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Texaco Financial and Operational Supplement

A Brief History of Texaco

Introduction

In 1903, vision, opportunity and a little luck came together for Joe “Buckskin” Cullinan, an oilpatch veteran, and Arnold Schlaet, a New York investor. Their fledgling oil firm, The Texas Company, formed in Beaumont, Texas, just a year earlier, hit “black gold” in the nearby Sour Lake field.

What started on a \$3 million investment in 1902 grew to become Texaco Inc., a perennial Fortune 50 performer. At year-end 1998, about 24,600 employees operated in some 150 countries, our assets totaled \$28.6 billion, and our annual revenues were nearly \$32 billion.

In the company’s infancy, Cullinan and Schlaet moved swiftly from exploration and production to include all activities of a vertically integrated oil company. Not long after the Sour Lake discovery, the firm erected its first refinery, at Port Arthur, Texas. A retail marketing network soon followed. At the refinery, the company gained its first technological advantage — a strategy we still pursue today — with a new continuous refining process that dramatically boosted gasoline yields to supply the fast-growing motoring public.

On the retail side, Texaco grew rapidly throughout the U.S. In addition, by the end of the century’s first decade, products bearing the bright red star logo had gained footholds in Europe, Latin America and Asia. In 1928, Texaco proudly proclaimed it had become the first U.S. oil company to market in all 48 states.

During the 1930s, Texaco stepped up its international expansion. It allied with Standard Oil of California, now Chevron, in several joint ventures: Aramco, Caltex Petroleum Corporation and P.T. Caltex Pacific Indonesia. Expansion resumed after World War II, as Texaco increased its myriad activities — in exploration, production, manufacturing, transportation, research and marketing — to meet the burgeoning post-war demand.

Our growth in the ‘50s, ‘60s and ‘70s paralleled the marketing successes that derived impetus from memorable ad campaigns and the magnetism of entertainer-spokespersons Milton Berle and Bob Hope.

In the ‘80s and early ‘90s, Texaco fueled its expansion through investments and acquisitions. We acquired Getty Oil Company in 1984. Four years later, we formed Star Enterprise, a 50/50 joint venture with Saudi Refining Inc., to refine, distribute and market Texaco-branded products in the Eastern U.S. In 1995, Texaco and Norsk Hydro formed a joint venture, Hydro Texaco, to market petroleum products throughout Scandinavia.

Texaco Today

In 1998, we outranked the industry in production growth by increasing production 9% over 1997. We also replaced 166% of our worldwide production while cutting finding and development costs by 9%. Our average daily net production worldwide in 1998 totaled 930,000 barrels of crude oil and natural gas liquids and about 2.2 billion cubic feet of salable natural gas. Our core production areas include the United States, the U.K. North Sea, the Middle East and the Pacific Rim.

In 1998, we completed two historic U.S. downstream joint ventures with Shell Oil Co. and Saudi Refining, Inc. The combination of the two joint venture companies, Equilon Enterprises LLC and Motiva Enterprises LLC, is estimated to be the largest retail gasoline marketer in the U.S., having an approximate 15% share of the domestic gasoline market. The two companies have 10 refineries with a combined capacity of about 1.7 million barrels per day, interests in about 31,000 miles of pipelines and distribute gasoline through about 23,600 retail outlets.

Elsewhere, with our subsidiaries and affiliates, we continued to grow our sales of motor fuels and lubricants in the Caribbean, Central and South America and West Africa, and we made a strong market turnaround in Europe. Our 50%-owned Caltex affiliate, operating in some 60 countries in Asia-Pacific, the Middle East and Southern Africa, restructured its operations to compete more effectively in key Asian countries that have been experiencing an economic downturn.

In 1997, to promulgate Texaco’s vision to become the world’s premier company in its industry, we launched our first-ever corporate advertising and public relations campaign, “Texaco. A World of Energy.”

Looking Forward

Since 1994, Texaco’s strategy for growth — designed to build shareholder value well into the 21st century — has focused on strengthening core businesses, making select acquisitions and seeking discovered reserve opportunities, while controlling costs and improving operating efficiencies. We realigned functionally in 1996 to encourage nimbleness in decision-making and to further extend accountability through our ranks.

For 1999, we project our capital and exploratory spending at \$3.7 billion, down \$300 million from 1998, to reflect the extended period of low energy prices. In the upstream, we will invest in growth through a balanced program of acquisitions and discovered reserve opportunities, and exploration in core areas. In the U.S. upstream, spending will be directed primarily toward continuing development of the deepwater Gulf of Mexico. Major international upstream projects include exploration activities in Nigeria, Angola and Trinidad. Development work will also continue in the U.K. North Sea and Denmark.

Our downstream investments in 1999 will focus on marketing expenditures for service stations and logistical support, primarily in growth-oriented markets such as the U.K., Ireland and the Caribbean. Most of the manufacturing capital will be spent at the Pembroke refinery in the U.K. on feedstock flexibility and projects to satisfy the more stringent European fuel specification requirements. We will also increase our capital spending for power generation projects, mostly through affiliates.

For more information on Texaco’s strategies for building value, please refer to the *1998 Texaco Annual Report* or visit our Web site at www.texaco.com.

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 Complete information regarding Texaco is contained in its Annual Reports to Stockholders and its Forms 10-K.

You may also visit our World Wide Web site at www.texaco.com.

Our discussions in the Financial & Operational Supplement represent our best estimate of the trends we know about and the trends we anticipate. Actual results may be different from our estimates.

Financial Highlights

(Millions of dollars, except per share amounts in dollars and ratio data)

	1998	1997	1996	1995	1994
Revenues	\$ 31,707	\$ 46,667	\$ 45,500	\$ 36,787	\$ 33,353
Net income from continuing operations before special items and cumulative effect of accounting change	\$ 894	\$ 1,894	\$ 1,665	\$ 1,152	\$ 915
Special items	(291)	770	353	(424)	64
Net loss on disposal of discontinued operations	—	—	—	—	(69)
Cumulative effect of accounting change	(25)	—	—	(121)	—
Net income	\$ 578	\$ 2,664	\$ 2,018	\$ 607	\$ 910
Diluted income per common share (dollars)*					
From continuing operations before special items and cumulative effect of accounting change	\$ 1.59	\$ 3.45	\$ 3.03	\$ 2.10	\$ 1.59
Special items	(.55)	1.42	.65	(.82)	.13
Net loss on disposal of discontinued operations	—	—	—	—	(.14)
Cumulative effect of accounting change	(.05)	—	—	(.23)	—
Net income	\$.99	\$ 4.87	\$ 3.68	\$ 1.05	\$ 1.58
Cash dividends paid					
Common	\$ 952	\$ 918	\$ 859	\$ 832	\$ 830
Per share*	\$ 1.80	\$ 1.75	\$ 1.65	\$ 1.60	\$ 1.60
Preferred	\$ 53	\$ 55	\$ 58	\$ 60	\$ 91
Total assets	\$ 28,570	\$ 29,600	\$ 26,963	\$ 24,937	\$ 25,505
Total debt	\$ 7,291	\$ 6,392	\$ 5,590	\$ 6,240	\$ 6,481
Stockholders' equity	\$ 11,833	\$ 12,766	\$ 10,372	\$ 9,519	\$ 9,749
Capital and exploratory expenditures from continuing operations	\$ 4,019	\$ 5,930	\$ 3,431	\$ 3,128	\$ 2,741
Per common share*					
Common stockholders' equity at year-end	\$ 21.24	\$ 22.75	\$ 18.76	\$ 17.22	\$ 17.76
Market price					
High	\$ 65.00	\$ 63.44	\$ 53.57	\$ 40.25	\$ 34.07
Low	\$ 49.06	\$ 48.88	\$ 37.75	\$ 29.88	\$ 29.07
At year-end	\$ 53.00	\$ 54.38	\$ 49.07	\$ 39.25	\$ 29.94
Ratios					
Current ratio	1.07	1.07	1.24	1.24	1.20
Return on average stockholders' equity**	4.9%	23.5%	20.4%	7.5%	9.8%
Return on average capital employed**	5.0%	17.3%	14.9%	6.9%	8.0%
Total debt to total borrowed and invested capital	36.8%	32.3%	33.6%	38.0%	38.5%
Number of common stockholders at year-end	210,737	210,710	195,801	199,093	200,444
Number of common shares outstanding (thousands) at year-end	534,630 ^(a)	542,139 ^(a)	527,396 ^(a)	528,434 ^(a)	519,064

*Reflects two-for-one stock split effective September 29, 1997.

**Returns exclude discontinued operations and the cumulative effect of accounting change.

(a) Includes 9.2 million shares in 1998 and 1997 and 8 million shares in 1996 and 1995 held in a benefit plan trust. These shares are not considered outstanding for earnings per share purposes.

Statement of Consolidated Income

For the years ended December 31 (Millions of dollars)

	1998	1997	1996	1995	1994
Revenues					
Sales and services (includes transactions with significant affiliates of \$4,169; \$3,633; \$3,867; \$3,146 and \$2,561 in 1998 to 1994)					
Refined products	\$ 20,263	\$ 24,322	\$ 22,997	\$ 19,411	\$ 17,853
Crude oil	6,339	14,297	15,415	11,398	9,805
Natural gas	3,531	3,766	3,143	2,255	2,401
Other – including natural gas liquids	777	2,802	3,006	2,487	2,481
Total sales and services	30,910	45,187	44,561	35,551	32,540
Other revenues					
Equity in income of affiliates	485	702	711	530	549
Gains on asset sales	109	561	19	320	125
Other, including interest income	203	217	209	386	139
Total other revenues	797	1,480	939	1,236	813
	31,707	46,667	45,500	36,787	33,353
Deductions					
Purchases and other costs (includes transactions with significant affiliates of \$1,669; \$2,178; \$2,048; \$1,733 and \$1,679 in 1998 to 1994)	24,179	35,230	34,643	27,237	23,931
Operating expenses	2,508	3,251	3,235	3,195	3,366
Selling, general and administrative expenses	1,224	1,755	1,803	1,667	1,772
Exploratory expenses	461	471	379	289	307
Depreciation, depletion and amortization	1,675	1,633	1,455	2,385	1,735
Interest expense	480	412	434	483	498
Taxes other than income taxes*	423	520	496	491	496
Minority interest	56	68	72	54	44
	31,006	43,340	42,517	35,801	32,149
Income from continuing operations, before income taxes and cumulative effect of accounting change	701	3,327	2,983	986	1,204
Provision for (benefit from) income taxes					
Current	250	212	985	360	264
Deferred	(152)	451	(20)	(102)	(39)
Total provision for income taxes	98	663	965	258	225
Net Income					
Income from continuing operations before cumulative effect of accounting change	603	2,664	2,018	728	979
Net loss on disposal of discontinued operations	—	—	—	—	(69)
Cumulative effect of accounting change	(25)	—	—	(121)	—
Net income	\$ 578	\$ 2,664	\$ 2,018	\$ 607	\$ 910
Preferred stock dividend requirements	\$ 54	\$ 56	\$ 58	\$ 60	\$ 91
Net income available for common stock	\$ 524	\$ 2,608	\$ 1,960	\$ 547	\$ 819
Net Income Per Common Share (dollars)					
Basic					
Income from continuing operations before cumulative effect of accounting change	\$ 1.04	\$ 4.99	\$ 3.77	\$ 1.29	\$ 1.72
Discontinued operations	—	—	—	—	(.14)
Cumulative effect of accounting change	(.05)	—	—	(.24)	—
Net income	\$.99	\$ 4.99	\$ 3.77	\$ 1.05	\$ 1.58
Diluted					
Income from continuing operations before cumulative effect of accounting change	\$ 1.04	\$ 4.87	\$ 3.68	\$ 1.28	\$ 1.72
Discounted operations	—	—	—	—	(.14)
Cumulative effect of accounting change	(.05)	—	—	(.23)	—
Net income	\$.99	\$ 4.87	\$ 3.68	\$ 1.05	\$ 1.58
Average Number of Common Shares Outstanding (for computation of earnings per share) (thousands)					
Basic	528,416	522,234	520,392	519,793	517,574
Diluted	528,965	542,570	541,824	520,364	518,059

