

ARTICLES OF AGREEMENT



**CHEVRON U.S.A. INC.,
SAN JOAQUIN VALLEY BUSINESS UNIT**

AND

**UNITED STEEL, PAPER AND
FORESTRY, RUBBER,
MANUFACTURING, ENERGY, ALLIED
INDUSTRIAL AND SERVICE WORKERS
INTERNATIONAL UNION, AFL-CIO, CLC**

FEBRUARY 2009

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AFL-CIO, CLC**

**COVERING SELECTED HOURLY RATED PRODUCTION
AND MAINTENANCE EMPLOYEES IN THE
SAN JOAQUIN VALLEY BUSINESS UNIT**

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ARTICLE I

EMPLOYEES COVERED

This agreement shall apply to employees of Chevron U.S.A. Inc., a Chevron Company (hereinafter Chevron, San Joaquin Valley Business Unit), for whom the Oil, Chemical and Atomic Workers International Union, AFL-CIO, was certified as the exclusive bargaining representative in and by the several certain "Decision(s) and Certification(s) of Representatives" signed by the National Labor Relations Board at Washington, D.C. on the dates indicated below, as amended by the parties, namely: NLRB Case No. 21-R-2926 - July 24, 1945 all daily rated production and maintenance employees regularly employed at the Ventura Gasoline Plants. Additionally, by subsequent mutual consent of the Union and the Company, all daily rated production and maintenance employees regularly employed at the Taft District Gasoline Plants; NLRB Case No. 21-R-2974 - September 4, 1945 all daily rated Gas employees (formerly monthly rated), of the Ventura and Taft Districts; NLRB Case No. 21-R-3856 - June 12, 1947 all daily rated production and maintenance employees of the Ventura, Bakersfield, and Taft Districts not covered under the other cases cited herein; NLRB Case No. 21-RC-2779 - November 28, 1952 all daily rated automotive employees (formerly designated in the classifications of Mechanic "A" In Charge, Mechanic "A", Mechanic "B", and Mechanic's Helper) at Ventura, California. Additionally, by subsequent mutual consent of the Union and the Company, all automotive employees in said former classifications at the Taft District garages, and other such classified employees in the Ventura District. But, in every case, excluding office, clerical, technical, and supervisory employees with authority to hire, promote, discharge, discipline, or otherwise effect changes in the status of employees or effectively recommend such action all employees covered by this agreement shall be generally designated as daily rated production and maintenance employees.

Agreement - March 12, 1986

This Agreement is entered into by and between Chevron, San Joaquin Valley Business Unit (hereinafter called the "Company"), and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW) (hereinafter called the "Union"), whom the Company recognizes as the exclusive representative for collective bargaining purposes in respect to wages, hours of work, working conditions and other conditions of employment for hourly rated oil and gas field production and maintenance, and Gas Plant employees of the San Joaquin Valley Business Unit who are regularly assigned on those properties, and only on those properties listed in Appendix "A" hereto, excluding supervisory, administrative, professional, clerical, technical and all hourly rated employees assigned on property operated by the Company and not listed in Appendix "A". Hourly rated automotive repair, maintenance and garage classified employees assigned in the San Joaquin Valley Business Unit and regularly employed on the properties listed in Appendix "A" are excluded from coverage under this agreement.

ARTICLE II

TERM OF AGREEMENT

This Agreement shall take effect February 1, 2009; it shall remain in effect through January 31, 2012, and from year to year thereafter unless either party shall give written notice at least sixty (60) days prior to January 31, 2012, or January 31st of any subsequent year, of the intention to terminate, modify, or amend the agreement. If notice to change or amend is given, a conference shall be held to consider the proposed changes or amendments. In the event no agreement is reached by January 31, 2012, or January 31 of any subsequent year, either party may on or after the date on at least sixty (60) days' written notice to the other, terminate this Agreement.

ARTICLE III

Definition of Shift Employees and Day Employees

A. A shift employee is an employee who rotates from daylight tour to one of the night tours. A shift employee may also work straight morning tour, evening tour, or rotate between the two.

B. A day employee is an employee who works straight daylight tour.

C. Shift employees and day employees may be assigned to schedules which rotate their days off, or schedules which provide a five-day work week with two days off. These days off may or may not include Saturday or Sunday.

It is recognized that it is necessary to work certain shift employees and day employees on Saturdays, Sundays, and holidays in connection with continuous operations. Overtime will not be paid to an employee for working Saturday or Sunday when such days are his regularly scheduled work days.

ARTICLE IV

Rates of Pay and Classifications

A. The job classification structure and wage rates shall be those set forth in the Wage Schedule attached hereto, as Appendix "A-1" and by reference made a part hereof.

