

## MEMORANDUM OF AGREEMENT

This will confirm the agreement between Texaco Exploration and Production, Inc. a Subsidiary of ChevronTexaco (the Company) and the Paper, Allied-Industrial, Chemical and Energy Workers International Union, AFL-CIO, CLC (the Union) for amended Articles of Agreement.

This Agreement is contingent upon ratification by the Union membership by 12:01 a.m., February 20, 2002. To the degree that these changes require ratification by the membership, the Company and the Union agree that the Union Committee will recommend ratification of this package of changes to the membership. If the Union membership ratifies the amended Articles of Agreement by 12:01 a.m., February 20, 2002, said Articles of Agreement are to be effective beginning February 1, 2002, through January 31, 2006 as provided herein.

Should the membership fail to ratify the amended Articles of Agreement by 12:01 a.m., February 20, 2002, each party is required to give a minimum of 72 hours notice before taking strike or lockout actions. The amended Articles of Agreement shall incorporate the provisions of the Articles of Agreement in effect on February 1, 1996, except as amended by the attachments hereto where the parties agree as follows:

### **Amended Articles of Agreement**

The amended Articles of Agreement shall incorporate the provisions of the Articles of Agreement in effect on February 1, 1996, as amended by the specific amendments attached hereto and identified as follows:

**A. Term of Agreement** – February 1, 2002 through January 31, 2006

### **B. Wages**

1. Effective February 1, 2002 all hourly wages will be increased by 85 cents per hour.
2. Effective February 1, 2003 all hourly wages will be increased by 3.5%
3. Effective February 1, 2004 all hourly wages will be increased by 3.7%.
4. Effective February 1, 2005 all hourly wages will be increased by 4.0%.

### **C. Medical Plan Contributions**

Effective July 1, 2002, the Union and the Company agree that the Company will contribute 80% of the full cost for any Company-sponsored medical plan (including HMOs) for active employees up to a maximum amount in each tier. The maximum Company contribution will be equal to 80% of the full cost of the new ChevronTexaco Medical Plan Option 2, referred to as the "benchmark plan." The new ChevronTexaco Medical Plan will not be available until July, 2002, but its cost will be the same as set forth for the ChevronTexaco Medical Plan and BC Plus Plan in Attachment A. The parties agree that an early transition to the new Company contribution to health insurance approach will occur through Company contributions as outlined below. In addition, during the period between January 1, 2002 and December 31, 2004, the level of Company contributions will not be below that of 2001 combined Company contributions to Medical and MH/SA as outlined below. When fully implemented in July 2002, the Company will thereafter contribute 80% of the cost of any approved health insurance coverage up to a maximum amount equal to 80% of the Option 2 cost in the ChevronTexaco Medical Plan mentioned above after July, 2002.

The Mental Health/Substance Abuse (MH/SA) plan will be a 100% Company-paid plan.

The Company's 2002 minimum and maximum contributions to medical plans and its 2001 (for reference only) and 2002 contribution to the MH/SA plan will, therefore, be as follows:

Company Contribution, \$/month	Single EE	EE + 1	Family
2001 for Medical	\$ 170.98	\$ 370.18	\$ 442.74
2001 for MH/SA	\$ 8.79	\$ 19.07	\$ 22.77
2001 Total Co Contribution (2002-2004 Minimum for Medical)	\$ 179.77	\$ 389.25	\$ 465.51
2002 Maximum for Medical *	\$ 201.00	\$ 402.00	\$ 542.70
2002 for MH/SA	\$ 9.54	\$ 19.07	\$ 25.75
2002 Total Co Contribution	\$ 210.54	\$ 421.07	\$ 568.45

Also effective July 1, 2002, the Company will add a new tier for coverage of a Single Employee + Children.

Company Contribution, \$/month	Single EE	EE + Child/ren	EE + 1 Adult	Family
2001 for Medical	\$ 170.98	\$ 271.76	\$ 370.18	\$ 442.74
2001 for MH/SA	\$ 8.79	N/A	\$ 19.07	\$ 22.77
2001 Total Co Contribution (2002-2004 Minimum for Medical)	\$ 179.77	N/A	\$ 389.25	\$ 465.51
2002 Maximum for Medical *	\$ 201.00	\$ 341.70	\$ 402.00	\$ 542.70
2002 for MH/SA	\$ 9.54	\$ 16.21	\$ 19.07	\$ 25.75
2002 Total Co Contribution	\$ 210.54	\$ 357.91	\$ 421.07	\$ 568.45

\* Equal to 80% of the cost of ChevronTexaco Medical Plan Option 2.

