UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported):
January 22, 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

1. On January 22,1998, the Registrant issued an Earnings Press Release entitled "Texaco Reports Results: Fourth Quarter 1997 Earnings of $623 Million Cap Record Year - 1997 Net Income Exceeds $2.6 Billion," a copy of which is attached hereto as Exhibit 99.1 and made a part hereof.

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

(c) Exhibits

99.1 Press Release issued by the Registrant dated January 22, 1998, entitled "Texaco Reports Results: Fourth Quarter 1997 Earnings of $623 Million Cap Record Year - 1997 Net Income Exceeds $2.6 Billion."

SIGNATURES

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

TEXACO INC.

(Registrant)

By: R. E. KOCH

(Assistant Secretary)

Date: January 23, 1998

EXHIBIT 99.1

TEXACO REPORTS RESULTS:
FOURTH QUARTER 1997 EARNINGS OF $623 MILLION CAP RECORD YEAR
1997 Net Income Exceeds $2.6 Billion

FOR RELEASE: THURSDAY, JANUARY 22, 1998.

WHITE PLAINS, N.Y., Jan. 22 - Production increases and improved refining and marketing results in the fourth quarter were highlights capping an outstanding year, Texaco Chairman and Chief Executive Officer Peter Bijur reported today.

Texaco's total reported net income for the fourth quarter of 1997 was $623 million, or $1.15 per share, including net special benefits of $151 million. Net income for the fourth quarter of 1996 was $509 million, or $.95 per share, including net special benefits of $129 million. For the year 1997, total reported net income was $2,664 million, or $4.99 per share, as compared with $2,018 million, or $3.77 per share, for the year 1996. For the year 1997, net income before special items was $1,894 million, or $3.52 per share, as compared with $1,665 million, or $3.09 per share, for the year 1996. Per share amounts reflect the two-for-one stock split effective September 29, 1997.

Commenting on 1997 fourth quarter and annual results, Bijur highlighted the following:

- Net income before special items rose 24 percent to $472 million, or $.87 per share;
- Worldwide production rose 11 percent quarterly and six percent annually;
- Refinery downtime was reduced and downstream margins improved;
- Expense containment continued;
- The $500 million stock repurchase program was completed;
- Annual return on average capital employed reached 13 percent; and
- Yearly capital and exploratory expenditures, including the $1.4 billion Monterey acquisition, grew 73 percent to $5.9 billion.

Bijur further commented on the fourth quarter, "The Monterey acquisition, increasing production in the Captain field and the start-up of the Erskine field led to a significant rise in worldwide production. Our refining and marketing results were significantly higher as earnings continued to recover from last year's depressed levels. Improved refinery utilization, higher margins and a three percent increase in U.S. branded gasoline sales were the key contributors to the higher results. Lower worldwide crude oil prices and higher exploratory expenditures dampened our exploration and production results. Exploratory expenditures rose 21 percent as we aggressively sought out high-impact producing opportunities."

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Bijur concluded, "The recent sharp decline in both oil and natural gas prices as well as stagnant refining margins will apply downward pressure on first quarter 1998 earnings. Despite the recent decline in industry fundamentals, aggressive efforts to strengthen our upstream position, as demonstrated by the Monterey and Karachaganak acquisitions, will serve as the foundation to build our position in the energy marketplace. Our expanded upstream leadership team and the establishment of a corporate development team will enable us to more quickly identify and act upon emerging opportunities across the globe. Also, definitive agreements were signed last week with Shell Oil Company combining our western refining and marketing assets along with nationwide transportation, trading, and lubricants businesses. This brings us closer to achieving the substantial benefits expected from the Texaco/Shell/Saudi Aramco U.S. downstream alliance."

	Fourth Quarter		Year	
Texaco Inc. (Millions)	1997	1996	1997	1996
Net income before special items	$ 472	$ 380	$1,894	$1,665
Gains (losses) on major asset sales	193	(30)	367	194
Write-down of assets	(41)	-	(41)	-
Tax and other issues	(1)	68	487	68
Financial reserves for various issues	-	(32)	(43)	(32)
Tax benefits on asset sales	-	188	-	188
Employee separation costs	-	(65)	-	(65)
	151	129	770	353
Total reported net income	$ 623	$ 509	$2,664	$2,018

The following functional analysis includes details on special items.

