	Short-term	$ 669	$ 140	$ 1,331	$ 1,516	$ 1,311
	Long-term	6,157	6,441	5,173	4,485	4,714
	Total debt and capital lease obligations	$ 6,826	$ 6,581	$ 6,504	$ 6,001	$ 6,025

*Results have been reclassified to separately identify discontinued operations as appropriate.

See accompanying notes to consolidated financial statements.

Investor Information

Stockholder Information

Texaco Inc.'s Form 10-K Report to the Securities and Exchange Commission for 1993 and a Financial and Operational Supplement to Texaco's 1993 Annual Report are available to stockholders and others who request them.
To obtain copies, please write to Mr. Carl B. Davidson, Vice President and Secretary, Texaco Inc., 2000 Westchester Avenue, White Plains, New York 10650.

In recognition of Texaco's long-standing commitment to corporate citizenship, the Texaco Foundation was founded in December 1979 for the purpose of making charitable contributions in the United States to selected tax-exempt organizations, particularly in the fields of higher education, arts and culture, civic and public interest, social betterment, health and the environment. Upon written request to our White Plains office, the Texaco Foundation will send a copy of its Annual Report.

Those wishing to receive a report on Texaco's equal opportunity activities may also do so by writing to Mr. John D. Ambler, Vice President, Human Resources, at our White Plains office, requesting a copy of Texaco: Equal Opportunity--Taking Affirmative Action at Work and in the Community.

Investor Services Plan

The company's Investor Services Plan provides individuals with a variety of innovative and quality stockholder services--all designed to make investing in Texaco common stock easy. Enrollment in the Plan is open to anyone and, even if you are not already a stockholder, your initial investment can be made directly through the company.

The Plan contains many interesting features such as dividend reinvestment, optional cash investments and custodial service for stock certificates, and is a great way to start an investment program for family members and friends.

For a complete informational package, including a Plan prospectus, call 1-800-283-9785.

Annual Meeting

Texaco Inc.'s Annual Stockholders Meeting will be held at the Hyatt Regency Tech Center in Denver, Colorado, on Tuesday, May 10, 1994.

A formal notice of the meeting, together with a proxy statement and proxy form, will be mailed to stockholders.

Market Information

The New York Stock Exchange is the principal exchange on which Texaco Inc. common stock is traded. There were 201,435 stockholders of record as of February 24, 1994. The high and low sales prices of Texaco Inc. common stock as quoted on the composite tape of the New York Stock Exchange during 1993 and 1992 were as follows:

	1993		1992	
	High	Low	High	Low
First Quarter	$64.63	$57.63	$63.63	$56.13
Second Quarter	65.75	61.75	66.88	56.50
Third Quarter	68.50	60.63	65.88	61.75
Fourth Quarter	69.50	62.00	64.25	57.75

Common Stock Dividends

Texaco Inc. paid quarterly cash dividends of 80 cents per share to its common stockholders in 1993 and 1992, for a total of $3.20 per share for each year.

Stock Transfer Offices

Texaco Inc.
Investor Relations and Shareholder
Services Department
2000 Westchester Avenue
White Plains, New York 10650

Mellon Securities Transfer Services
120 Broadway--33rd Floor

New York, NY 10271

Montreal Trust Company
151 Front Street West--8th Floor
Toronto, Ontario, Canada M5J 2N1

EXHIBIT 21

Subsidiaries of Registrant
1993

Parents of Registrant
None

Registrant
Texaco Inc.

The operations of the Registrant and its subsidiaries are generally grouped by divisions. The divisions are comprised of various subsidiaries and affiliates. The significant subsidiaries included in the consolidated financial statements of the Registrant, grouped by the division primarily responsible for each, are as follows:

Texaco U.S.A.	Organized under the laws of
Four Star Oil and Gas Company	Delaware
Texaco Cogeneration Company	Delaware
Texaco Pipeline Inc.	Delaware
Texaco Exploration and Production Inc.	Delaware
Texaco Refining and Marketing Inc.	Delaware
Texaco Refining and Marketing (East) Inc.	Delaware
Texaco Trading and Transportation Inc.	Delaware
Texaco Europe	
Texaco A/S	Denmark
Texaco Britain Limited	England
Texaco Denmark Inc.	Delaware
Texaco Investments (Netherlands), Inc.	Delaware
Texaco Limited	England
Texaco North Sea U.K. Company	Delaware
Texaco Latin America/West Africa	
Texaco Brasil S.A. Produtos de Petroleo	Brazil
Texaco Overseas (Nigeria) Petroleum Company	Nigeria
Texaco Overseas Petroleum Company	Delaware
Texaco Panama Inc.	Panama
Texas Petroleum Company	New Jersey
Other significant subsidiaries of the Registrant not within the above divisions	
Heddington Insurance Ltd.	Bermuda
Saudi Arabian Texaco Inc.	Delaware
Texaco International Trader Inc.	Delaware
Texaco Overseas Holdings Inc.	Delaware
TRMI Holdings Inc.	Delaware

Texaco Chemical Company, a wholly owned subsidiary of Texaco Inc., is not listed, as Texaco expects to sell Texaco Chemical Company and substantially all of its worldwide chemical operations in April 1994.

Names of certain subsidiary companies are omitted because, considered in the aggregate as a single subsidiary company, they do not constitute a significant subsidiary company.