#### D. Dental

Effective July 1, 2002, and for the term of this Agreement, the Company's contribution to the ChevronTexaco Dental Plans will be based on the schedule below. The Company's contribution toward the premium for CIGNA Dental Care Plan or other approved alternate plans will be the same dollar amount as the Company contribution toward the ChevronTexaco Plan, but in no case to exceed the total premium cost of any plan. Any dental premiums in excess of the Company's contribution will be borne by the employee. The Company will provide a monthly contribution to the ChevronTexaco Dental Plan as follows:

Company Contribution, \$/month	Current	Effective 7/01/02
Member only	\$6.00	\$11.50
Member + 1 adult	\$18.95	\$23.00
Member + child/ren	N/A	\$19.50
Family	\$18.95	\$31.00

**E. Shift Bonus**

Effective February 1, 2002, the shift bonus now specified in the current contract to be \$0.50 per hour and \$1.00 per hour will be increased to \$0.75 per hour and \$1.50 per hour, respectively. Other agreements between the parties, if any, that deal with the subject of shift bonus will be revised accordingly.

**F. Occupational Death Benefit**

Effective February 1, 2002 the existing occupational death benefit of \$250,000 that is paid for work-related accidental death which occurs as a direct result of an accident while at work will be increased to \$500,000.

**G. No Retrogression**

The Company agrees to renew the letter agreement on layoff notice, plant closure, rate retention, and national health insurance, where such letter agreement exists.

**H. ChevronTexaco Benefits Package – Modify Article XIII, Paragraph A as follows:**

Employees covered by this Agreement are entitled to full participation rights under the ChevronTexaco Benefits Plans effective 7-1-02. The Company agrees to inform the Union in advance of any revisions or amendments to its published benefit plans but reserves the right to amend said plans in accordance with the provisions thereof. There shall be no discrimination against any employee for any reason whatsoever in the administration of the benefit plans.

**I. Program Which Models Chevron Success Sharing – Letter of Agreement attached.**

**J. ChevronTexaco Drug and Alcohol Program – Letter of Agreement and text of program attached.**

**K. Modification of defined work week – Modify Article VI, Paragraph C as follows:**

The regularly scheduled work-week shall start at 12:01 a.m. on Sunday and end at 12:00 midnight Saturday.

**L. 12 Hour Work Schedule - Modify the MOAs on 12-hr. work schedules dated February 22, 2001 for Station 2-22, Station 36, and CoGen and dated June 20, 2001 for Station 109 as follows:**

**12 Hr. Work Schedule**

- This modification will be applicable to all 12-hour schedules currently in place
- Employee will work 84 hours in a 14-day cycle
- Cycle shall consist of 1 - 36-hour week and 1 - 48-hour week.
- All normally scheduled hours will be paid at ASTR
- Employee will be paid an overtime premium at ASTR for those 8 hours of overtime worked in normal 48-hour work week beyond 40 hours.
- Employee will be paid an overtime premium for all hours worked in excess of 12 hours in a day at BSTR or in excess of the 48 hours scheduled in normal 48 hour work week.
- 10 Paid holidays will be observed at 8 hours times the BSTR for each holiday

- BSTR will be adjusted so the 12-hr. schedule is equal to pay for equivalent hours in 8 hr. schedule week
- ASTR is .977 times BSTR

Calculation is as follows:

12 hr. schedule (14-day cycle)	8 hr. schedule (14-day cycle)
4 x 12 = 48	
3 x 12 = 36	42 hrs. per week
84 = 88 ST hour equivalent	84 = 86 hour ST equivalent
86/88 = .977	

- Effective July 1, 2002, benefits will not be paid on the overtime portion of scheduled overtime
- Increases benefit-bearing base pay
- Base pay = straight-time hours, plus scheduled overtime
- It is the Company's intent to keep employees whole for gross wages
- Minimizes impact on benefits
- Benefits impacted - anything that uses base pay in calculation  
Life Ins., STD, LTD, Pension, Thrift (ESIP)
- Equalizes gross pay in 14-day cycle
- Chevron convention includes shift differential in benefit calculation, Texaco conventions does not include shift differential in benefit calculation

#### **M. Formal Training**

Employees placed into the bargaining unit as a result of a merger/successorship will be given twelve months to complete the formal training for the classification awarded. Failure to complete the formal training within the twelve-month period will result in the employee being demoted to Operator and placed in any Operator vacancy within assets represented by PACE in the San Joaquin Valley Business Unit.