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ANALYSIS OF OPERATING EARNINGS
EXPLORATION AND PRODUCTION

UNITED STATES (Millions):	Fourth Quarter 1997	Fourth Quarter 1996	Year 1997	Year 1996
Operating earnings before special items	$ 256	$ 351	$1,031	$1,123
Special items	(31)	-	(74)	-
Total operating net income	$ 225	$ 351	$ 957	$1,123

In the U.S. exploration and production operations, fourth quarter and year 1997 earnings were below last year as a result of lower crude oil prices and lower gas marketing results. Average realized crude oil prices for the fourth quarter and year 1997 were $16.36 and $17.34 per barrel, $3.64 and $.59 per barrel lower than the fourth quarter and year 1996. Crude oil prices have declined sharply from the fourth quarter 1996 peak due to the recent slowing of world oil demand growth and higher worldwide production creating rising inventory levels. Higher expenses associated with increased operating and exploratory activities also contributed to the decline in earnings.

Production gains and higher natural gas prices benefited fourth quarter and year 1997 results. Production increased eight percent in the fourth quarter and two percent for the year. The increases are from new production, notably from the acquired Monterey properties, and continued development in the Gulf of Mexico and Louisiana. Average natural gas prices for the fourth quarter and year 1997 were $2.63 and $2.37 per thousand cubic feet (MCF), $.09 and $.18 per MCF higher than the fourth quarter and year 1996.

Special items for 1997 included a fourth quarter write-down of assets of $31 million and a second quarter charge of $43 million for the establishment of financial reserves for royalty and severance tax issues.

INTERNATIONAL (Millions):	Fourth Quarter 1997	Fourth Quarter 1996	Year 1997	Year 1996
Operating earnings before special items	$ 100	$ 86	$ 438	$ 451
Special items	198	27	359	27
Total operating net income	$ 298	$ 113	$ 797	$ 478

In the international exploration and production operations, earnings before special items for the fourth quarter 1997 were above 1996 levels while the year results were slightly lower. Improved production only partly offset the cost of Texaco's expanded exploration programs, lower gas marketing results in the U.K. and lower crude prices. Average realized crude oil prices were $17.44 for the fourth quarter and $17.64 per barrel for the year 1997, $4.52 and $1.91 per barrel below 1996 prices.

Production increased 16 percent for the fourth quarter and 11 percent for the year versus 1996. New production from the Captain and Erskine fields in the U.K. North Sea and record production in the Partitioned Neutral Zone contributed to the increase. Also, new oil and gas production in offshore areas of Angola, Denmark, Trinidad and Colombia came onstream in late 1996 and early 1997.

Results for 1997 included non-cash currency charges of $5 million for the fourth quarter and a $21 million benefit for the year, due to the movement of the Pound Sterling versus the U.S. dollar relating to deferred income taxes. These compare to charges of $36 million and $38 million for the fourth quarter and year 1996.

Special items for the fourth quarter of 1997 included gains on asset sales of $193 million, mainly from the sale of properties in Myanmar. Also, the quarter included a $15 million tax benefit and a $10 million write-down of assets. Additionally, the year included second quarter special gains of $161 million from the sales of a 15-percent interest in the Captain field in the U.K. North Sea, and interests in Canadian gas properties and an Australian pipeline system. The 1996 special item relates to a fourth quarter Danish deferred tax benefit.

MANUFACTURING, MARKETING AND DISTRIBUTION

	Fourth Quarter		Year	
UNITED STATES (Millions):	1997	1996	1997	1996
Operating earnings before special items	$ 80	$ (9)	$ 305	$ 233
Special items	-	(26)	13	(26)
Total operating net income	$ 80	$ (35)	$ 318	$ 207

U.S. refining and marketing results greatly improved in the fourth quarter of 1997 versus the comparable period in 1996. Earnings benefited from improved margins, strong branded gasoline sales and higher refinery utilization for both our East and West Coast operations. Fires at the Los Angeles, Calif., refinery in November 1996 and the Convent, LA., refinery in December 1996 caused property damage and adversely affected fourth quarter 1996 yields.

