Texaco's business. Worldwide earnings from petrochemical operations amounted to $59,100,000 in 1977, as Texaco developed a strong position as a leading supplier of a broad range of basic materials for the chemical industry. These included large-volume aromatics, olefins, and paraffins, on which the entire petrochemical industry is based, and also small-volume, sophisticated chemicals developed by Texaco research. To strengthen its position in the field of petrochemicals, Texaco acquired 100% ownership of Jefferson Chemical Company, which was formerly 50% owned, in December, 1974.

Looking toward the future, a light olefins plant at Port Arthur, Texas, is expected to be completed in 1978. This major addition to Texaco's manufacturing facilities is expected to contribute to the Company's earnings by upgrading petroleum fractions into more valuable petrochemicals, such as ethylene. Major petrochemical projects in the United States represent a combined commitment of more than $500 million.

Worldwide sales of petroleum products averaged 3,227,000 barrels a day in 1977. Also on a worldwide basis, Texaco's net profit on each gallon of petroleum and petroleum products sold in 1977 averaged about 1.3 cents a gallon.

In the United States, Texaco made significant marketing adjustments during 1977 to improve revenue and to reduce expenses so that its marketing effort can make a substantial contribution to the Company's earnings.

Texaco remained a leading marketer of gasoline throughout the United States, with an estimated 7.5% of the total U.S. market. Nevertheless, the Company took steps to relate sales levels more closely to supplies available from Texaco's own refinery system and to withdraw from areas that no longer can be supplied profitably by the Company's distribution system. Fifty-state distribution, Number One market position, and continued representation in all markets are not part of Texaco's long-range plans for profit improvement.

By year-end, Texaco had consolidated dispatching, maintenance-control functions, and related administrative activities into operations centers in five strategically located offices across the country. With advanced computerization and telecommunication techniques, these operations centers perform most of the various functions previously handled at 170 Company-operated bulk plants and sales terminals.

Texaco also is a major U.S. supplier of home heating fuel oils and residual fuels, as well as a leading marketer of aviation turbine fuel, automotive diesel oil, and marine products. The Texaco Travel Card is honored at services stations, airports, and marinas across the United States, in Canada, in Puerto Rico, and in the U.S. Virgin Islands.

Texaco continued to be a leader in the manufacture and marketing of industrial oils and greases and automotive lubricants. Sales volumes of these products increased. A network of lubricant wholesalers is being established to market industrial products to small industrial and commercial accounts across the country.

Texaco companies are leading marketers of petroleum products in Canada, the Caribbean, Central America, and Brazil, as well as in 13 Western European countries. Texaco is also an important marketer in West Africa. The Caltex group of companies is a leading marketer in more than 60 nations in the Middle and Far East, Africa, and Australia.

A far-flung transportation network links the Company's producing, manufacturing, and marketing operations.

At year-end 1977, Texaco's wholly owned pipeline systems, worldwide, comprised 5,719 miles of crude lines and 1,399 miles of product lines. Texaco also owned equity interests in 16,620 miles of crude lines and 12,180 miles of product lines.

As of that date, Texaco's worldwide marine fleets included 159 oceangoing tankers owned or operated under term charter, totaling about 18.0 million deadweight tons. These fleets included 49 mammoth tankers (Very Large Crude Carriers, or VLCCs).

In 1977, LOOP Inc., owned 16.6% by Texaco, received both Federal and state licenses to construct, own, and operate a Louisiana offshore oil port. Designed to handle 1.4 million barrels of crude oil a day, this deepwater tanker terminal will move imported crude from mammoth tankers by