*In addition, motor fuel, value added, and other taxes collected from consumers for governmental agencies in the United States and abroad amounted to \$2,148; \$3,370; \$3,237; \$3,069 and \$3,437 million during 1998 to 1994.

Consolidated Balance Sheet

As of December 31 (Millions of dollars)

	1998	1997	1996	1995	1994
Assets					
Current Assets					
Cash and cash equivalents	\$ 249	\$ 311	\$ 511	\$ 501	\$ 404
Short-term investments – 1998 to 1994 at fair value	22	84	41	35	60
Accounts and notes receivable (includes receivables from significant affiliates of \$694; \$234; \$299; \$240 and \$142 in 1998 to 1994), less allowance for doubtful accounts of \$28; \$22; \$34; \$28 and \$25 in 1998 to 1994	3,955	4,230	5,195	4,177	3,297
Inventories					
Crude oil	116	308	296	294	284
Petroleum products and petrochemicals	799	893	904	839	854
Other merchandise	40	59	58	27	30
Materials and supplies	199	223	202	197	190
Total inventories	1,154	1,483	1,460	1,357	1,358
Assets under agreements for sale	—	—	—	—	488
Net assets of discontinued operations	—	—	—	164	195
Deferred income taxes and other current assets	256	324	458	224	217
Total current assets	5,636	6,432	7,665	6,458	6,019
Investments and Advances					
Affiliates accounted for on the equity method					
Equilon Enterprises LLC	2,266	—	—	—	—
Motiva Enterprises LLC	896	—	—	—	—
Star Enterprise	—	889	756	755	830
Caltex Group	2,199	2,297	2,127	2,480	2,367
Other affiliates	655	635	928	850	709
	6,016	3,821	3,811	4,085	3,906
Miscellaneous investments	1,168	1,276	1,185	1,193	1,430
Total investments and advances	7,184	5,097	4,996	5,278	5,336
Properties, Plant and Equipment					
At cost	35,494	38,956	33,988	32,903	32,361
Less – Accumulated depreciation, depletion and amortization	20,733	21,840	20,577	20,323	18,878
Net properties, plant and equipment	14,761	17,116	13,411	12,580	13,483
Deferred Charges	989	955	891	621	667
Total	\$ 28,570	\$ 29,600	\$ 26,963	\$ 24,937	\$ 25,505

Consolidated Balance Sheet

As of December 31 (Millions of dollars)

	1998	1997	1996	1995	1994
Liabilities and Stockholders' Equity					
Current Liabilities					
Notes payable, commercial paper and current portion of long-term debt	\$ 939	\$ 885	\$ 465	\$ 737	\$ 917
Accounts payable and accrued liabilities (includes payables to significant affiliates of \$395; \$106; \$144; \$123 and \$93 in 1998 to 1994)					
Trade	2,302	2,669	3,472	2,396	1,980
Other	1,368	1,480	1,333	1,381	1,317
Total accounts payable and accrued liabilities	3,670	4,149	4,805	3,777	3,297
Estimated income and other taxes	655	960	914	692	801
Total current liabilities	5,264	5,994	6,184	5,206	5,015
Long-Term Debt	6,297	5,388	4,993	5,412	5,446
Capital Lease Obligations	55	119	132	91	118
Deferred Income Taxes	1,644	1,825	795	634	879
Employee Retirement Benefits	1,248	1,224	1,236	1,138	1,130
Deferred Credits and Other Noncurrent Liabilities	1,550	1,639	2,593	2,270	2,558
Minority Interest in Subsidiary Companies	679	645	658	667	610
Total	16,737	16,834	16,591	15,418	15,756
Stockholders' Equity					
Market Auction Preferred Shares (Series G, H, I and J)	300	300	300	300	300
ESOP Convertible Preferred Stock	428	457	474	495	515
Unearned employee compensation and benefit plan trust	(334)	(389)	(378)	(437)	(282)
Common stock	1,774	1,774	1,714	1,714	1,714
Paid-in capital in excess of par value	1,640	1,688	630	655	654
Retained earnings	9,561	9,987	8,292	7,186	7,463
Other accumulated nonowner changes in equity	(101)	(95)	(32)	123	138
	13,268	13,722	11,000	10,036	10,502
Less – Common stock held in treasury, at cost	1,435	956	628	517	753
Total stockholders' equity	11,833	12,766	10,372	9,519	9,749
Total	\$ 28,570	\$ 29,600	\$ 26,963	\$ 24,937	\$ 25,505
Number of Common Shares (700,000,000 authorized)					
Number of common shares issued (thousands)	567,606	567,606	548,587	548,587	548,587
Less – treasury shares (thousands)	32,976	25,467	21,191	20,152	29,523
Number of common shares outstanding at year-end (thousands)	534,630*	542,139*	527,396*	528,435*	519,064

*Includes 9.2 million shares in 1998 and 1997 and 8 million shares in 1996 and 1995 held in a benefit plan trust, which are not considered outstanding for earnings per share purposes.

Statement of Consolidated Stockholders' Equity

(Shares in thousands; amounts in millions of dollars)	1998		1997		1996		1995		1994	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Preferred Stock par value \$1; Shares authorized - 30,000,000										
Market Auction Preferred Shares (Series G, H, I and J) – liquidation preference of \$250,000 per share										
Beginning and end of year	1	\$ 300	1	\$ 300	1	\$ 300	1	\$ 300	1	\$ 300
Series B ESOP Convertible Preferred Stock – liquidation value of \$600 per share										
Beginning of year	693	416	720	432	751	450	780	468	812	487
Retirements	(44)	(27)	(27)	(16)	(31)	(18)	(29)	(18)	(32)	(19)
End of year	649	389	693	416	720	432	751	450	780	468
Series F ESOP Convertible Preferred Stock – liquidation value of \$737.50 per share										
Beginning of year	56	41	57	42	60	45	63	47	66	49
Retirements	(3)	(2)	(1)	(1)	(3)	(3)	(3)	(2)	(3)	(2)
End of year	53	39	56	41	57	42	60	45	63	47
Series C Variable Rate Cumulative Preferred Stock – stated value of \$50 per share										
Beginning of year	—	—	—	—	—	—	—	—	5,334	267
Redemption	—	—	—	—	—	—	—	—	(5,334)	(267)
End of year	—	—	—	—	—	—	—	—	—	—
Series E Variable Rate Cumulative Preferred Stock – stated value of \$100,000 per share										
Beginning of year	—	—	—	—	—	—	—	—	4	381
Redemption	—	—	—	—	—	—	—	—	(4)	(381)
End of year	—	—	—	—	—	—	—	—	—	—
Unearned Employee Compensation (related to ESOP preferred stock and restricted stock awards)										
Beginning of year		(149)		(175)		(234)		(282)		(337)
Awards		(36)		(16)		(22)		(8)		(5)
Amortization and other		91		42		81		56		60
End of year		(94)		(149)		(175)		(234)		(282)
Benefit Plan Trust (common stock)										
Beginning of year	9,200	(240)	8,000	(203)	8,000	(203)	—	—	—	—
Establishment/additions	—	—	1,200	(37)	—	—	8,000	(203)	—	—
End of year	9,200	(240)	9,200	(240)	8,000	(203)	8,000	(203)	—	—
Common Stock par value \$3.125; Shares authorized - 700,000,000										
Beginning of year	567,606	1,774	548,587	1,714	548,587	1,714	548,587	1,174	548,587	1,714
Issued for Monterey acquisition	—	—	19,019	60	—	—	—	—	—	—
End of year	567,606	1,774	567,606	1,774	548,587	1,714	548,587	1,174	548,587	1,714
Common Stock Held in Treasury, at Cost										
Beginning of year	25,467	(956)	21,191	(628)	20,152	(517)	29,523	(753)	30,547	(776)
Purchases of common stock	9,572	(551)	7,423	(410)	3,515	(159)	102	(4)	12,215	(381)
Transfers to benefit plan trust	—	—	(1,200)	37	—	—	—	—	—	—
Preferred stock exchange	—	—	—	—	—	—	—	—	(12,215)	381
Other – mainly employee benefit plans	(2,063)	72	(1,947)	45	(2,476)	48	(9,473)	240	(1,024)	23
End of year	32,976	\$(1,435)	25,467	\$(956)	21,191	\$(628)	20,152	\$(517)	29,523	\$(753)

(continued on next page)