Results for the year 1997 were higher than 1996 primarily due to improved earnings on the East Coast. These operations benefited from improved Gulf Coast sour crude cracking margins. Earnings for West Coast operations also surpassed 1996 as margins improved during the last half of the year. Additionally, while refinery operations improved this year, refinery upsets in late 1996 and early 1997 caused higher repair costs and lower product yields in the first quarter of 1997. Lower crude oil trading margins and clean-up costs from a May pipeline break negatively impacted 1997 earnings.

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Special items for 1997 included a second quarter gain of $13 million from the sale of credit card operations. Special items for 1996 included a fourth quarter charge of $26 million, principally for a loss on the sale of a chemical facility.

INTERNATIONAL (Millions):	Fourth Quarter 1997	Fourth Quarter 1996	Year 1997	Year 1996
Operating earnings before special items	$ 160	$ 43	$ 530	$ 252
Special items	(16)	(26)	(16)	198
Total operating net income	$ 144	$ 17	$ 514	$ 450

The international refining and marketing business reported higher 1997 earnings for both the quarter and year. The refining segment experienced improved margins and reduced downtime for operations in Panama. Improved U.K. marketing results reflected a recovery from significantly depressed 1996 margins and increased refined product sales volumes. Stronger marketing margins in Latin America and overall lower marketing expenses also contributed to the higher earnings. Lower results in Scandinavia, primarily from competitive pressures in the Norwegian marketplace, partly offset these improvements.

In the Caltex area of operations, 1997 earnings were higher for both the fourth quarter and year. Reflected in Caltex results were the impacts of the current economic crisis in Southeast Asia. This included favorable Korean net currency-related effects of $70 million recorded in the fourth quarter. Effective October 1, 1997, Caltex changed the functional currency used to account for its operations in Korea to the U.S. dollar. The net currency-related effects were primarily tax benefits on currency losses on U.S. obligations resulting from the devaluation of the Won. Also, the dramatic weakening of currencies versus the U.S. dollar prevented immediate recovery of dollar-based crude cost. Inventory valuation losses of $24 million associated with the recent decline in crude prices were also included in Caltex's fourth quarter 1997 earnings.

Results for 1997 included a non-cash currency charge of $1 million for the fourth quarter and a $7 million benefit for the year, due to the movement of the Pound Sterling versus the U.S. dollar relating to deferred income taxes. These compare to charges of $18 million and $20 million for the fourth quarter and year 1996.

Special items for 1997 included a fourth quarter charge of $16 million, primarily for a European deferred tax adjustment. Special items for 1996 included net gains of $198 million, primarily from a Caltex gain of $224 million recognized on the second quarter sale of its interest in a Japanese affiliate, reduced by a related fourth quarter tax charge of $5 million. Special items for 1996 also included a fourth quarter charge for employee separations of $21 million.

CORPORATE/NONOPERATING RESULTS

(Millions):	Fourth Quarter 1997	Fourth Quarter 1996	Year 1997	Year 1996
Results before special items	$ (125)	$ (96)	$ (427)	$ (410)
Special items	-	154	488	154
Total corporate/nonoperating	$ (125)	$ 58	$ 61	$ (256)

Comparative corporate/nonoperating results for the fourth quarter and year included expenses associated with the introduction of the new advertising campaign in the second half of 1997, which were partly offset by the impact of slightly lower interest rates. The 1996 fourth quarter included higher gains on sales of equity securities held for investment by insurance operations.

Results for both 1997 and 1996 include special items. The "Aramco Advantage" U.S. tax case resulted in a first quarter 1997 benefit of $488 million. Special items for 1996, recorded in the fourth quarter, included $188 million of tax benefits attributable to sales of interests in a subsidiary and a $41 million benefit resulting from lower than anticipated prior years' state tax exposure. These 1996 benefits were partly offset by charges of $32 million for financial reserves for various litigation matters and $43 million for employee separation charges.

