UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15 (d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
July 21, 1998

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

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

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

(914) 253-4000

(Registrant's telephone number, including area code)

Item 5. Other Events

On July 21, 1998, the Registrant issued an Earnings Press Release entitled "Texaco Reports Results: Second Quarter 1998 Earnings Total $342 Million," a copy of which is attached hereto as Exhibit 99.1 and made a part hereof.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(c) Exhibits

99.1 Press Release issued by Texaco Inc. dated July 21, 1998, entitled "Texaco Reports Results: Second Quarter 1998 Earnings Total $342 Million."

SIGNATURES

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

TEXACO INC.

(Registrant)

By: R. E. KOCH

(Assistant Secretary)

Date: July 21, 1998

EXHIBIT 99.1

TEXACO REPORTS RESULTS:

SECOND QUARTER 1998 EARNINGS TOTAL $342 MILLION

FOR IMMEDIATE RELEASE: TUESDAY, JULY 21, 1998

WHITE PLAINS, N.Y., July 21 - Continuing weak crude oil prices lowered second quarter results, Texaco Chairman and Chief Executive Officer Peter Bijur reported today. Improved margins and higher sales volumes in the international downstream and an 11 percent increase in worldwide production only partially offset the effects of lower oil prices.

Texaco's reported net income for the second quarter of 1998 was $342 million ($.61 per share). The quarter included a net special gain of $7 million. Net income for the second quarter of 1997 was $571 million ($1.05 per share), including a net special gain of $131 million. For the first half of 1998, reported net income was $601 million ($1.07 per share), compared with $1,551 million ($2.85 per share) for last year. Commenting on the second quarter of 1998, Bijur highlighted the following:

- Strong international downstream margins and volumes;
- Worldwide daily production increased 11 percent;
- Year-to-date cash operating expenses per barrel decreased six percent; and
- Year-to-date stock repurchases of $400 million.

Further commenting on the results Bijur stated, "The combination of excessive crude oil inventories and slower demand growth continues to keep downward pressure on prices. Recently announced production cuts by certain oil producing nations should lead to a better supply/demand balance and a recovery in prices. In this environment, we continue to strategically position the company for long-term profitability by focusing on increasing our reserve base."

Bijur noted that lower crude oil prices helped to improve downstream margins in the second quarter. Texaco's increasing presence in Latin American markets and the company's operational performance in Europe contributed to improved results. Additionally, profitability has been maintained in the Caltex area of operations, despite the highly volatile business environment.

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Bijur went on to say that Texaco, Shell Oil Company and Saudi Refining, Inc., finalized agreements for the July 1998 operational start-up of Motiva Enterprises LLC. This U.S. downstream alliance combines Eastern and Gulf Coast refining and marketing operations. Earlier in the year, Equilon Enterprises LLC, a U.S. joint venture combining Texaco's and Shell's Western and Midwestern downstream assets began operations.

Texaco Inc. (Millions):	Second Quarter 1998	Second Quarter 1997	First Half 1998	First Half 1997
Net income before special items	$ 335	$ 440	$ 594	$ 932
Gains on major asset sales	20	174	20	174
Tax benefits on asset sales	19	-	19	-
Alliance formation				

Expenses	(32)	-	(32)	-
Financial reserves for various issues	-	(43)	-	(43)
U.S. tax issue	-	-	-	488
Special items	7	131	7	619
Total reported net Income	$ 342	$ 571	$ 601	$1,551

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

ANALYSIS OF OPERATING EARNINGS

EXPLORATION AND PRODUCTION

	Second Quarter		First Half	
UNITED STATES (Millions):	1998	1997	1998	1997
Operating earnings before special items	$ 100	$232	$207	$543
Special items	20	(43)	20	(43)
Total operating net income	$ 120	$189	$227	$500

U.S. exploration and production earnings in the second quarter and the first half of 1998 were below last year's levels due to the continued deterioration of crude oil prices. Average realized crude oil prices for the second quarter and first half of 1998 were $10.72 and $11.26 per barrel; more than 36 percent lower than the 1997 periods. The dramatic declines in price resulted from rising inventory levels and slowing worldwide demand growth. Slightly higher natural gas prices benefited second quarter 1998 results. For the first half of 1998, average natural gas prices were $2.10 per MCF, $.26 lower than last year. The lower natural gas prices were the result of milder weather as well as increased inventory levels in this year's first quarter.