B. All work peculiar to any craft or classified employment (job) shall normally be done by employees regularly assigned to that craft or classification (job). It is agreed that any employee covered hereby shall perform any duties assigned. No arbitrary changes in present classifications will be made with the purpose of reducing the pay for any classified job.

C. 1. If work of a higher classification is required of any employee during any day or fraction thereof, he shall receive the wage of the higher classification to which he has been assigned for the balance of that day, provided, however, that he shall receive the wages of the higher classification for a minimum of four hours.

2. An employee who has been awarded a permanent classification shall be placed in the new job no later than sixty (60) days from such 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, whether or not placed in the new job on the date of such higher rate commencement, provided he/she is not absent from work on such date.

D. 1. If, in the course of normal operations, an employee is temporarily shifted at the beginning of his workday to a classification paying a lower wage than his regularly assigned classification, he shall receive the wage of his regular classification for that day. If an employee is shifted to a lower classification after the commencement of his work day, the employee's wage will not be lowered during that day or his next working day.

2. Any employee who is permanently shifted to a lower classification, except while on rate retention, shall receive the wage of the lower classification at the time of such shift, except that if the employee is shifted to a lower classification after the commencement of his working day his wage will not be lowered during that day. Rate retention is applicable as per Article V, Section E-5.

E. The provisions of this Article shall not prevent payment to an employee, whose regular duties require the performance of work in more than one classification, either a combined hourly rate or the rate applicable to each classification for the time worked in each such classification.

ARTICLE V

Seniority

A. Definitions:

1. COMPANY SENIORITY shall be the actual accumulated service on the payroll of the Company.

2. DEPARTMENT SENIORITY shall be the actual accumulated service within the San Joaquin Valley Business Unit. When the seniority dates of two or more employees are identical, either due to having been hired on the same date or through subsequent adjustment, the seniority priority between or among them shall be determined by the alphabetical order of their surnames. For example, a Mr. Adams would be senior to a Mr. Blake and a Mr. Araujo would be senior to a Mr. Audrey. In the event of identical surnames the first initial of the employees' first names shall be the determining factor. For example, an Alice Smith would be senior to a Fred Smith.

B. Application of Seniority:

When filling vacancies or making promotions, transfers, demotions, layoffs, and re-employment after layoffs, the Company will recognize qualifications, demonstrated ability, seniority and completion of prescribed formal training. For such purposes, seniority shall be effective only after the employee has been in the service of the Company for a continuous period of one year. Seniority shall include time spent for Personal leaves of absence of less than 180 days or layoffs of less than one year.

In determining an employee's qualifications and demonstrated ability, the Company will take into consideration the employee's knowledge of the duties to be performed including satisfactory completion of any pertinent prescribed formal training and the equipment to be handled; the manner in which the employee has performed and demonstrated his ability in his present job; his ability and experience in similar lines of work; his attendance and

disciplinary record; his adaptability and capacity for development.

The prescribed formal training for each of the job classifications is outlined in Appendix "B" of this Agreement. In the event the Company feels that the senior bidder does not possess the qualifications and ability needed to perform the duties of the position, the Company shall upon request, advise the employee and the Workmen's Committee of such determination and reasons therefore, in writing.

C. Identification of Areas:

For the purpose of this Article V, the Areas are identified as follows:

SAN JOAQUIN VALLEY BUSINESS UNIT

Areas

Kern River
Midway Sunset

D. Promotions:

1. A promotion shall mean a permanent assignment to a higher pay rated job classification, and which shall be affected by operation of Section "I", Job Posting/Bidding Process, of this Article V.

2. In making promotions, the Company will select employees on the basis of qualifications, demonstrated ability, department seniority and completion of prescribed formal training.

3. The scheme of progression through the job structure is as follows:

a. Fieldman:

A new employee starts as a Fieldman. Each Fieldman shall have a maximum of twelve (12) months to pass each course in Appendix B-1 and demonstrate

ability in assigned tasks within the classification. A Fieldman shall be promoted to Operator upon passing each course and demonstrating ability. If a Fieldman does not pass all of the courses and demonstrate ability in assigned tasks within the classification within twelve (12 months), the Fieldman shall be discharged from employment. It is agreed between the Company and the Union that no Fieldman shall be required to perform any duties to which he/she is not checked off and can safely perform said duties.

b. Advancement to Operator or Craftsman:

**(1) Operator or Craftsman
Promotion:**

Fieldman shall be promoted to Operator upon passing the tests and demonstrating the ability for Operator.

Promotion to Craftsman is made by the job posting/bidding process when the Company determines a replacement is necessary or it needs to increase its workforce. To be considered for promotion to Craftsman, candidates from the Operator group must have completed the prescribed formal training requirement for advancement to the pertinent Craftsman classification.