CAPITAL AND EXPLORATORY EXPENDITURES

Capital and exploratory expenditures, including equity in such expenditures of affiliates, were $5.9 billion for the year 1997, as compared to $3.4 billion for 1996. For the fourth quarter, expenditures totaled $2.9 billion in 1997 as compared to $1.2 billion for 1996. The 1997 amounts include $1.4 billion for the acquisition of Monterey Resources Inc., a company that produces significant quantities of heavy crude oil in California.

In the United States, exploration and production expenditures increased during 1997 reflecting the continued focus on opportunities both onshore and offshore, especially in the deepwater Gulf of Mexico. Platform construction and development drilling is underway in the Petronius and Arnold fields while prospect drilling continues in the Fuji and Gemini fields. Additionally, expenditures in 1997 reflect enhanced oil recovery efforts in California and drilling and development programs in traditional offshore shelf areas and onshore. Construction continued during the fourth quarter on a jointly-owned natural gas pipeline and processing complex in the Gulf Coast area.

Internationally, exploration and production expenditures in 1997 included the acquisition of a 20 percent interest in Kazakhstan's giant Karachaganak oil and gas field. Higher expenditures also reflect development work in Indonesia, including expenditures for enhanced oil recovery installations. In the U.K., North Sea activities in the Galley and Mariner fields moved forward. Exploration and development activities continued in China, Nigeria and Indonesia.

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Internationally, investments in manufacturing, marketing and other facilities increased during 1997 as a result of expenditures on marketing facilities and service station re-imaging throughout Asia by Texaco's affiliate, Caltex Petroleum Corporation. Texaco also continued to invest in selected Latin American and European growth markets. Additionally, the remaining interest in the Pembroke Cracking Company was acquired from Chevron during the fourth quarter.

In the U.S. downstream, investments in various pipeline construction projects in the Gulf Coast continued, as well as a refinery upgrade at Port Arthur, Texas.

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

FUNCTIONAL NET INCOME ($000,000)	Fourth Quarter (a) 1997	Fourth Quarter (a) 1996	Year (a) 1997	Year (a) 1996
Operating Earnings				
Petroleum and natural gas				
Exploration and production				
United States	$ 225	$ 351	$ 957	$ 1,123
International	298	113	797	478
Total	523	464	1,754	1,601
Manufacturing, marketing and distribution				
United States	80	(35)	318	207
International	144	17	514	450
Total	224	(18)	832	657
Total petroleum and natural gas	747	446	2,586	2,258
Nonpetroleum	1	5	17	16
Total operating earnings	748	451	2,603	2,274
Corporate/Nonoperating	(125)	58	61	(256)
Total net income	$ 623	$ 509	$2,664	$ 2,018
Net income per common share (dollars)(b)				
Basic	$1.15	$ .95	$ 4.99	$ 3.77
Diluted	$1.12	$ .93	$ 4.87	$ 3.68
Average number of common shares outstanding for computation of basic earnings per share (000,000)(b)	530.3	520.3	522.2	520.4
Provision for (benefit from) income taxes included in total net income above ($000,000)	$ 252	$ (3)	$ 663	$ 965

(a) Includes special items as detailed in this release.
(b) All periods presented reflect the September 29, 1997 two-for-one stock split and the fourth quarter 1997 adoption of Statement of Financial Accounting Standards No. 128, Earnings Per Share.

