

LETTER OF AGREEMENT
SPECIAL WORK LOCATION ALLOWANCE

It is hereby agreed by and 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") that the following understandings have been reached in contract negotiation meetings.

The Company will pay a Special Work Location Allowance of \$75 gross, per month, non-benefits bearing, for eligible employees working in Bakersfield and Taft who are permanently assigned to Bakersfield and Taft. However, their living area must be in excess of (40) miles round trip from their respective field office. A work location allowance will not be paid if the work location is within twenty (20) miles from the employee's living area, or a company vehicle is permanently assigned to the employee, or the employee is on a temporary assignment to the work location. Locations included:

Bakersfield to Midway
Taft to Kern River

The program will become effective the first of the month, following ratification of this Agreement, and will be renewed on an annual basis. The Company reserves the unilateral right to amend, suspend, modify, or terminate the program at any time or for any reason. Such decision would not be subject to the grievance and arbitration provisions of the Collective Bargaining Agreement in effect between the parties. The Company agrees to notify the Union thirty (30) days before the effective date of any such amendment, suspension, modification, or termination.

If an employee participates in the Special Work Location Allowance, the employee will not be eligible for mileage allowance as referenced in Article IX, Paragraph D, #6 of the Collective Bargaining Agreement. If an employee is permanently transferred between the 1st and the 15th of the month, said employee shall receive the Special Work Location Allowance for the entire month. If an employee is permanently transferred between the 16th and the end of the month, said employee shall receive one-half of the Special Work Location Allowance for the month.

It is understood by both parties that this is a non-precedent setting agreement.

If the foregoing correctly reflects your understanding, please sign in the space below, returning three (3) copies to the undersigned.

Understood and Agreed to this _____ day of _____, 2002.

PAPER, ALLIED-INDUSTRIAL,
CHEMICAL AND ENERGY
WORKERS INTERNATIONAL
UNION, AFL-CIO, CLC

TEXACO EXPLORATION &
PRODUCTION, INC.,
a Subsidiary of ChevronTexaco