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Production increased 10 percent for the second quarter and 11 percent for the first half of 1998. The increased production in the second quarter 1998 included new production from the Arnold, Oyster and Barite South fields located in the Gulf of Mexico. Both periods of 1998 included production from the Monterey properties acquired in November of 1997.

Texaco continued to pursue new reserve opportunities in the Gulf of Mexico, leading to higher exploration expenses this year. Exploration expenses for the second quarter and first half of 1998 were $51 million and $147 million before tax, $17 million and $71 million higher than the same periods of 1997.

Results for 1998 included a second quarter special gain of $20 million from the sale of an interest in a natural gas pipeline. Results for 1997 included a second quarter special charge of $43 million for the establishment of financial reserves for royalty and severance tax issues.

	Second Quarter		First Half	
INTERNATIONAL (Millions):	1998	1997	1998	1997
Operating earnings before special items	$ 51	$ 79	$ 91	$ 235
Special items	-	161	-	161
Total operating net income	$ 51	$240	$ 91	$ 396

International exploration and production earnings for the second quarter and first half of 1998 declined from 1997 as a result of lower crude oil prices. Average realized crude oil prices were $11.42 per barrel for the quarter, and $11.68 for the first half of 1998, decreasing 32 percent for the quarter and 36 percent for the first half.

Production increased 13 percent for the second quarter and 16 percent for the first half of 1998. Volumes in the U.K. North Sea increased from the Captain, Erskine and Galley fields. The Galley field began production in the second quarter of this year. Production also increased in the Partitioned Neutral Zone and Colombia, and as a result of Texaco's first quarter 1998 acquisition of a 20 percent interest in the Karachaganak field in Kazakhstan. Also, exploratory expenses in both periods were lower.

The second quarter of 1997 included special gains of $161 million from the sales of a 15 percent interest in the Captain field, an interest in Canadian gas properties and an interest in an Australian pipeline system.

MANUFACTURING, MARKETING AND DISTRIBUTION

UNITED STATES (Millions):	Second Quarter 1998	Second Quarter 1997	First Half 1998	First Half 1997
Operating earnings before special items	$ 96	$ 87	$143	$ 93
Special items	(32)	13	(32)	13
Total operating net income	$ 64	$100	$111	$106

In the U.S. downstream, earnings for 1998 reflect the change in operations from the formation of Equilon Enterprises LLC, Texaco's downstream alliance with Shell Oil Company.

During this year's second quarter, margins benefited from lower crude oil prices. Refining operations improved in the West and Midwest while in the East results were adversely affected by downtime at several plants.

For the first half of this year, lower crude prices benefited product and lubricant margins. Crude oil trading operations also contributed to higher results. However, in the first quarter, weather conditions weakened demand for heating oil on the East Coast and gasoline on the West Coast. Also, first quarter refining results were affected by maintenance at the Martinez and Wood River plants.

Earnings for 1997 included the adverse effects of intense competition that squeezed margins in the West Coast marketplace, primarily in the first quarter. Refinery fires late in 1996 and early in 1997 negatively affected product yields and caused casualty loss expenses.

The second quarter of 1998 included a special charge of $32 million for alliance formation expenses, mostly Texaco's share of announced employee severance programs. Results for 1997 included a second quarter special gain of $13 million from the sale of credit card operations.

