

MEMORANDUM OF AGREEMENT

BETWEEN

**TEXACO EXPLORATION & PRODUCTION, INC.
BAKERSFIELD REGION**

AND

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

It is hereby agreed by and between Texaco Exploration & Production, Inc., Bakersfield Region (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.

In connection with the proposed sale of the Company's interests in the Buena Vista Hills and Cymric assets, as discussed in these negotiations, it is agreed that the following terms and conditions will be in effect immediately as provided herein if the proposed sale takes place:

1. The Company shall reassign represented employees displaced in connection with the sale of the Company's interests in the Buena Vista Hills and Cymric assets to identified like vacancies within their current classification elsewhere in the bargaining unit for which they are qualified. Displaced represented employees shall select from among the like vacancies within their current classification in order of seniority and without posting under Article V, Section I. The Company and the Union agree that there shall be no bump-back in connection with such reassignments.
2. The Company has identified three more vacancies than there are represented workers who would be displaced by the sale of the Buena Vista Hills and Cymric assets. The Company shall reassign pursuant to Article V - D - 3 - b - (3) the three junior Operator Roustabouts in Midway Sunset to the three vacancies remaining after the selection based on seniority set forth above.

3. The current Articles of Agreement Article XIII, Section B, is deleted in its entirety, except Paragraph 6, which shall be renumbered as Article XIII, Section B, and shall read:

Payment of A & S Benefits on or after the commencement of any strike, including sympathy strikes, will not be paid.

4. The Union agrees to submit to its membership for approval an extension of the Kern River Polling Board to include San Joaquin Valley West as a Statewide Polling Board, based on seniority without respect to area, for Operators to express interest in assignments within their classification, provided that the Union and the Company can agree on mutually acceptable specific language describing the Polling Board process.
5. In consideration for the above, on a one-time basis only and without precedent with respect to future negotiations, the Company agrees to no involuntary layoffs of represented employees as a result of a sale of the Company's interest in Buena Vista Hills and Cymric assets in California.

Did not agree


It is agreed and understood that this Memorandum of Agreement is subject to the ratification of the Union membership.

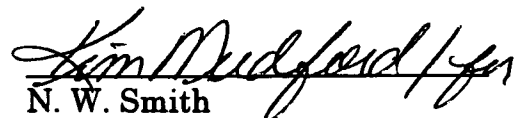
If the foregoing correctly reflects your understanding, please sign in the space below, returning three (3) copies to the undersigned.

Understood and Agreed this 17 day of JUNE, 1999.

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

**TEXACO EXPLORATION &
PRODUCTION, INC.
BAKERSFIELD REGION**


Raul Ramirez
International Representative


N. W. Smith
Human Resources Manager

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