The Company may assign an Operator or Craftsman to any task for which the worker is qualified. Operator working towards Craftsman classification will be filled by the job bidding process when the Company determines a replacement is necessary or if the Company needs to increase its workforce. When the Company deems it necessary to train additional Craftsman, the Company will use the Master Bid List to assign Operators to train as a Craftsman.

Operators can be assigned to any of the tasks involved in the Area's operation for which they are qualified.

Electricians may be assigned to incidental automation work for which they are qualified or to other work incidental to the completion of their assignments.

The Union recognizes that Automation Technicians can perform any of the duties that pertain to automation for which they are qualified.

Candidates for Operator-Gas Plants in the Cogen Plants and Gas Plants (Valley) must meet the following job duties and qualifications:

Must have work at least six (6) months out of the last twelve (12) months in a Gas Plants/Cogen Operator-Roustabout crew. As Operator-Roustabout positions become vacant within the Gas Plants/Cogen (Valley), these positions will be posted and filled through the normal job bidding process. Exempt from this provision are those employees who were once qualified and have successfully held a permanent Operator-Gas Plants/Cogen or Head Operator-Gas Plants/Cogen position within the Gas Plants/Cogen or Ventura Gas Plants within the three (3) year period preceding the awarding of the Operator-Gas Plants/Cogen position being bid. Successful bidder must demonstrate proficiency in computer applications within 15 days of permanent assignment. Successful bidder must demonstrate proficiency in Realflex applications within 30 days of permanent assignment. Successful bidder must demonstrate proficiency as a Cogen Operator including all required PSM testing within 90 days of permanent assignment. Operator-Gas Plants/Cogen shall be required to complete the formal training requirements for the Head Operator-Gas Plants/Cogen job and have demonstrated ability as a Head Operator-Gas Plants/Cogen within six months (180 days) from date of permanent assignment to Operator-Gas Plants/Cogen.

The Operator-Gas Plants/Cogen will be required to operate and monitor the locations listed in the Memorandum of Agreement dated June 6, 1995, as shown in Appendix D and amended as of the date of this contract.

(2) Identification of Operator

Vacancies:

In the posting of Operator vacancies, the vacancy is identified by Area and type of work immediately available; however, once promoted to the Operator classification, an employee is expected to perform any of the duties of the classification to which he may be assigned within the designated Area.

(3) Operator Work Assignments:

As an Operator, employees can be assigned to any of the tasks within this classification. This may include assignments to operate Station 36, Station 38, steam generators, water filter plants, pumping strings, compressors, gasoline plant facilities, and the following motor equipment: skip loaders, motor patrols, cherry pickers, vacuum trucks, semi-trucks, grease trucks, and backhoe.

The Company may reassign employees in the Operator classification among the various work assignments in order that employees will acquire the greatest number of skills commensurate with their interests and capabilities. Also, the Company may reassign employees within the Operator classification when it finds it necessary to do so in the interest of efficiency. It is the Company's intention not to reassign employees, who were grandfathered in the Operator classifications, to work other than what they had been performing in cases where such employees are neither capable of performing nor interested in such other work, except for the purposes of training, relief, emergency, or when the nature of their work has changed.

Gas Plants Operators and Facilities Operators shall be required to complete the formal training requirements for the respective Head Operator job and have demonstrated ability as the respective Head Operator, by July 8, 1984 for incumbent Operators as of January 8, 1984 and within six months from date of permanent assignment of future Operators. Failure to complete these requirements will

result in the employee being returned to the job held prior to his assignment as Operator.

Operators - Gas Plant will not be awarded temporary or Master Bid Relief jobs except as Head Operator Gas Plant.

c. Advancement to Head Operator:

Vacancies in any of the Head Operator positions are filled by the job posting/bidding process from among senior qualified employees.

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-Gas Plant/Cogen must have demonstrated ability as an Operator in a Gas Plant/Cogen; and a candidate for Head Operator - Facilities must have demonstrated ability as an Operator in a plant, and a candidate for Head Operator Instrumentation & Electrical must have demonstrated ability as a Craftsman Instrumentation & Electrical. Exempt from the demonstrated ability provisions listed above are candidates for Head Operator classification who have permanently occupied a position in the respective Head Operator classification within the three years preceding the date of their current bid for the respective Head Operator job.