INTERNATIONAL (Millions):	Second Quarter 1998	Second Quarter 1997	First Half 1998	First Half 1997
Operating earnings before special items	$ 194	$132	$ 376	$236
Special items	-	-	-	-
Total operating net income	$ 194	$132	$ 376	$236

In the international downstream, earnings for the second quarter and first half of 1998 were higher than 1997. Refining margins improved in the U.K. and Panama due to lower crude costs. Improved marketing results reflected increased sales volumes and higher margins, primarily in the U.K., Brazil and other Latin American areas where operations have expanded. Scandinavian earnings improved following the 1997 price war in Norway.

In the Caltex area, higher 1998 earnings were a result of lower crude costs and partial recovery of the fourth quarter 1997 currency losses in Korea. However, a significantly higher volume of product was sold into the lower margin export market.

CORPORATE/NONOPERATING RESULTS

(Millions):	Second Quarter 1998	Second Quarter 1997	First Half 1998	First Half 1997
Results before special items	$(104)	$(91)	$(223)	$(188)
Special items	19	-	19	488
Total corporate/nonoperating	$ (85)	$(91)	$(204)	$ 300

Corporate and nonoperating results for the second quarter and first half of 1998 included increased interest expense due to higher debt levels. Additionally, results for 1998 included expenses for Texaco's corporate advertising campaign introduced in the second half of 1997.

Results for 1998 included a second quarter special item of $19 million for tax benefits attributable to the sale of an interest in a subsidiary. Results for 1997 included a first quarter special benefit of $488 million associated with an IRS settlement.

CAPITAL AND EXPLORATORY EXPENDITURES

Capital and exploratory expenditures were $1,881 million for the first half of 1998 and $1,798 million in 1997.

In the U.S. upstream, development continued in the deepwater Gulf of Mexico. Expenditures in 1998 also increased for enhanced oil recovery projects using advanced thermal recovery techniques which raised production from the acquired Monterey properties and other core producing fields. Exploratory expenses increased as Texaco continued its program to grow oil and gas production and reserves.

Internationally, slightly higher upstream expenditures included investment in the Karachaganak venture in Kazakhstan, a discovered reserve opportunity. Development work continued in the U.K. North Sea, Indonesia and other promising areas while exploratory spending decreased in China.

Lower international downstream expenditures in the Caltex marketing areas were due to higher 1997 service station investments in Hong Kong.

Texaco continues to carefully assess investment projects given the current and projected industry environment. The company anticipates some adjustment in spending by deferring non-critical projects into future periods should the current low crude price environment persist.

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Listen in live to Texaco's second quarter 1998 earnings discussion with financial analysts on Wednesday, July 22 at 11:00 EDT at http://www.events.audionet.com/events/texaco/q2earnings/

For technical assistance, call Sheila Lujan at 800-366-9831

FUNCTIONAL NET INCOME
($Millions)

	Second Quarter(a) 1998	Second Quarter(a) 1997	First Half(a) 1998	First Half(a) 1997
Operating Earnings				
Petroleum and natural gas				
Exploration and production				
United States	$ 120	$ 189	$ 227	$ 500
International	51	240	91	396
Total	171	429	318	896
Manufacturing, marketing and distribution				
United States	64	100	111	106
International	194	132	376	236
Total	258	232	487	342
Total petroleum and natural gas	429	661	805	1,238
Nonpetroleum	(2)	1	-	13
Total Operating Earnings	427	662	805	1,251
Corporate/ Nonoperating	(85)	(91)	(204)	300
Total net income	$ 342	$ 571	$ 601	$1,551
Net income per common share (Dollars)				
Basic	$0.62	$1.07	$ 1.08	$ 2.93
Diluted	$0.61	$1.05	$ 1.07	$ 2.85
Average number of common shares outstanding for computation of earnings per share (Millions)				
Basic	530.6	519.4	531.2	519.3
Diluted	549.8	539.9	550.6	540.0
Provision for income taxes included in total net income above	$ 84	$ 335	$ 224	$ 141

(a) Includes special items as detailed in this release.