Statement of Consolidated Stockholders' Equity

(Millions of dollars)	1998	1997	1996	1995	1994
Paid-in Capital in Excess of Par Value					
Beginning of year	\$ 1,688	\$ 630	\$ 655	\$ 654	\$ 655
Monterey acquisition	—	1,091	—	—	—
Issuance and redemption of preferred stock, treasury stock transactions relating to investor services plan and employee compensation plans	(48)	(33)	(25)	1	(1)
End of year	1,640	1,688	630	655	654
Retained Earnings					
Balance at beginning of year	9,987	8,292	7,186	7,463	7,463
Add:					
Net income	578	2,664	2,018	607	910
Tax benefit associated with dividends on unallocated ESOP					
Convertible Preferred Stock	3	4	5	8	11
Deduct:					
Dividends declared on Common Stock (\$1.80 per share in 1998; \$1.75 per share in 1997; \$1.65 per share in 1996 and \$1.60 per share in 1995 and 1994)	952	918	859	832	830
Preferred stock					
Series C Variable Rate Cumulative Preferred Stock (\$2.43 per share in 1994)	—	—	—	—	13
Series E Variable Rate Cumulative Preferred Stock (\$4,850 per share in 1994)	—	—	—	—	19
Market Auction Preferred Shares (Series G, H, I and J of \$11,280, \$11,296, \$11,227 and \$11,218 per share in 1998; \$9,689, \$9,650, \$9,675 and \$9,774 per share in 1997; \$9,510, \$11,043, \$11,009 and \$11,015 per share in 1996 and \$12,255, \$10,558, \$10,521 and \$10,531 per share in 1995)	13	11	12	13	10
Series B ESOP Convertible Preferred Stock (\$57.00 per share in 1998 to 1994)	38	40	42	43	45
Series F ESOP Convertible Preferred Stock (\$64.53 per share in 1998 to 1994)	4	4	4	4	4
Balance at end of year	9,561	9,987	8,292	7,186	7,463
Other Accumulated Nonowner Changes in Equity					
Currency Translation Adjustment					
Beginning of year	(105)	(65)	61	87	18
Change during year	(2)	(40)	(126)	(26)	69
End of year	(107)	(105)	(65)	61	87
Minimum Pension Liability Adjustment					
Beginning of year	(16)	—	—	—	—
Establishment	—	(16)	—	—	—
Change during year	(8)	—	—	—	—
End of year	(24)	(16)	—	—	—
Unrealized Net Gain on Investments					
Beginning of year	26	33	62	51	58
Change during year	4	(7)	(29)	11	(7)
End of year	30	26	33	62	51
Total other accumulated nonowner changes in equity	(101)	(95)	(32)	123	138
Stockholders' Equity					
End of year (including preceding page)	\$11,833	\$12,766	\$10,372	\$9,519	\$9,749

Statement of Consolidated Cash Flows

For the years ended December 31 (Millions of dollars)	1998	1997	1996	1995	1994
Operating Activities					
Net income	\$ 578	\$ 2,664	\$ 2,018	\$ 607	\$ 910
Reconciliation to net cash provided by (used in) operating activities					
Loss on disposal of discontinued operations	—	—	—	—	103
Cumulative effect of accounting changes	25	—	—	121	—
Depreciation, depletion and amortization	1,675	1,633	1,455	2,385	1,735
Deferred income taxes	(152)	451	(20)	(102)	(213)
Exploratory expenses	461	471	379	289	307
Minority interest in net income	56	68	72	54	44
Dividends from affiliates, greater than (less than) equity in income	224	(370)	167	(103)	(79)
Gains on asset sales	(109)	(558)	(19)	(320)	(125)
Changes in operating working capital					
Accounts and notes receivable	125	718	(1,072)	(766)	278
Inventories	(51)	(56)	(104)	(29)	(60)
Accounts payable and accrued liabilities	16	(856)	716	(116)	(350)
Other – mainly estimated income and other taxes	(205)	(64)	97	(44)	23
Other – net	(99)	(186)	73	146	286
Net cash provided by operating activities	2,544	3,915	3,762	2,122	2,859
Investing Activities					
Capital and exploratory expenditures	(3,101)	(3,628)	(2,897)	(2,386)	(2,050)
Proceeds from asset sales	282	1,036	125	1,150	328
Proceeds from sale of discontinued operations	—	—	344	—	645
Sales (purchases) of leasehold interests	25	(503)	261	248	—
Purchases of investment instruments	(947)	(1,102)	(1,668)	(1,238)	(693)
Sales/maturities of investment instruments	1,118	1,096	1,816	1,273	672
Formation payments from U.S. affiliate	612	—	—	—	—
Other – net	—	(57)	70	12	(7)
Net cash used in investing activities	(2,011)	(3,158)	(1,949)	(941)	(1,105)
Financing Activities					
Borrowings having original terms in excess of three months					
Proceeds	1,300	507	307	313	660
Repayments	(741)	(637)	(802)	(358)	(707)
Net increase (decrease) in other borrowings	493	628	(143)	(137)	(251)
Purchases of common stock	(579)	(382)	(159)	(4)	(381)
Redemption of preferred stock	—	—	—	—	(267)
Issuance of preferred stock by subsidiaries	—	—	—	65	112
Dividends paid to the company's stockholders					
Common	(952)	(918)	(859)	(832)	(830)
Preferred	(53)	(55)	(58)	(60)	(91)
Dividends paid to minority stockholders	(52)	(81)	(87)	(55)	(87)
Other – net	—	—	—	(2)	(3)
Net cash used in financing activities	(584)	(938)	(1,801)	(1,070)	(1,845)
Cash and Cash Equivalents					
Effect of exchange rate changes	(11)	(19)	(2)	(14)	7
Increase (decrease) during year	(62)	(200)	10	97	(84)
Beginning of year	311	511	501	404	488
End of year	\$ 249	\$ 311	\$ 511	\$ 501	\$ 404

Segment Information

For the years ended December 31 (Millions of dollars)	1998	1997	1996
Operating income (losses)			
Exploration and production			
United States			
Operating income before special items	\$ 381	\$ 1,038	\$ 1,074
Asset write-downs	(51)	(31)	—
Employee separation costs	(29)	—	—
Gains on major asset sales	—	26	—
Tax and other issues	—	(43)	—
	<u>301</u>	<u>990</u>	<u>1,074</u>
International			
Operating income before special items	172	474	466
Asset write-downs	(42)	(10)	—
Employee separation costs	(10)	—	—
Gains on major asset sales	—	328	—
Tax and other issues	—	15	27
	<u>120</u>	<u>807</u>	<u>493</u>
Total exploration and production	<u>421</u>	<u>1,797</u>	<u>1,567</u>
Manufacturing, marketing and distribution			
United States			
Operating income before special items	278	311	236
Inventory valuation adjustments	(34)	—	—
Employee separation costs	—	—	(1)
U.S. joint venture formation issues	(21)	—	—
Gains (losses) on major asset sales	—	13	(25)
	<u>223</u>	<u>324</u>	<u>210</u>
International			
Operating income before special items	503	524	249
Inventory valuation adjustments	(108)	—	—
Employee separation costs	(20)	—	(21)
Caltex reorganization	(43)	—	—
Gains on major asset sales	—	—	219
Tax and other issues	—	(16)	—
	<u>332</u>	<u>508</u>	<u>447</u>
Total manufacturing, marketing and distribution	<u>555</u>	<u>832</u>	<u>657</u>
Global gas marketing			
Operating income (loss) before special items	(35)	(43)	34
Employee separation costs	(3)	—	—
Gain on major asset sales	20	—	—
Total global gas marketing	<u>(18)</u>	<u>(43)</u>	<u>34</u>
Segment totals	<u>958</u>	<u>2,586</u>	<u>2,258</u>
Other business units	7	5	10
Total operating earnings	<u>965</u>	<u>2,591</u>	<u>2,268</u>
Corporate/Non-operating			
Results before special items	(412)	(415)	(404)
Employee separation costs	(18)	—	(43)
Tax benefits on asset sales	43	—	188
Tax and other issues	25	488	9
Total Corporate/Non-operating	<u>(362)</u>	<u>73</u>	<u>(250)</u>
Income before cumulative effect of accounting change	603	2,664	2,018
Cumulative effect of accounting change	(25)	—	—
Net income	<u>\$ 578</u>	<u>\$ 2,664</u>	<u>\$ 2,018</u>

Properties, Plant and Equipment

As of December 31 (Millions of dollars)	1998		1997		1996	
	Gross	Net	Gross	Net	Gross	Net
Exploration and production						
United States	\$ 21,993	\$ 7,963	\$ 21,698	\$ 7,951	\$ 18,171	\$ 5,118
International	7,532	2,929	6,789	2,692	6,042	2,370
Total	29,525	10,892	28,487	10,643	24,213	7,488
Manufacturing, marketing and distribution						
United States	74	26	4,600	2,743	4,565	2,808
International	4,486	3,054	4,309	2,894	3,540	2,218
Total	4,560	3,080	8,909	5,637	8,105	5,026
Global gas marketing	647	271	593	224	638	271
Other	762	518	967	612	1,032	626
Total	\$ 35,494	\$ 14,761	\$ 38,956	\$ 17,116	\$ 33,988	\$ 13,411

Depreciation, Depletion and Amortization Expense

As of December 31 (Millions of dollars)	1998	1997	1996
Exploration and production			
United States	\$ 892	\$ 783	\$ 670
International	513	442	393
Total	1,405	1,225	1,063
Manufacturing, marketing and distribution			
United States	6	178	176
International	204	173	161
Total	210	351	337
Global gas marketing	14	14	13
Other	46	43	42
Total	\$ 1,675	\$ 1,633	\$ 1,455

Capital and Exploratory Expenditures

For the years ended December 31 (Millions of dollars)	1998	1997	1996
Texaco Inc. and Subsidiary Companies:			
Exploration and production			
United States			
Exploratory expenses	\$ 257	\$ 189	\$ 153
Capital expenditures	1,177	2,845*	985
International			
Exploratory expenses	204	282	226
Capital expenditures	886	948	748
Total exploration and production	2,524	4,264	2,112
Manufacturing, marketing and distribution			
United States			
Manufacturing	—	86	94
Marketing	—	111	140
Distribution	—	63	27
International			
Manufacturing	95	127	55
Marketing	311	357	299
Distribution	—	—	1
Total manufacturing, marketing and distribution	406	744	616
Global gas marketing	61	75	110
Other			
United States	32	54	33
International	1	2	2
Total other	33	56	35
Total Texaco Inc. and subsidiary companies	3,024	5,139	2,873
Equity in Affiliates:			
Exploration and production			
United States	5	9	5
International	182	179	154
Total exploration and production	187	188	159
Manufacturing, marketing, distribution and other			
United States			
Manufacturing	174	80	40
Marketing	170	57	38
Distribution	89	32	18
International			
Manufacturing	148	32	67
Marketing	172	323	230
Distribution	—	9	6
Other – <i>United States</i>	1	1	—
Total manufacturing, marketing, distribution and other	754	534	399
Global gas marketing	54	69	—
Total equity in affiliates	995	791	558
Total worldwide	\$ 4,019	\$ 5,930	\$ 3,431

*Includes the \$1,448 million acquisition of Monterey Resources Inc.

