

**OFFER TO AMEND AND EXTEND THE
COLLECTIVE BARGAINING AGREEMENT BETWEEN**

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

AND

OIL, CHEMICAL AND ATOMIC WORKERS INTERNATIONAL UNION, AFL-CIO

The parties agree that the term of the current contract (February 1, 1996 through January 31, 1999) and all provisions therein will be extended through January 31, 2002, and will be an early settlement of the 1999 OCAW National Oil Bargaining Program subject to the following stipulations:

Wages

- Effective February 1, 1998, current hourly wage increase will be increased by 3.5%, rounded to the nearest full cent.
- Effective February 1, 1999, all hourly wage rates will be increased by 3.5%, rounded to the nearest full cent.
- Effective February 1, 2000, all hourly wage rates will be increased by 3.5%, rounded to the nearest full cent.
- Effective February 1, 2001, all hourly wage rates will be increased by 3.5%, rounded to the nearest full cent.

Medical Contributions

Company Contributions to Hospital-Surgical-Major Medical Insurance Coverage

For the duration of this agreement (beginning in 1999 and ending in 2002), the Company agrees to maintain the currently negotiated level of contributions to the Texaco Comprehensive Medical Plan (TCMP), approved HMO's, or authorized alternate medical plans up to the following monthly amounts, which are the currently negotiated levels.

<u>Class of Coverage</u>	
Employee Only	\$156.50
Employee Plus One Dependent	\$351.00
Employee Plus Two or More Dependents	\$420.50

If, at any time during this Agreement, there is an increase in the monthly premiums for the medical plans applicable to the bargaining unit employees, the Company shall absorb all such increase to the extent of the amount set forth above. If there are additional

increases in the monthly premiums for such plans, the Company will increase its contribution to those plans by the amount of that increase but not to exceed the following amounts:

<u>Class of Coverage</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Employee Only	\$2.50	\$ 5.00	\$ 5.00
Employee Plus One Dependent	\$3.00	\$ 7.50	\$ 7.50
Employee Plus Two or More Dependents	\$5.00	\$10.00	\$10.00

In no event, however, will the Company's contributions to the applicable plans exceed its contribution to the TCMP. To the extent that there are unused contributions in any year of this Agreement, there shall be no carry forward, except that in the third year of this Agreement (2001), it is agreed that one-half of the contributions from the second year (2000), if unused in the second year, can be used in the third year.

If there are any reductions to the total plan during the term of this Agreement, employee contributions will be reduced before any reduction is made to the Company contributions.

This contract extension is subject to ratification within 15 days from the date of this offer.

Agreed to this 19 of December, 1997.

**OIL, CHEMICAL AND ATOMIC WORKERS
INTERNATIONAL UNION, AFL-CIO**

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



David Welty
International Representative



N. W. Smith
Human Resources Manager