OTHER FINANCIAL DATA ($Millions)	Second Quarter(a) 1998	Second Quarter(a) 1997	First Half(a) 1998	First Half(a) 1997
Revenues	$8,044	$11,496	$16,191	$23,525
Total assets as of June 30			(b)$28,700	$27,041
Stockholders' equity as of June 30			(b)$12,500	$11,415
Total debt as of June 30			(b)$ 6,950	$ 5,539
Capital and exploratory expenditures				
Exploration and production				
United States	$ 423	$ 429	$ 899	$ 781
International	261	264	551	546
Total	684	693	1,450	1,327
Manufacturing, marketing and distribution				
United States	95	92	183	152
International	129	207	228	308
Total	224	299	411	460
Other	6	7	20	11
Total	$ 914	$ 999	$ 1,881	$ 1,798
Exploratory expenses included above				
United States	$ 51	$ 34	$ 147	$ 76
International	39	59	84	116
Total	$ 90	$ 93	$ 231	$ 192
Dividends paid to common stockholders	$ 240	$ 220	$ 479	$ 441
Dividends per common share (Dollars)	$ 0.45	$0.425	$ 0.90	$ 0.85
Dividend requirements for preferred stockholders	$ 13	$ 14	$ 27	$ 28

(b) Preliminary

OPERATING DATA	Second Quarter 1998	Second Quarter 1997	First Half 1998	First Half 1997
Exploration and Production				
United States				
Net production of crude oil and natural gas liquids (MBPD)	447	385	449	385
Net production of natural gas - available for sale (MMCFPD)	1,703	1,677	1,721	1,666
Total net production (MBOEPD)	731	665	736	663
Natural gas sales (MMCFPD)	3,934	3,561	3,908	3,700
Average U.S. crude (per bbl.)	$ 10.72	$ 16.95	$ 11.26	$ 18.29
Average U.S. natural gas (per mcf)	$ 2.05	$ 2.02	$ 2.10	$ 2.36
Average WTI (Spot) (per bbl.)	$ 14.62	$ 19.97	$ 15.26	$ 21.38
Average Kern (Spot) (per bbl.)	$ 7.75	$ 14.11	$ 8.31	$ 15.07
International				
Net production of crude oil and natural gas liquids (MBPD)				
Europe	149	118	154	116
Indonesia	156	153	155	147
Partitioned Neutral Zone	105	94	106	92
Other	67	68	69	67
Total	477	433	484	422
Net production of natural gas - available for sale (MMCFPD)				
Europe	245	172	251	207
Colombia	185	173	196	156
Other	112	83	118	93
Total	542	428	565	456
Total net production (MBOEPD)	567	504	578	498
Natural gas sales (MMCFPD)	665	528	721	574
Average International crude (per bbl.)	$ 11.42	$ 16.91	$ 11.68	$ 18.22
Average U.K. natural gas				

(per mcf)	$ 2.64	$ 2.59	$ 2.64	$ 2.73
Average Colombia natural gas (per mcf)	$ 0.92	$ 1.12	$ 0.91	$ 1.09
Worldwide				
Total net production (MBOEPD)	1,298	1,169	1,314	1,161

OPERATING DATA	Second Quarter 1998	Second Quarter 1997	First Half 1998	First Half 1997
Manufacturing, Marketing and Distribution				
United States				
Refinery input (MBPD)				
Western U.S.	396	418	377	413
Eastern U.S.	333	328	323	332
Total	729	746	700	745
Refined product sales (MBPD)				
Gasoline	554	512	530	505
Avjets	164	94	168	92
Middle Distillates	188	216	184	215
Residuals	119	59	107	72
Other	181	117	165	119
Total	1,206	998	1,154	1,003
International				
Refinery input (MBPD)				
Europe	367	335	371	341
Caltex	419	414	428	411
Latin America/ West Africa	70	55	64	59
Total	856	804	863	811
Refined product sales (MBPD)				
Europe	602	494	582	495
Caltex	586	561	589	574
Latin America/ West Africa	460	406	444	391
Other	56	74	51	55
Total	1,704	1,535	1,666	1,515