Operational Highlights

	1998	1997	1996	1995	1994
Estimated net proved reserves of crude oil and natural gas liquids (Millions of barrels)					
United States	1,824	1,767	1,322	1,341	1,396
International	1,749	1,500	1,382	1,317	1,288
Worldwide	3,573	3,267	2,704	2,658	2,684
Estimated net proved reserves of natural gas (Billions of cubic feet)					
United States	4,105	4,022	3,728	4,062	4,407
International	2,412	2,220	2,245	2,033	1,786
Worldwide	6,517	6,242	5,973	6,095	6,193
Net production of crude oil and natural gas liquids (Thousands of barrels a day)					
United States	433	396	388	381	407
International	497	437	399	381	376
Worldwide	930	833	787	762	783
Net production of natural gas available for sale* (Millions of cubic feet a day)					
United States	1,679	1,706	1,675	1,619	1,716
International	548	471	382	373	319
Worldwide	2,227	2,177	2,057	1,992	2,035
Natural gas sales* (Millions of cubic feet a day)					
United States	3,873	3,584	3,176	3,153	3,092
International	664	592	477	435	337
Worldwide	4,537	4,176	3,653	3,588	3,429
Natural gas liquids sales (Thousands of barrels a day)					
United States	233	184	206	216	218
International	120	97	89	80	73
Worldwide	353	281	295	296	291
Refinery input (Thousands of barrels a day)					
United States	698	747	724	693	673
International	832	804	762	788	780
Worldwide	1,530	1,551	1,486	1,481	1,453
Refined product sales (Thousands of barrels a day)					
United States	1,203	1,022	1,036	934	882
International	1,685	1,563	1,552	1,567	1,470
Worldwide	2,888	2,585	2,588	2,501	2,352
Number of employees at year-end					
United States	12,815	17,905	17,634	17,787	19,073
International	11,813	11,408	11,323	10,460	10,640
Worldwide	24,628	29,313	28,957	28,247	29,713
Payrolls and Benefits (For continuing operations)* (Millions of dollars)					
United States	\$1,186	\$1,197	\$1,286	\$1,279	\$1,449
International	605	554	597	570	541
Worldwide	\$1,791	\$1,751	\$1,883	\$1,849	\$1,990
Research, Development and Technical Support Expenditures (For continuing operations)* (Millions of dollars)					
Worldwide	\$ 138	\$ 147	\$ 139	\$ 154	\$ 175

*Texaco Inc. and subsidiary companies only.

Estimated Net Proved Reserves of Crude Oil and Natural Gas Liquids

(Millions of barrels)	Consolidated Subsidiaries				Equity		
	United States	Other West	Europe	Other East	Total	Affiliate-Other East	Worldwide
Developed reserves	1,165	68	434	727	2,394	359	2,753
Undeveloped reserves	293	7	(123)	(347)	(170)	102	(68)
As of December 31, 1993	1,458	75	311	380	2,224	461	2,685
Discoveries & extensions	61	2	69	71	203	—	203
Improved recovery	21	—	7	7	35	24	59
Revisions	17	5	5	10	37	17	54
Net purchases (sales)	(13)	(2)	(5)	—	(20)	—	(20)
Production	(148)	(7)	(44)	(41)	(240)	(57)	(297)
Total changes	(62)	(2)	32	47	15	(16)	(1)
Developed reserves	1,129	69	376	365	1,939	361	2,300
Undeveloped reserves	267	4	(33)	62	300	84	384
As of December 31, 1994*	1,396	73	343	427	2,239	445	2,684
Discoveries & extensions	58	—	37	71	166	1	167
Improved recovery	56	—	15	—	71	45	116
Revisions	78	(2)	(3)	25	98	2	100
Net purchases (sales)	(108)	(11)	—	—	(119)	—	(119)
Production	(139)	(6)	(42)	(48)	(235)	(55)	(290)
Total changes	(55)	(19)	7	48	(19)	(7)	(26)
Developed reserves	1,125	52	142	413	1,732	350	2,082
Undeveloped reserves	216	2	208	62	488	88	576
As of December 31, 1995*	1,341	54	350	475	2,220	438	2,658
Discoveries & extensions	82	4	80	29	195	1	196
Improved recovery	20	—	—	—	20	81	101
Revisions	44	2	6	21	73	(3)	70
Net purchases (sales)	(23)	—	3	(1)	(21)	—	(21)
Production	(142)	(4)	(42)	(58)	(246)	(54)	(300)
Total changes	(19)	2	47	(9)	21	25	46
Developed reserves	1,100	50	165	418	1,733	354	2,087
Undeveloped reserves	222	6	232	48	508	109	617
As of December 31, 1996*	1,322	56	397	466	2,241	463	2,704
Discoveries & extensions	107	13	34	61	215	4	219
Improved recovery	15	—	65	—	80	18	98
Revisions	55	3	11	100	169	22	191
Net purchases (sales)	413	(2)	(31)	(8)	372	—	372
Production	(145)	(5)	(45)	(66)	(261)	(56)	(317)
Total changes	445	9	34	87	575	(12)	563
Developed reserves	1,374	54	210	463	2,101	354	2,455
Undeveloped reserves	393	11	221	90	715	97	812
As of December 31, 1997*	1,767	65	431	553	2,816	451	3,267
Discoveries & extensions	70	2	8	32	112	1	113
Improved recovery	136	—	16	3	155	156	311
Revisions	46	(15)	22	55	108	137	245
Net purchases (sales)	(38)	—	—	26	(12)	—	(12)
Production	(157)	(4)	(58)	(71)	(290)	(61)	(351)
Total changes	57	(17)	(12)	45	73	233	306
Developed reserves	1,415	39	246	490	2,190	456	2,646
Undeveloped reserves	409	9	173	108	699	228	927
As of December 31, 1998*	1,824	48	419	598	2,889	684	3,573
*Includes net proved NGL reserves							
As of December 31, 1994	191	1	27	—	219	6	225
As of December 31, 1995	206	1	28	—	235	6	241
As of December 31, 1996	207	1	54	1	263	6	269
As of December 31, 1997	246	—	71	—	317	4	321
As of December 31, 1998	272	—	68	—	340	6	346

Estimated Net Proved Reserves of Natural Gas

(Billions of cubic feet)	Consolidated Subsidiaries				Equity		
	United States	Other West	Europe	Other East	Total	Affiliate-Other East	Worldwide
Developed reserves	3,971	575	362	41	4,949	128	5,077
Undeveloped reserves	358	147	513	3	1,021	12	1,033
As of December 31, 1993	4,329	722	875	44	5,970	140	6,110
Discoveries & extensions	522	17	71	6	610	26	638
Improved recovery	2	—	2	1	5	—	5
Revisions	260	22	15	4	301	(5)	296
Net purchases (sales)	(61)	8	(20)	1	(72)	—	(72)
Production	(645)	(57)	(88)	(3)	(771)	(11)	(762)
Total changes	78	(10)	2	3	73	10	63
Developed reserves	3,899	558	465	44	4,966	133	5,099
Undeveloped reserves	508	154	412	3	1,077	17	1,094
As of December 31, 1994	4,407	712	877	47	6,043	150	6,193
Discoveries & extensions	397	100	164	5	567	6	673
Improved recovery	21	—	—	—	21	—	21
Revisions	103	103	(15)	39	290	14	24
Net purchases (sales)	(261)	(6)	(2)	(1)	(270)	—	(270)
Production	(605)	(52)	(80)	(4)	(751)	(15)	(766)
Total changes	(345)	135	67	40	(103)	5	(98)
Developed reserves	3,666	522	452	81	4,724	140	4,864
Undeveloped reserves	396	325	492	3	1,216	15	1,231
As of December 31, 1995	4,062	847	944	87	5,940	155	6,095
Discoveries & extensions	436	263	34	3	736	15	751
Improved recovery	8	—	—	—	8	1	9
Revisions	(99)	(1)	58	13	(29)	—	(29)
Net purchases (sales)	(53)	(7)	—	1	(59)	—	(59)
Production	(626)	(71)	(75)	(4)	(776)	(18)	(794)
Total changes	(334)	184	17	13	(120)	(2)	(122)
Developed reserves	3,360	893	452	96	4,801	136	4,937
Undeveloped reserves	368	138	509	4	1,019	17	1,036
As of December 31, 1996	3,728	1,031	961	100	5,820	153	5,973
Discoveries & extensions	692	26	92	346	1,156	2	1,158
Improved recovery	7	—	22	—	29	5	34
Revisions	228	75	41	(22)	322	19	341
Net purchases (sales)	10	(118)	(7)	(310)	(425)	—	(425)
Production	(643)	(96)	(81)	(2)	(822)	(17)	(839)
Total changes	294	(113)	67	12	260	9	269
Developed reserves	3,379	792	576	110	4,857	145	5,002
Undeveloped reserves	643	126	452	2	1,223	17	1,240
As of December 31, 1997	4,022	918	1,028	112	6,080	162	6,242
Discoveries & extensions	599	6	47	98	750	1	751
Improved recovery	4	—	7	—	11	3	14
Revisions	152	(12)	(6)	34	168	10	178
Net purchases (sales)	(39)	—	—	250	211	—	211
Production	(633)	(92)	(112)	(17)	(854)	(25)	(879)
Total changes	83	(98)	(64)	365	286	(11)	275
Developed reserves	3,345	688	615	374	5,022	135	5,157
Undeveloped reserves	760	132	349	103	1,344	16	1,360
As of December 31, 1998	4,105	820 ^(a)	964	477	6,366 ^(a)	151	6,517 ^(a)

(a) Additionally, there is approximately 586 BCF of natural gas in Other West which will be available from production during the period 2005-2016 under a long-term purchase associated with a service agreement.

