

LETTER OF AGREEMENT
CHEVRON SUCCESS SHARING

The following Letter of Agreement is entered into between Texaco Exploration & Production, Inc., a subsidiary of ChevronTexaco (hereinafter called the "Company") and the Paper, Allied-Industrial, Chemical and Energy Workers International Union, AFL-CIO, CLC (hereinafter called the "Union") and models Chevron Success Sharing. As announced on February 2, 1995, under Chevron Success Sharing, employees will share in a portion of Corporate profits when the Corporation achieves certain financial objectives.

The Union and The Company agree that every employee can make an important contribution to the Company's success. The parties also agree that building a committed team will support strong, sustainable operating performance. Therefore, it is understood and agreed by and between The Union and The Company that:

- 1) This program is a mandatory subject of bargaining, and the parties have hereby negotiated and reached agreement on its provisions and on the process by which future revisions, if any, will be made.
- 2) This program shall be administered by The Company, which shall have full and sole discretion and authority to decide all questions connected this program, its application to particular cases, and all questions relating to the interpretation or meaning of this program.
- 3) The Company may, without prior notice, modify, amend, or terminate this program, but it is agreed that should any changes be made, said changes shall be communicated to The Union as soon as practicable.
- 4) In the event of a conflict between this Letter of Agreement and any provision of the Collective Bargaining Agreement dated February, 1996, or its successor(s), or any document or practice incorporated into that Collective Bargaining Agreement, the terms of this Letter of Agreement shall control.
- 5) Any disputes or questions arising in connection with this program shall be referred to the Statewide Committee and Management Representatives for their discussion. However, it is understood and agreed that any dispute as to the interpretation or application of this program or this Letter of Agreement is not subject to the grievance and arbitration provisions of the Collective Bargaining Agreement of the parties, and it is understood that The Union may terminate this Agreement if The Union disagrees with any Company decision with regard to this program.

It is further agreed that this Agreement shall remain in effect until such time as either The Company or The Union gives thirty (30) days written notice of its intent to terminate this Agreement. It is also understood that termination of this Agreement will result in termination of employee participation in this program by employees represented by The Union.

For The Union

Date: _____

For The Company

Date: _____