EXHIBIT 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our reports dated February 24, 1994 included or incorporated by reference in Texaco Inc.'s Form 10-K for the year ended December 31, 1993, into the following previously filed Registration Statements:

1.	Form S-3	File Number 2-37010
2.	Form S-3	File Number 33-31148
3.	Form S-8	File Number 2-67125
4.	Form S-8	File Number 2-76755
5.	Form S-8	File Number 2-90255
6.	Form S-8	File Number 33-34043
7.	Form S-3	File Number 33-40309
8.	Form S-8	File Number 33-45952
9.	Form S-8	File Number 33-45953
10.	Form S-3	File Number 33-63996
11.	Form S-3	File Number 33-50553 and 33-50553-01

ARTHUR ANDERSEN & CO.

New York, N.Y.
March 28, 1994.

EXHIBIT 24.1

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1993, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1995.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 21st day of January, 1994.

ALFRED C. DE CRANE, JR. (SEAL)

EXHIBIT 24.2

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, an officer of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1993, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1995.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 17th day of January, 1994.

ALLEN J. KROWE (SEAL)

Vice Chairman and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 24.3

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, an officer of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1993, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1995.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 1st day of March, 1994.

ROBERT C. OELKERS (SEAL)

Comptroller
(Principal Accounting Officer)

EXHIBIT 24.4

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1993, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1995.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 14th day of January, 1994.

ROBERT A. BECK (SEAL)

EXHIBIT 24.5

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1993, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1995.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 27th day of January, 1994.

JOHN BRADEMAS (SEAL)

EXHIBIT 24.6

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1993, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1995.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 21st day of January, 1994.

WILLARD C. BUTCHER (SEAL)

EXHIBIT 24.7

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1993, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1995.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 20th day of January, 1994.

EDMUND M. CARPENTER (SEAL)

EXHIBIT 24.8

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1993, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1995.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 14th day of January, 1994.

WILLIAM J. CROWE, JR. (SEAL)

EXHIBIT 24.9

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1993, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1995.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 24th day of January, 1994.

FRANKLYN G. JENIFER (SEAL)

EXHIBIT 24.10

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1993, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1995.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 26th day of January, 1994.

JAMES W. KINNEAR (SEAL)

EXHIBIT 24.11

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1993, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1995.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 27th day of January, 1994.

THOMAS S. MURPHY (SEAL)

EXHIBIT 24.12

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1993, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1995.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 13th day of January, 1994.

CHARLES H. PRICE, II (SEAL)

EXHIBIT 24.13

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1993, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1995.

IN WITNESS WHEREOF, the undersigned has hereunto set her name and seal as of the 14th day of January, 1994.

ROBIN B. SMITH (SEAL)

EXHIBIT 24.14

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1993, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1995.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 31st day of January, 1994.

WILLIAM C. STEERE, JR. (SEAL)

EXHIBIT 24.15

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1993, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1995.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 2nd day of February, 1994.

THOMAS A. VANDERSLICE (SEAL)

EXHIBIT 24.16

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director of TEXACO INC., a Delaware corporation (the "Company"), hereby makes, designates, constitutes and appoints CARL B. DAVIDSON and ROBERT E. KOCH, and either of them (with full power to act without the other), as the undersigned's true and lawful attorneys-in-fact and agents, with full power and authority to act in any and all capacities for and in the name, place and stead of the undersigned in connection with the filing of: (i) any and all registration statements and all amendments and post-effective amendments thereto (collectively, "Registration Statements") under the Securities Act of 1933, as amended, with the Securities and Exchange Commission, and any and all registrations, qualifications or notifications under the applicable securities laws of any and all states and other jurisdictions, with respect to the securities of the Company of whatever class, including without limitation thereon the Company's Common Stock, par value $6.25 per share, and preferred stock, par value $1.00 per share, however offered, sold, issued, distributed, placed or resold by the Company, by any of its subsidiary companies, or by any other person or entity, that may be required to effect: (a) any such filing, (b) any primary or secondary offering, sale, distribution, exchange, or conversion of the Company's securities, (c) any acquisition, merger, reorganization or consolidation involving the issuance of the Company's securities, (d) any stock option, restricted stock grant, incentive, investment, thrift, profit sharing, or other employee benefit plan relating to the Company's securities, or (e) any dividend reinvestment or stock purchase plan relating to the Company's securities; (ii) the Company's Annual Report to the Securities and Exchange Commission for the year ended December 31, 1993, on Form 10-K, and any and all amendments thereto on Form 8 or otherwise, under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and (iii) Statements of Changes of Beneficial Ownership of Securities on Form 4 or Form 5 (or such other forms as may be designated from time to time for such purposes), pursuant to Section 16(a) of the Exchange Act.

Without limiting the generality of the foregoing grant of authority, such attorneys-in-fact and agents, or either of them, are hereby granted full power and authority, on behalf of and in the name, place and stead of the undersigned, to execute and deliver all such Registration Statements, registrations, qualifications, or notifications, the Company's Form 10-K, any and all amendments thereto, statements of changes, and any and all other documents in connection with the foregoing, and take such other and further action as such attorneys-in-fact and agents, or either of them, deem necessary or appropriate. The powers and authorities granted herein to such attorneys-in-fact and agents, and either of them, also include the full right, power and authority to effect necessary or appropriate substitutions or revocations. The undersigned hereby ratifies, confirms, and adopts, as his own act and deed, all action lawfully taken pursuant to the powers and authorities herein granted by such attorneys-in fact and agents, or either of them, or by their respective substitutes. This Power of Attorney expires by its terms and shall be of no further force and effect on March 31, 1995.

IN WITNESS WHEREOF, the undersigned has hereunto set his name and seal as of the 3rd day of February, 1994.

WILLIAM WRIGLEY (SEAL)