Standardized Measure of Discounted Future Net Cash Flows

(Millions of dollars)	Consolidated Subsidiaries					Equity	
	United States	Other West	Europe	Other East	Total	Affiliate-Other East	Worldwide
As of December 31, 1998							
Future cash inflows from sale of oil & gas, and service fee revenue	\$ 23,147	\$ 1,657	\$ 6,581	\$ 4,816	\$ 36,201	\$ 4,708	\$ 40,909
Future production costs	(10,465)	(605)	(2,574)	(2,551)	(16,195)	(1,992)	(18,187)
Future development costs	(4,055)	(142)	(1,695)	(761)	(6,653)	(803)	(7,456)
Future income tax expense	(2,583)	(419)	(715)	(1,023)	(4,740)	(967)	(5,707)
Net future cash flows before discount	6,044	491	1,597	481	8,613	946	9,559
10% discount for timing of future cash flows	(2,626)	(244)	(644)	(167)	(3,681)	(391)	(4,072)
Standardized measure of discounted future net cash flows	\$ 3,418	\$ 247	\$ 953	\$ 314	\$ 4,932	\$ 555	\$ 5,487
As of December 31, 1997							
Future cash inflows from sale of oil & gas, and service fee revenue	\$ 34,084	\$ 2,305	\$ 9,395	\$ 7,690	\$ 53,474	\$ 5,182	\$ 58,656
Future production costs	(10,980)	(807)	(2,854)	(2,303)	(16,944)	(1,840)	(18,784)
Future development costs	(4,693)	(132)	(1,809)	(749)	(7,383)	(476)	(7,859)
Future income tax expense	(5,512)	(652)	(898)	(3,445)	(10,507)	(1,519)	(12,026)
Net future cash flows before discount	12,899	714	3,834	1,193	18,640	1,347	19,987
10% discount for timing of future cash flows	(5,361)	(252)	(1,424)	(374)	(7,411)	(519)	(7,930)
Standardized measure of discounted future net cash flows	\$ 7,538	\$ 462	\$ 2,410	\$ 819	\$ 11,229	\$ 828	\$ 12,057
As of December 31, 1996							
Future cash inflows from sale of oil & gas, and service fee revenue	\$ 41,807	\$ 2,863	\$ 11,242	\$ 9,261	\$ 65,173	\$ 6,632	\$ 71,805
Future production costs	(8,080)	(894)	(2,368)	(1,993)	(13,335)	(1,776)	(15,111)
Future development costs	(2,790)	(141)	(2,094)	(551)	(5,576)	(740)	(6,316)
Future income tax expense	(10,444)	(758)	(1,946)	(5,099)	(18,247)	(2,181)	(20,428)
Net future cash flows before discount	20,493	1,070	4,834	1,618	28,015	1,935	29,950
10% discount for timing of future cash flows	(8,602)	(458)	(1,740)	(489)	(11,289)	(695)	(11,984)
Standardized measure of discounted future net cash flows	\$ 11,891	\$ 612	\$ 3,094	\$ 1,129	\$ 16,726	\$ 1,240	\$ 17,966
As of December 31, 1995							
Future cash inflows from sale of oil & gas, and service fee revenue	\$ 28,603	\$ 2,144	\$ 8,753	\$ 7,820	\$ 47,320	\$ 5,357	\$ 52,677
Future production costs	(8,232)	(628)	(2,150)	(2,210)	(13,220)	(1,448)	(14,668)
Future development costs	(2,618)	(181)	(1,352)	(439)	(4,590)	(515)	(5,105)
Future income tax expense	(5,505)	(573)	(1,457)	(3,862)	(11,397)	(1,799)	(13,196)
Net future cash flows before discount	12,248	762	3,794	1,309	18,113	1,595	19,708
10% discount for timing of future cash flows	(4,988)	(375)	(1,502)	(418)	(7,283)	(553)	(7,836)
Standardized measure of discounted future net cash flows	\$ 7,260	\$ 387	\$ 2,292	\$ 891	\$ 10,830	\$ 1,042	\$ 11,872
As of December 31, 1994							
Future cash inflows from sale of oil & gas	\$ 26,545	\$ 1,568	\$ 6,933	\$ 6,006	\$ 41,052	\$ 4,664	\$ 45,716
Future production costs	(9,374)	(609)	(2,434)	(2,567)	(14,984)	(1,393)	(16,377)
Future development costs	(3,011)	(134)	(1,372)	(354)	(4,871)	(193)	(5,064)
Future income tax expense	(3,968)	(361)	(966)	(2,229)	(7,524)	(1,632)	(9,156)
Net future cash flows before discount	10,192	464	2,161	856	13,673	1,446	15,119
10% discount for timing of future cash flows	(4,313)	(155)	(814)	(271)	(5,553)	(554)	(6,107)
Standardized measure of discounted future net cash flows	\$ 5,879	\$ 309	\$ 1,347	\$ 585	\$ 8,120	\$ 892	\$ 9,012

Capitalized Costs — Exploration and Producing Activities

(Millions of dollars)	Consolidated Subsidiaries					Equity	
	United States	Other West	Europe	Other East	Total	Affiliate-Other East	Worldwide
As of December 31, 1998							
Proved properties	\$ 20,601	\$ 515	\$ 4,709	\$ 1,799	\$ 27,624	\$ 1,015	\$ 28,639
Unproved properties	1,188	53	71	390	1,702	408	2,110
Support equipment and facilities	437	27	37	342	843	768	1,611
Gross capitalized costs	22,226	595	4,817	2,531	30,169	2,191	32,360
Accumulated depreciation, depletion and amortization	(14,140)	(277)	(3,381)	(1,253)	(19,051)	(1,119)	(20,170)
Net capitalized costs	\$ 8,086	\$ 318	\$ 1,436	\$ 1,278	\$ 11,118	\$ 1,072	\$ 12,190
As of December 31, 1997							
Proved properties	\$ 20,196	\$ 581	\$ 4,584	\$ 1,623	\$ 26,984	\$ 1,112	\$ 28,096
Unproved properties	1,248	16	89	225	1,578	338	1,916
Support equipment and facilities	438	26	37	228	729	578	1,307
Gross capitalized costs	21,882	623	4,710	2,076	29,291	2,028	31,319
Accumulated depreciation, depletion and amortization	(13,849)	(298)	(3,135)	(1,131)	(18,413)	(1,013)	(19,426)
Net capitalized costs	\$ 8,033	\$ 325	\$ 1,575	\$ 945	\$ 10,878	\$ 1,015	\$ 11,893
As of December 31, 1996							
Proved properties	\$ 17,450	\$ 603	\$ 4,102	\$ 1,372	\$ 23,527	\$ 1,018	\$ 24,545
Unproved properties	370	15	81	210	676	293	969
Support equipment and facilities	432	32	38	185	687	548	1,235
Gross capitalized costs	18,252	650	4,221	1,767	24,890	1,859	26,749
Accumulated depreciation, depletion and amortization	(13,158)	(308)	(2,739)	(1,012)	(17,217)	(903)	(18,120)
Net capitalized costs	\$ 5,094	\$ 342	\$ 1,482	\$ 755	\$ 7,673	\$ 956	\$ 8,629
As of December 31, 1995							
Proved properties	\$ 17,384	\$ 505	\$ 3,551	\$ 1,279	\$ 22,719	\$ 900	\$ 23,619
Unproved properties	383	11	125	116	635	320	955
Support equipment and facilities	381	28	47	133	589	494	1,083
Gross capitalized costs	18,148	544	3,723	1,528	23,943	1,714	25,657
Accumulated depreciation, depletion and amortization	(13,298)	(291)	(2,520)	(905)	(17,014)	(793)	(17,807)
Net capitalized costs	\$ 4,850	\$ 253	\$ 1,203	\$ 623	\$ 6,929	\$ 921	\$ 7,850
As of December 31, 1994							
Proved properties	\$ 19,369	\$ 544	\$ 3,483	\$ 1,202	\$ 24,598	\$ 805	\$ 25,403
Unproved properties	361	23	182	96	662	353	1,015
Support equipment and facilities	371	40	117	98	626	455	1,081
Gross capitalized costs	20,101	607	3,782	1,396	25,886	1,613	27,499
Accumulated depreciation, depletion and amortization	(13,989)	(384)	(2,254)	(812)	(17,439)	(699)	(18,138)
Net capitalized costs	\$ 6,112	\$ 223	\$ 1,528	\$ 584	\$ 8,447	\$ 914	\$ 9,361

Costs Incurred — Exploration and Development Activities

(Millions of dollars)	Consolidated Subsidiaries				Total	Equity	
	United States	Other West	Europe	Other East		Affiliate-Other East	Worldwide
For the year ended December 31, 1998							
Proved property acquisition	\$ 27	\$ —	\$ —	\$ 199	\$ 226	\$ —	\$ 226
Unproved property acquisition	85	1	—	32	118	—	118
Exploration	417	92	65	277	851	19	870
Development	1,073	25	308	204	1,610	160	1,770
Total	\$ 1,602	\$ 118	\$ 373	\$ 712	\$ 2,805	\$ 179	\$ 2,984
For the year ended December 31, 1997							
Proved property acquisition	\$ 1,099*	\$ —	\$ —	\$ —	\$ 1,099	\$ —	\$ 1,099
Unproved property acquisition	527*	1	—	23	551	—	551
Exploration	480	15	59	234	788	18	806
Development	1,220	62	419	108	1,809	167	1,976
Total	\$ 3,326	\$ 78	\$ 478	\$ 365	\$ 4,247	\$ 185	\$ 4,432
For the year ended December 31, 1996							
Proved property acquisition	\$ 56	\$ —	\$ —	\$ —	\$ 56	\$ —	\$ 56
Unproved property acquisition	91	5	—	20	116	—	116
Exploration	356	18	90	225	689	9	698
Development	827	107	384	113	1,431	144	1,575
Total	\$ 1,330	\$ 130	\$ 474	\$ 358	\$ 2,292	\$ 153	\$ 2,445
For the year ended December 31, 1995							
Proved property acquisition	\$ 7	\$ 31	\$ —	\$ —	\$ 38	\$ —	\$ 38
Unproved property acquisition	35	3	2	11	51	—	51
Exploration	151	48	76	117	392	11	403
Development	845	66	207	105	1,223	99	1,322
Total	\$ 1,038	\$ 148	\$ 285	\$ 233	\$ 1,704	\$ 110	\$ 1,814
For the year ended December 31, 1994							
Proved property acquisition	\$ 5	\$ 2	\$ —	\$ —	\$ 7	\$ —	\$ 7
Unproved property acquisition	13	2	—	33	48	—	48
Exploration	165	19	58	110	352	9	361
Development	729	43	253**	108	1,133	129	1,262
Total	\$ 912	\$ 66	\$ 311	\$ 251	\$ 1,540	\$ 138	\$ 1,678

*Includes the acquisition of Monterey Resources on a net cost basis of \$1,520 million, which is net of deferred income taxes amounting to \$469 million and \$245 million for the acquired proved and unproved properties, respectively.

**Includes \$59 million for the Captain field which was recovered during 1995 in a sale of incomplete construction on property to be leased by Texaco.