OTHER FINANCIAL DATA ($000,000)	Fourth Quarter 1997	Fourth Quarter 1996	Year 1997	Year 1996
Revenues	$ 12,049	$ 12,871	$ 46,667	$ 45,500
Total assets as of December 31			(c) $ 29,600	$ 26,963
Stockholders' equity as of December 31			(c) $ 12,800	$ 10,372
Total debt as of December 31			(c) $ 6,400	$ 5,590
Capital and exploratory expenditures (includes equity in affiliates)				
Exploration and production				
United States				
Acquisition of Monterey Resources	$ 1,448	$ -	$ 1,448	$ -
Other	463	349	1,735	1,243
Total	1,911	349	3,183	1,243
International	421	373	1,411	1,135
Total	2,332	722	4,594	2,378
Manufacturing, marketing and distribution				
United States	185	126	431	360
International	362	313	848	658
Total	547	439	1,279	1,018
Other	28	18	57	35
Total	$ 2,907	$ 1,179	$ 5,930	$ 3,431
Texaco Inc. and subsidiary companies				
Exploratory expenses included above:				
United States	$ 67	$ 41	$ 189	$ 153
International	98	95	282	226
Total	$ 165	$ 136	$ 471	379
Dividends paid to common stockholders	$ 242	$ 221	$ 918	$ 859
Dividends per common share (dollars)(b)	$ .45	$ .425	$ 1.75	$ 1.65
Dividend requirements for preferred stockholders	$ 14	$ 15	$ 56	$ 58

(b) All periods presented reflect the September 29, 1997 two-for-one stock split and the fourth quarter 1997 adoption of Statement of Financial Accounting Standards No. 128, Earnings Per Share.
(c) Preliminary

OPERATING DATA - INCLUDING INTERESTS IN AFFILIATES	Fourth Quarter 1997	Fourth Quarter 1996	Year 1997	Year 1996
Exploration and Production				
United States				
Net production of crude oil and natural gas liquids (000 BPD)	425	387	396	388
Net production of natural gas - available for sale (000 MCFPD)	1,768	1,661	1,706	1,675
Total net production (000 BOEPD)	720	664	680	667
Natural gas sales (000 MCFPD)	3,629	3,404	3,584	3,176
Natural gas liquid sales (including purchased LPGs)(000 BPD)	173	203	184	206
Average U.S. crude (per bbl.)	$ 16.36	$ 20.00	$ 17.34	$ 17.93
Average U.S. natural gas (per mcf)	$ 2.63	$ 2.54	$ 2.37	$ 2.19
Average WTI (Spot) (per bbl.)	$ 19.92	$ 24.67	$ 20.61	$ 22.16
Average Kern (Spot) (per bbl.)	$ 14.41	$ 17.32	$ 14.71	$ 15.53
International				
Net production of crude oil and natural gas liquids (000 BPD)				
Europe	149	116	125	115
Indonesia	155	152	150	145
Partitioned Neutral Zone	105	80	97	76
Other	63	64	65	63
Total	472	412	437	399
Net production of natural gas available for sale (000 MCFPD)				
Europe	245	207	209	188
Colombia	204	148	177	125
Other	78	80	85	69
Total	527	435	471	382
Total net production (000 BOEPD)	560	485	516	463
Natural gas sales (000 MCFPD)	682	538	592	477
Natural gas liquids sales (including purchased LPGs)(000 BPD)	92	68	97	89
Average International crude (per bbl.)	$ 17.44	$ 21.96	$ 17.64	$ 19.55
Average U.K. natural gas (per mcf)	$ 2.75	$ 2.83	$ 2.70	$ 2.63
Average Colombia natural gas (per mcf)	$ .87	$ .99	$ .98	$ .96

OPERATING DATA - INCLUDING INTERESTS IN AFFILIATES	Fourth Quarter 1997	Fourth Quarter 1996	Year 1997	Year 1996
Manufacturing, Marketing and Distribution				
United States				
Refinery input (000 BPD)				
Subsidiary	407	401	413	404
Affiliate - Star Enterprise	332	320	334	320
Total	739	721	747	724
Refined product sales (000 BPD)				
Gasoline	493	499	508	499
Avjets	115	112	100	123
Middle Distillates	211	222	216	216
Residuals	88	73	84	67
Other	111	120	114	131
Total	1,018	1,026	1,022	1,036
International				
Refinery input (000 BPD)				
Europe	333	352	336	340
Affiliate - Caltex	432	352	408	364
Latin America/West Africa	63	39	60	58
Total	828	743	804	762
Refined product sales (000 BPD)				
Europe	545	545	509	496
Affiliate - Caltex	592	599	571	601
Latin America/West Africa	447	373	418	391
Other	73	74	65	64
Total	1,657	1,591	1,563	1,552