#### **N. Advancement to Head Operator - Modify Article V, Paragraph D, 3-c to read as follows:**

In addition to the requirements outlined in Section "B", Article V, candidates are considered on the basis of their capacity for leadership; and further, a candidate for Head Operator - CoGen must have demonstrated ability as an Operator in the CoGen Plants for at least six months within the last twelve months, Head Operator - Gas Plants must have demonstrated ability as an Operator in the Gas Plants for at least six months within the last twelve months and a candidate for Head Operator - Facilities must have demonstrated ability as the associated plant Operator for at least six months within the last thirty-six months, and a candidate for Head Operator Electrical must have demonstrated ability as a Craftsman Electrical on an electrical line truck for at least one year including at least six months within the last thirty-six months. Exempt from the six months within the last thirty-six months or six months within the last twelve months' provisions are candidates for the Head Operator classifications who have permanently occupied a position in the respective Head Operator classification within the three years preceding the date of current bid for the respective Head Operator job.

#### **O. Review all Formal Training requirements**

Establish a Union/Management committee, consisting of an equal number of Union and Company representatives, but not to exceed four each, to review Formal Training requirements for all classifications. The Committee to meet at least monthly to review Formal Training for any revisions necessary to meet the current needs of the employees and the Company. The Committee will be responsible for making recommendations to both Union and Management on any modifications, additions or deletions to Formal Training. Review and recommendations to be completed by year-end 2002. If recommendations approved by both Union and

Management, these changes will be incorporated into a MOA and eventually become part of the Collective Bargaining Agreement and be used as criteria for advancement to competitive positions.

**P. Review 1996 Collective Bargaining Agreement for "clean-up" purposes**

The Company and Union have entered into various MOAs since 1996. Much of the language in these MOAs needs to be captured in the text of the Collective Bargaining Agreement, such that the Collective Bargaining Agreement is a comprehensive document for all users. The Company and the Union will review in a Statewide meeting and reach agreement on inclusion/deletion of language into the Collective Bargaining Agreement as appropriate prior to printing the new contract books.

**Q. Allowance - Modify Article VII, Paragraph D as follows:**

If an employee is required to continue at work two (2) hours or more beyond his/her scheduled eight (8) hour working period, either before or after, the Company will provide a meal and thereafter will provide meals at four (4) hour intervals at Company's expense, and an employee shall be afforded an opportunity of eating same on Company time, or Company will compensate at the rate of eight dollars and fifty cents (\$8.50) per meal.

**R. Written Warnings - Modify Article XVI, Paragraph F as follows:**

A written warning, which has been placed in an employee's personnel file, will be reviewed for removal at the request of the employee and removed if appropriate within three (3) years of the date of the incident which resulted in the warning.

If there has been no additional incident report during the three (3) year period, the written warning will be removed from the employee's personnel file and returned to the employee.

If there has been an additional incident report which does not result in discharge of the employee the written warning will be so noted and the three (3) year period will renew from the date of this additional incident report.

**S. Car Allowance - Modify Article IX, Paragraph B as follows:**

If an hourly rated employee is requested to temporarily work (exclusive of Master Bid List Assignments) at a location other than his regular show-up point, transportation shall be furnished by the Company, or in the event Company transportation is not available, and employee with permission of his/her supervisor utilizes his/her personal car, he/she will be compensated therefor under the following regulations:

1. Reimbursement for use of personal car for transportation of themselves and others at the rate of Company approved mileage allowance for the total distance traveled by the shortest regularly used route.

**T. Special Work Location Allowance - Letter of Agreement attached.**

**U. Rates of Pay and Classifications - Modify Article IV, Paragraph C, 2 to read as follows:**

An employee who has been awarded a permanent higher classification, shall be placed in the new job as soon as possible after the award. If the employee cannot be placed by the Company in the new job immediately, he/she shall commence to receive the rate of pay of the higher classification no later than two (2) weeks following the

bid award date, whether or not place in the new job on the date of such higher rate commencement, provided he/she is not absent from work on such date.

**V. Sole and Complete Agreement**

This Agreement constitutes a settlement of all outstanding issues between the parties.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Agreement this 6th day of February, 2002.

FOR THE COMPANY

FOR THE UNION

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_