Results of Operations — Exploration and Producing Activities

(Millions of dollars)	Consolidated Subsidiaries				Total	Equity	
	United States	Other West	Europe	Other East		Affiliate-Other East	Worldwide
For the year ended December 31, 1998							
Gross revenues from:							
Sales and transfers, including affiliate sales	\$ 2,570	\$ —	\$ 438	\$ 571	\$ 3,579	\$ 454	\$ 4,033
Sales to unaffiliated entities	218	120	509	122	969	28	997
Production costs	(1,066)	(35)	(400)	(250)	(1,751)	(150)	(1,901)
Exploration costs	(286)	(31)	(53)	(137)	(507)	(16)	(523)
Depreciation, depletion and amortization	(832)	(22)	(422)	(113)	(1,389)	(106)	(1,495)
Other expenses	(198)	—	(4)	(10)	(212)	(1)	(213)
Results before estimated income taxes	406	32	68	183	689	209	898
Estimated income taxes	(49)	(14)	(27)	(166)	(256)	(102)	(358)
Net results	\$ 357	\$ 18	\$ 41	\$ 17	\$ 433	\$ 107	\$ 540
For the year ended December 31, 1997							
Gross revenues from:							
Sales and transfers, including affiliate sales	\$ 3,492	\$ —	\$ 495	\$ 934	\$ 4,921	\$ 610	\$ 5,531
Sales to unaffiliated entities	312	165	499	178	1,154	43	1,197
Production costs	(986)	(57)	(323)	(249)	(1,615)	(192)	(1,807)
Exploration expenses	(238)	(10)	(60)	(195)	(503)	(16)	(519)
Depreciation, depletion and amortization	(735)	(27)	(382)	(129)	(1,273)	(110)	(1,383)
Other expenses	(249)	—	—	(24)	(273)	9	(264)
Results before estimated income taxes	1,596	71	229	515	2,411	344	2,755
Estimated income taxes	(511)	(40)	(85)	(418)	(1,054)	(173)	(1,227)
Net results	\$ 1,085	\$ 31	\$ 144	\$ 97	\$ 1,357	\$ 171	\$ 1,528
For the year ended December 31, 1996							
Gross revenues from:							
Sales and transfers, including affiliate sales	\$ 3,383	\$ —	\$ 524	\$ 863	\$ 4,770	\$ 648	\$ 5,418
Sales to unaffiliated entities	310	140	475	181	1,106	45	1,151
Production costs	(937)	(54)	(321)	(215)	(1,527)	(183)	(1,710)
Exploration expenses	(196)	(27)	(57)	(150)	(430)	(8)	(438)
Depreciation, depletion and amortization	(652)	(24)	(310)	(107)	(1,093)	(110)	(1,203)
Other expenses	(241)	(1)	(1)	(40)	(283)	8	(275)
Results before estimated income taxes	1,667	34	310	532	2,543	400	2,943
Estimated income taxes	(534)	(26)	(112)	(417)	(1,089)	(212)	(1,301)
Net results	\$ 1,133	\$ 8	\$ 198	\$ 115	\$ 1,454	\$ 188	\$ 1,642
For the year ended December 31, 1995							
Gross revenues from:							
Sales and transfers, including affiliate sales	\$ 2,652	\$ —	\$ 394	\$ 613	\$ 3,659	\$ 583	\$ 4,242
Sales to unaffiliated entities	291	127	485	131	1,034	35	1,069
Production costs	(951)	(45)	(314)	(198)	(1,508)	(169)	(1,677)
Exploration expenses	(87)	(35)	(79)	(96)	(297)	(9)	(306)
Depreciation, depletion and amortization	(682)	(20)	(293)	(109)	(1,104)	(94)	(1,198)
Other expenses	(254)	(6)	—	(24)	(284)	(13)	(297)
Results before estimated income taxes	969	21	193	317	1,500	333	1,833
Estimated income taxes	(295)	(14)	(74)	(260)	(643)	(177)	(820)
Net results	\$ 674	\$ 7	\$ 119	\$ 57	\$ 857	\$ 156	\$ 1,013
For the year ended December 31, 1994							
Gross revenues from:							
Sales and transfers, including affiliate sales	\$ 2,672	\$ —	\$ 336	\$ 491	\$ 3,499	\$ 514	\$ 4,013
Sales to unaffiliated entities	403	129	448	113	1,093	24	1,117
Production costs	(1,100)	(41)	(325)	(198)	(1,664)	(163)	(1,827)
Exploration expenses	(115)	(17)	(53)	(115)	(300)	(9)	(309)
Depreciation, depletion and amortization	(934)	(29)	(295)	(96)	(1,354)	(74)	(1,428)
Other expenses	(249)	(8)	—	(27)	(284)	(27)	(311)
Results before estimated income taxes	677	34	111	168	990	265	1,255
Estimated income taxes	(217)	(31)	(43)	(130)	(421)	(131)	(552)
Net results	\$ 460	\$ 3	\$ 68	\$ 38	\$ 569	\$ 134	\$ 703

Results of Operations Per Unit of Sold Production*

(Dollars per unit)	Consolidated Subsidiaries					Equity	
	United States	Other West	Europe	Other East	Total	Affiliate-Other East	Worldwide
For the year ended December 31, 1998							
Revenues:							
Liquids (\$/bbl.)	\$ 10.14	\$ 9.65	\$ 11.73	\$ 9.61	\$ 10.31	\$ 9.81	\$ 10.24
Natural Gas (\$/mcf)	1.93	.92	2.42	.38	1.86	—	1.86
Total (\$/BOE)	10.72	6.35	12.34	9.44	10.57	9.81	10.50
Production costs	(4.10)	(1.82)	(5.22)	(3.04)	(4.00)	(3.06)	(3.90)
Exploration expenses	(1.10)	(1.65)	(.69)	(1.66)	(1.16)	(.32)	(1.07)
Depreciation, depletion and amortization	(3.20)	(1.15)	(5.50)	(1.38)	(3.17)	(2.16)	(3.07)
Other expenses	(.76)	(.01)	(.06)	(.13)	(.49)	(.01)	(.44)
Results before estimated income taxes	1.56	1.72	.87	3.23	1.75	4.26	2.02
Estimated income taxes	(.19)	(.77)	(.35)	(2.02)	(.59)	(2.07)	(.74)
Net results	\$ 1.37	\$.95	\$.52	\$ 1.21	\$ 1.16	\$ 2.19	\$ 1.28
For the year ended December 31, 1997							
Revenues:							
Liquids (\$/bbl.)	\$ 16.32	\$ 14.40	\$ 18.41	\$ 16.87	\$ 16.78	\$ 14.89	\$ 16.51
Natural Gas (\$/mcf)	2.32	1.03	2.42	1.89	2.17	—	2.17
Total (\$/BOE)	15.31	8.04	17.54	16.86	15.51	14.89	15.45
Production costs	(3.97)	(2.77)	(5.71)	(3.77)	(4.13)	(4.38)	(4.15)
Exploration expenses	(.96)	(.51)	(1.06)	(2.95)	(1.28)	(.35)	(1.19)
Depreciation, depletion and amortization	(2.96)	(1.32)	(6.73)	(1.95)	(3.25)	(2.52)	(3.17)
Other expenses	(1.00)	—	—	(.37)	(.70)	.21	(.61)
Results before estimated income taxes	6.42	3.44	4.04	7.82	6.15	7.85	6.33
Estimated income taxes	(2.06)	(1.97)	(1.50)	(6.34)	(2.69)	(3.94)	(2.82)
Net results	\$ 4.36	\$ 1.47	\$ 2.54	\$ 1.48	\$ 3.46	\$ 3.91	\$ 3.51
For the year ended December 31, 1996							
Revenues:							
Liquids (\$/bbl.)	\$ 16.97	\$ 16.80	\$ 20.37	\$ 18.61	\$ 17.90	\$ 16.30	\$ 17.66
Natural Gas (\$/mcf)	2.10	.96	2.47	3.20	2.03	—	2.03
Total (\$/BOE)	15.14	8.76	19.15	18.62	15.95	16.30	15.98
Production costs	(3.84)	(3.39)	(6.16)	(3.85)	(4.15)	(4.26)	(4.16)
Exploration expenses	(.80)	(1.66)	(1.09)	(2.68)	(1.17)	(.19)	(1.06)
Depreciation, depletion and amortization	(2.67)	(1.53)	(5.94)	(1.91)	(2.97)	(2.56)	(2.93)
Other expenses	(.99)	(.04)	(.02)	(.70)	(.77)	.19	(.67)
Results before estimated income taxes	6.84	2.14	5.94	9.48	6.89	9.48	7.16
Estimated income taxes	(2.19)	(1.65)	(2.16)	(7.46)	(2.95)	(4.93)	(3.15)
Net results	\$ 4.65	\$.49	\$ 3.78	\$ 2.02	\$ 3.94	\$ 4.55	\$ 4.01
For the year ended December 31, 1995							
Revenues:							
Liquids (\$/bbl.)	\$ 14.25	\$ 13.34	\$ 16.57	\$ 15.90	\$ 14.98	\$ 14.05	\$ 14.83
Natural Gas (\$/mcf)	1.62	.87	2.50	2.61	1.65	—	1.65
Total (\$/BOE)	12.38	8.10	16.20	15.89	13.24	14.05	13.33
Production costs	(4.00)	(2.85)	(5.79)	(4.23)	(4.26)	(3.84)	(4.21)
Exploration expenses	(.37)	(2.22)	(1.45)	(2.05)	(.84)	(.20)	(.77)
Depreciation, depletion and amortization	(2.87)	(1.32)	(5.40)	(2.33)	(3.12)	(2.14)	(3.01)
Other expenses	(1.06)	(.37)	—	(.51)	(.80)	(.30)	(.75)
Results before estimated income taxes	4.08	1.34	3.56	6.77	4.22	7.57	4.59
Estimated income taxes	(1.24)	(.89)	(1.37)	(5.55)	(1.81)	(4.03)	(2.06)
Net results	\$ 2.84	\$.45	\$ 2.19	\$ 1.22	\$ 2.41	\$ 3.54	\$ 2.53
For the year ended December 31, 1994							
Revenues:							
Liquids (\$/bbl.)	\$ 12.81	\$ 10.94	\$ 15.24	\$ 14.58	\$ 13.49	\$ 11.96	\$ 13.25
Natural Gas (\$/mcf)	1.87	.87	2.17	2.70	1.82	—	1.82
Total (\$/BOE)	12.15	7.76	14.82	14.57	12.62	11.96	12.54
Production costs	(4.35)	(2.46)	(6.15)	(4.78)	(4.57)	(3.62)	(4.47)
Exploration expenses	(.45)	(1.04)	(1.01)	(2.77)	(.83)	(.20)	(.75)
Depreciation, depletion and amortization	(3.69)	(1.73)	(5.58)	(2.32)	(3.72)	(1.64)	(3.49)
Other expenses	(.98)	(.49)	—	(.65)	(.78)	(.61)	(.76)
Results before estimated income taxes	2.68	2.04	2.08	4.05	2.72	5.89	3.07
Estimated income taxes	(.86)	(1.86)	(.80)	(3.13)	(1.15)	(2.91)	(1.35)
Net results	\$ 1.82	\$.18	\$ 1.28	\$.92	\$ 1.57	\$ 2.98	\$ 1.72

*Units of production are on an as-sold basis, whereas units used to calculate production costs per composite barrel by geographic area on page 74 of the Annual Report are on an as-produced basis. Barrels of oil equivalent (BOE) are calculated at a rate of 6 mcf of natural gas equals 1 BOE.

Oil and Gas Net Acreage

As of December 31 (Thousands of acres)	1998	1997	1996	1995	1994
Producing					
Consolidated Subsidiaries					
United States					
California	90	114	84	90	107
Louisiana	637	642	643	651	688
New Mexico	107	110	106	109	125
Oklahoma	111	111	114	113	145
Texas	692	723	714	756	1,015
Other	155	175	174	186	296
	1,792	1,875	1,835	1,905	2,376
Other Western Hemisphere	53	63	169	148	157
Eastern Hemisphere					
Europe	53	53	29	53	97
Australia	57	57	102	102	102
Other Eastern Hemisphere	99	97	97	95	93
	209	207	228	250	292
Total consolidated subsidiaries	2,054	2,145	2,232	2,303	2,825
Equity in an Affiliate – Other Eastern Hemisphere	105	103	103	101	103
Worldwide – Producing	2,159	2,248	2,335	2,404	2,928
Undeveloped					
Consolidated Subsidiaries					
United States					
Louisiana	1,537	1,441	1,432	1,150	991
Texas	3,366	2,949	2,754	2,724	2,652
Other	1,188	1,139	1,049	1,019	1,256
	6,091	5,529	5,235	4,893	4,899
Other Western Hemisphere					
Bolivia	—	—	—	3,354	3,354
Canada	—	2,121	2,373	2,352	2,340
Colombia	3,365	474	556	784	524
Other	232	166	133	163	163
	3,597	2,761	3,062	6,653	6,381
Eastern Hemisphere					
Europe	2,784	3,032	2,831	2,441	1,828
Australia	2,874	2,874	761	1,120	1,107
China	11,849	11,849	11,849	13,698	3,191
Egypt	—	—	—	—	1,670
Indonesia	6,527	6,527	5,784	5,786	9,985
Malaysia	—	—	—	1,432	1,432
Myanmar	—	—	6,101	6,101	4,472
Thailand	2,690	2,690	4,369	1,789	3,924
Other Eastern Hemisphere	4,723	3,284	2,240	2,084	2,077
	31,447	30,256	33,935	34,451	29,686
Total consolidated subsidiaries	41,135	38,546	42,232	45,997	40,966
Equity in an Affiliate – Other Eastern Hemisphere	873	1,120	1,120	1,121	1,120
Worldwide – Undeveloped	42,008	39,666	43,352	47,118	42,086
Total Oil and Gas Acreage	44,167	41,914	45,687	49,522	45,014

Net Production of Crude Oil and Natural Gas Liquids

For the years ended December 31 (Thousands of barrels a day)	1998	1997	1996	1995	1994
United States					
California	167	124	118	117	119
Louisiana	97	97	102	102	89
Texas	95	98	91	84	115
Other	74	77	77	78	84
	<u>433</u>	<u>396</u>	<u>388</u>	<u>381</u>	<u>407</u>
Other Western Hemisphere					
Colombia	—	—	—	4	8
Trinidad	10	9	10	9	10
Canada	—	3	2	2	2
	<u>10</u>	<u>12</u>	<u>12</u>	<u>15</u>	<u>20</u>
Eastern Hemisphere					
Angola	17	17	14	7	7
Nigeria	10	12	11	9	9
United Kingdom	126	93	86	90	95
Denmark	32	32	29	26	25
Kazakhstan	7	—	—	—	—
China	12	13	14	9	8
Indonesia	31	30	29	31	32
West Australia	9	11	12	16	16
Neutral Zone	108	97	76	59	42
	<u>352</u>	<u>305</u>	<u>271</u>	<u>247</u>	<u>234</u>
Total	795	713	671	643	661
Equity in an Affiliate – Other Eastern Hemisphere	135	120	116	119	122
Worldwide	<u>930</u>	<u>833</u>	<u>787</u>	<u>762</u>	<u>783</u>
Natural gas liquids included above:					
United States	80	82	80	78	82
Eastern Hemisphere	10	10	8	9	8
Worldwide	<u>90</u>	<u>92</u>	<u>88</u>	<u>87</u>	<u>90</u>

Net Production of Natural Gas*

For the years ended December 31 (Millions of cubic feet a day)	1998	1997	1996	1995	1994
United States					
Alabama	69	64	59	45	39
California	34	44	50	59	61
Louisiana	754	790	793	727	782
New Mexico	127	108	109	126	116
Oklahoma	73	75	67	73	84
Texas	462	476	455	480	493
Wyoming	76	77	74	90	81
Other	84	72	68	19	60
Total United States	1,679	1,706	1,675	1,619	1,716
International					
Other Western Hemisphere					
Canada	—	10	33	40	35
Colombia	180	177	125	119	109
Trinidad	69	73	33	8	8
	249	260	191	167	152
Eastern Hemisphere					
Australia	1	2	3	3	3
Denmark	92	98	80	66	61
United Kingdom	175	111	108	134	98
Kazakhstan	31	—	—	—	—
Netherlands	—	—	—	3	5
	299	211	191	206	167
Total International	548	471	382	373	319
Worldwide	2,227	2,177	2,057	1,992	2,035

*Represents marketable production on an "as sold" basis and not total gas recovered at the surface from producing wells. Excluded are quantities not sold, such as those applicable to flared gas, injected gas and gas consumed in producing operations.

Natural Gas Sales

(includes purchased volumes)

For the years ended December 31 (Millions of cubic feet a day)	1998	1997	1996	1995	1994
United States	3,873	3,584	3,176	3,153	3,092
International					
Other Western Hemisphere	287	270	207	177	163
Eastern Hemisphere					
Europe	376	320	267	255	171
Other Eastern Hemisphere	1	2	3	3	3
Total	377	322	270	258	174
International	664	592	477	435	337
Worldwide	4,537	4,176	3,653	3,588	3,429

Number of Wells Capable of Producing*

As of December 31	Gross					Net				
	1998	1997	1996	1995	1994	1998	1997	1996	1995	1994
Oil Wells										
Consolidated Subsidiaries										
United States	33,876	34,498	29,439	28,974	44,044	18,033	19,110	14,377	14,090	18,072
Other Western Hemisphere	326	1,747	1,912	1,908	2,241	109	262	227	215	410
Europe	258	237	238	229	230	75	64	61	56	59
Other Eastern Hemisphere	1,775	1,692	1,574	1,343	1,287	652	616	558	457	436
Total Consolidated Subsidiaries	36,235	38,174	33,163	32,454	47,802	18,869	20,052	15,223	14,818	18,977
Equity in an Affiliate –										
Other Eastern Hemisphere	4,744	4,698	4,334	4,140	3,975	2,372	2,349	2,167	2,070	1,988
Worldwide**	40,979	42,872	37,497	36,594	51,777	21,241	22,401	17,390	16,888	20,965
Gas Wells										
Consolidated Subsidiaries										
United States	7,363	7,607	6,838	6,069	6,406	3,233	3,463	3,119	2,624	2,849
Other Western Hemisphere	33	33	273	266	281	17	17	69	64	68
Europe	36	50	44	42	47	10	11	10	9	13
Other Eastern Hemisphere	34	2	22	22	22	6	—	7	6	6
Total Consolidated Subsidiaries	7,466	7,692	7,177	6,399	6,756	3,266	3,491	3,205	2,703	2,936
Equity in an Affiliate –										
Other Eastern Hemisphere	47	40	32	27	22	24	20	16	14	11
Worldwide**	7,513	7,732	7,209	6,426	6,778	3,290	3,511	3,221	2,717	2,947

*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 140 gross and 54 net multiple completion oil wells and 8 gross and 6 net multiple completion gas wells in 1998.

Additional Well Data

As of December 31, 1998	Texaco Inc. and Consolidated Subsidiaries					Equity	
	United States	Other Western Hemisphere	Europe	Other Eastern Hemisphere	Total	Affiliate–Other Eastern Hemisphere	Worldwide
Wells in the process of drilling							
Gross	40	3	6	17	66	6	72
Net	31	2	1	6	40	3	43
Pressure maintenance installations in operation							
	390	1	13	13	417	7	424
Pressure maintenance projects in the process of being installed							
	—	—	—	1	1	—	1

Exploratory and Development Wells Completed

For the years ended December 31	1998			1997			1996			1995			1994		
	Oil	Gas	Dry	Oil	Gas	Dry	Oil	Gas	Dry	Oil	Gas	Dry	Oil	Gas	Dry
Net exploratory wells*															
Consolidated Subsidiaries															
United States	14	14	26	32	22	35	29	28	29	12	15	14	16	23	17
Other Western Hemisphere	—	2	2	1	—	1	—	3	1	—	2	1	—	—	1
Europe	—	—	1	4	—	1	3	—	1	14	1	3	—	—	2
Other Eastern Hemisphere	4	4	2	1	3	5	1	2	2	1	—	5	2	—	11
Total	18	20	31	38	25	42	33	33	33	27	18	23	18	23	31
Equity in an Affiliate –															
Other Eastern Hemisphere	3	—	—	2	—	—	—	—	—	—	—	—	—	—	1
Worldwide	21	20	31	40	25	42	33	33	33	27	18	23	18	23	32
Net development wells															
Consolidated Subsidiaries															
United States	937	106	14	883	165	23	283	191	44	291	91	19	244	82	7
Other Western Hemisphere	109	3	—	107	1	3	33	8	—	8	1	—	5	5	1
Europe	21	2	—	6	3	—	1	—	1	2	1	—	7	2	—
Other Eastern Hemisphere	38	27	—	45	1	—	44	—	1	23	—	1	13	—	—
Total	1,105	138	14	1,041	170	26	361	199	46	324	93	20	269	89	8
Equity in an Affiliate –															
Other Eastern Hemisphere	271	—	—	143	1	—	259	1	—	135	—	—	98	—	—
Worldwide	1,376	138	14	1,184	171	26	620	200	46	459	93	20	367	89	8
Gross exploratory and development wells															
Consolidated Subsidiaries															
United States	1,265	260	77	1,324	343	103	707	325	106	629	173	45	598	211	47
Other Western Hemisphere	326	11	4	164	6	4	67	24	4	34	8	3	56	13	8
Europe	34	12	3	23	10	5	16	3	4	26	5	11	28	4	6
Other Eastern Hemisphere	118	161	7	112	5	16	125	7	10	77	—	21	43	1	27
Total	1,743	444	91	1,623	364	128	915	359	124	766	186	80	725	229	88
Equity in an Affiliate –															
Other Eastern Hemisphere	546	—	—	291	2	—	518	2	—	269	1	—	195	—	2
Worldwide	2,289	444	91	1,914	366	128	1,433	361	124	1,035	187	80	920	229	90

*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 deepwater exploratory areas which may require extended time periods to assess, such as the U.K. sector of the North Sea and the U.S. Gulf of Mexico.

Refinery Input of Crude Oil, Natural Gas Liquids and Distillates

For the years ended December 31 (Thousands of barrels a day)	Percent Ownership 12-31-98	1998	1997	1996	1995	1994
United States*						
Equilon Area						
Wood River, IL	44.0	127	—	—	—	—
Martinez, CA	44.0	70	—	—	—	—
Anacortes, WA	44.0	62	146	146	143	127
El Dorado, KS	44.0	48	104	105	102	102
Los Angeles, CA	44.0	43	99	96	88	89
Bakersfield, CA	44.0	28	64	57	60	57
Odessa, TX	—	9	—	—	—	—
Motiva Area						
Port Arthur, TX	32.5	107	133	133	119	115
Convent, LA	32.5	93	118	113	108	105
Delaware City, DE	32.5	70	83	74	73	78
Norco, LA	32.5	41	—	—	—	—
Total United States		698	747	724	693	673
Other Western Hemisphere						
Panama	100.0	45	40	40	25	23
Guatemala	100.0	16	16	14	16	15
Martinique	11.5	2	2	2	2	2
Total Other Western Hemisphere		63	58	56	43	40
Europe						
United Kingdom	100.0	224	210	205	173	167
Netherlands	31.0	126	126	135	127	118
Total Europe		350	336	340	300	285
Other Eastern Hemisphere**						
Caltex Operations						
Kenya – Mombasa	8.0	3	2	2	2	3
Bahrain	—	—	—	13	50	49
Australia – Kurnell	25.0	29	22	22	26	41
– Lytton	25.0	22	17	17	12	—
Philippines – Batangas	50.0	33	35	35	33	30
Japan – Negishi	—	—	—	20	79	76
– Muroran	—	—	—	10	30	34
– Marifu	25.0	26	27	25	28	25
– Osaka	25.0	23	19	19	19	22
Korea – Yocheon	25.0	148	143	93	89	93
New Zealand – Whangarei	6.3	7	6	5	5	5
Singapore – Pualau Merilimau	16.7	41	51	51	36	36
South Africa – Capetown	50.0	43	43	32	34	39
Thailand – Map Ta Phut	32.0	42	43	20	—	—
Total Caltex Operations		417	408	364	443	453
Ivory Coast	3.7	2	2	2	2	2
Total Other Eastern Hemisphere		419	410	366	445	455
Worldwide		1,530	1,551	1,486	1,481	1,453

*See refinery capacity footnote on page 26.

**During 1996, Caltex sold its interests in two Japanese refineries in Negishi and Muroran. Also, in 1996, Caltex ceded its throughput rights in the Bahrain refinery which was sold effective April 1, 1997. Excluded are those refineries in Pakistan and Thailand where Caltex has only purchase agreements.

Refinery Crude Oil Capacity

(including interests in affiliates) As of December 31 (Thousands of barrels a day)	Percent Ownership 12-31-98	1998	1997	1996	1995	1994
United States*						
Equilon Area						
Wood River, IL	44.0	121	—	—	—	—
Martinez, CA	44.0	67	—	—	—	—
Anacortes, WA	44.0	64	140	140	136	136
El Dorado, KS	44.0	48	100	100	99	91
Los Angeles, CA	44.0	40	90	91	92	92
Bakersfield, CA	44.0	27	58	57	58	55
Motiva Area						
Port Arthur, TX	32.5	77	118	118	118	118
Convent, LA	32.5	73	113	112	112	112
Delaware City, DE	32.5	51	70	70	70	70
Norco, LA	32.5	73	—	—	—	—
Total United States		641	689	688	685	674
Other Western Hemisphere						
Panama	100.0	60	60	60	60	60
Guatemala	100.0	17	16	16	16	16
Martinique	11.5	2	2	2	2	2
Total Other Western Hemisphere		79	78	78	78	78
Europe						
United Kingdom	100.0	190	180	180	180	180
Netherlands	31.0	118	140	140	140	140
Total Europe		308	320	320	320	320
Other Eastern Hemisphere**						
Caltex Operations						
Kenya – Mombasa	8.0	7	5	5	5	5
Bahrain	—	—	—	—	53	51
Australia – Kurnell	25.0	29	27	20	20	40
– Lytton	25.0	25	25	19	15	—
Philippines – Batangas	50.0	36	36	36	35	35
Japan – Negishi	—	—	—	—	90	90
– Muroran	—	—	—	—	38	38
– Marifu	25.0	32	32	32	27	27
– Osaka	25.0	26	26	26	26	26
Korea – Yocheon	25.0	163	150	150	95	91
New Zealand – Whangarei	6.3	7	6	6	5	5
Singapore – Pualau Merilimau	16.7	47	53	53	47	37
South Africa – Capetown	50.0	56	56	56	50	40
Thailand – Map Ta Phut	32.0	48	42	42	—	—
Total Caltex Operations		476	458	445	506	485
Ivory Coast	3.7	2	1	1	1	1
Total Other Eastern Hemisphere		478	459	446	507	486
Worldwide		1,506	1,546	1,532	1,590	1,558
Weighted Average Crude Utilization Rate		92%	95%	93%	90%	90%

*Effective January 1, 1998 Texaco and Shell formed the joint venture Equilon Enterprises LLC, in which Texaco has a 44% interest. As a result, Texaco added interests in the Wood River, Martinez and Odessa refineries. Odessa was sold in October 1998. Prior to 1998, Texaco had a 100% interest in the Anacortes, Los Angeles, Bakersfield and El Dorado refineries.

Effective July 1, 1998 Texaco, Saudi Aramco and Shell formed the joint venture Motiva Enterprises LLC, in which Texaco has a 32.5% interest. As a result, Texaco added an interest in the Norco refinery. Prior to July 1, 1998 Texaco held a 50% interest in Star Enterprise refineries located at Port Arthur, Convent and Delaware City.

**During 1996, Caltex sold its interests in two Japanese refineries in Negishi and Muroran. Also, in 1996, Caltex ceded its throughput rights in the Bahrain refinery which was sold effective April 1, 1997. Excluded are those refineries in Pakistan and Thailand where Caltex has only purchase agreements.

Refined Product Sales — By Operating Area

For the years ended December 31 (Thousands of barrels a day)	1998	1997	1996	1995	1994
Volumes					
Texaco Inc. and Subsidiary Companies (including interest in affiliates)					
United States					
Equilon Area	585	493	478	460	454
Motiva Area	377	323	316	311	289
Other Operations	241	206	242	163	139
	1,203	1,022	1,036	934	882
International					
Europe	571	509	496	473	447
Caltex	593	571	601	658	622
Latin America/West Africa	462	418	391	362	312
Other Operations	59	65	64	74	89
	1,685	1,563	1,552	1,567	1,470
Worldwide	2,888	2,585	2,588	2,501	2,352

Refined Product Sales — Other Information *

For the years ended December 31, excluding interest in affiliates (Millions of dollars)	1998	1997	1996	1995	1994
Revenues					
Refined Product Revenues					
United States	\$ 2,488	\$ 7,474	\$ 7,993	\$ 5,974	\$ 5,461
International	17,775	16,848	15,004	13,437	12,392
Worldwide	\$ 20,263	\$ 24,322	\$ 22,997	\$ 19,411	\$ 17,853
Refined Product Volumes (Thousands of barrels per day)					
United States	241	699	720	623	593
International	1,070	969	928	886	848
Worldwide	1,311	1,668	1,648	1,509	1,441
Outside Unit Sales Revenue Per Barrel					
United States					
Gasolines	\$ 22.16	\$ 32.21	\$ 32.24	\$ 28.42	\$ 27.51
Middle distillates	15.03	27.10	28.84	23.59	23.02
Avjet fuels	18.90	25.64	26.78	23.00	22.51
Residual fuel oils	10.56	15.23	16.47	14.34	12.40
International					
Gasolines	\$ 39.29	\$ 44.75	\$ 39.73	\$ 34.79	\$ 34.00
Middle distillates	27.15	32.64	32.90	27.80	28.60
Avjet fuels	23.60	31.06	32.57	27.22	27.44
Residual fuel oils	12.10	16.56	17.98	16.25	14.42

*Excludes motor fuel, value added and other taxes collected from consumers for government agencies in the United States and abroad.

Effective January 1, 1998 Texaco formed the joint venture Equilon Enterprises LLC, in which it owns a 44% interest. Accordingly, Texaco's 1998 refined product sales exclude the results of the formerly consolidated operations which were contributed to Equilon.

Branded Retail Outlets

(Units in which Texaco holds ownership interest) As of December 31

	1998	1997	1996	1995	1994
United States	23,651	13,859	13,550	13,751	14,022
International					
Other Western Hemisphere					
Brazil	3,157	3,022	2,992	2,951	2,963
Colombia	288	298	296	270	277
Dominican Republic	164	163	159	159	156
Guatemala	200	194	181	154	190
Honduras	95	91	84	82	78
Panama	100	100	93	86	84
Peru	114	111	33	—	—
Puerto Rico	297	293	294	286	288
Uruguay	91	92	91	89	81
Venezuela	80	—	—	—	—
Other areas	684	673	596	540	527
Total	5,270	5,037	4,819	4,617	4,644
Eastern Hemisphere, including Europe					
Cameroon	110	110	115	112	111
Nigeria	311	314	360	366	351
United Kingdom	755	993	460	793	1,033
Belgium/Luxembourg	464	479	488	513	513
Denmark*	535	526	425	405	215
Greece	388	343	334	384	382
Ireland	338	441	423	368	380
Netherlands	507	551	555	551	555
Norway*	411	444	400	435	206
Caltex areas of operation	4,700	4,600	4,600	4,500	4,400
Other areas*	182	189	149	144	141
Total	8,701	8,990	8,309	8,571	8,287
Total International	13,971	14,027	13,128	13,188	12,931
Worldwide	37,622	27,886	26,678	26,939	26,953

Included above are all branded outlets either owned, leased or otherwise supplied, including affiliates. U.S. amounts for 1998 include total branded retail outlets for Equilon and Motiva.

*Includes Hydro Texaco joint venture co-branded stations in Denmark and Norway since 1995 and the Baltics since 1997.

Texaco Inc.

2000 Westchester Avenue
White Plains, NY 10650
www.texaco.com