4. Formal Training Administration:

a. Incomplete Formal Training:

In the event there are no candidates who have completed the prescribed formal training for a particular classification, employees who have completed half or more than half the training (See Appendix "B") will be considered, or in the event there are no candidates who have completed half or more of the prescribed formal training, the senior employee who has completed less than half will be considered; provided, that in any case, the employee agrees to complete all the formal training for the particular classification within six (6) months after the date of bid award. Failure to complete formal training will result

in the return to the employee's former classification. After being disqualified from a classification the employee will not be considered for that classification until he has completed the prescribed formal training.

b. Examinations:

Employees are required to take examinations on each of the courses in their classification. Examinations on courses are conducted by the Company in the form of Computer-Based examinations, which consist of modules that reside in Chevron Learning Management System (CLMS), and test scores will be immediately available following completion of the examination.

Arrangements for these examinations are to be made at least twenty-four (24) hours in advance by the day or shift employee through the employee's supervisor. Employees are required to obtain a passing grade of seventy percent (70%) for satisfactory completion of the course. There shall be no discrimination among employees who have attained passing grades insofar as the formal training element of qualifications is concerned, i.e. employees who receive grades of 70% to 100% shall be considered equal in this regard. Graphs, formulas, charts, etc., needed to complete the examinations will be provided.

c. Test Period and Times:

(1) There will be tests given in each Area on two designated days per week. An employee may take one test on Company time or two tests on his own time, for a limit of two per test day, except that an employee may take as many of the ICS tests as he is capable of in the allotted time.

(2) If a test has not been completed in the allotted time (see Appendix "C"), it will be turned in to be scored. If employee does not receive a passing grade, he must retake the test at a later date to receive credit for the course.

(3) Results of tests other than ICS will be available upon inquiry within two working days after being turned in.

(4) After the first taking of any test all repetitions shall be taken on the employee's own time.

d. Grandfather Clause:

Employees will be grandfathered into like tests taken under CBA dated 2/01/2002, if completed prior to March 30, 2006.

(1) All employees are considered "grandfathered" with respect to formal training for those job classifications where formal training is complete as of 2/1/2009. To become qualified after 2/1/2009, completion of the formal training is required (see Appendix "B").

5. From time to time, the Company will temporarily assign permanent Engineering Trainees in various jobs within the bargaining unit, to familiarize them with field operations. While the employee within such bargaining unit is temporarily displaced by the Engineering Trainee, he shall have the opportunity to train in another job within the unit, and:

a. While training, this employee will receive the pay rate of the classification in which he is training but not less than his current pay rate.

b. The senior contract covered employee within the classification being affected will be selected for such job training. Job experience so obtained will be credited toward qualifications for future job bidding purposes.

E. Demotions:

1. A demotion shall mean a permanent assignment to a lower pay rated classification.

2. Employees subject to demotion or displacement will be considered qualified to displace a junior employee if the displacing employee once held or

was qualified in the position of the junior employee. If the employee did not work or has never held a position within a classification, the employee cannot bump any employee in that classification or position. A reasonable break-in period of fifteen (15) working days will be given the displacing employee to demonstrate the ability to perform the job requirements. If unable to perform after the break-in period the employee will be subject to demotion to Operator. An employee can bump into an Operator position in Gas Plants and/or Cogen facilities subject to a fifteen (15) working day break-in period as Operator in Gas Plants and/or Cogen facilities.

a. If able to perform as described above, the employee subject to demotion will displace the employee with the least department seniority in the Area. When an employee is qualified for multiple options within a classification, the junior position for which qualified will be the position available to be displaced. If a position(s) is available, no further offer(s) will be made in that classification. If no position(s) is available, offer the least senior available position in the Business Unit. If a position is available, no further offer(s) will be made within that classification. If no position(s) is available, offer the least senior position available in the State. If no position is available or the employee has rejected a position(s), go to the next classification for which the employee is eligible and able to perform and repeat the foregoing procedures.

The only exception to the above being a Craftsman who is being demoted will be allowed to bump the junior employee in the Operator classification in the associated craft. If there is no junior employee, the Craftsman will be demoted as outlined above.

b. If the employee cannot be assigned in accordance with Section E.2.a., and if there is an employee junior in Company seniority occupying a higher pay rated job, said junior employee's job will be posted for bid and selection will be made in accordance with Section "D" of this Article V.

c. If the employee cannot be assigned, or does not exercise his option, as a result of the foregoing

process he shall be laid off and be subject to the provisions of Section "G" (Layoff and Rehire) of this Article V.

d. For purposes of a setback, if an employee spends 3 or more days per week in the higher paid portion of a combination job, he will be considered to be in the higher classification. If an employee spends less than 3 days per week in the higher-paid portion of a combination job, his position for purposes of a setback will be determined on the basis of the average base wage for the respective combination job.

3. When an employee is displaced and relocates more than 35 miles from his original location, he shall be compensated for working days lost while traveling, travel expenses (Company approved mileage allowance per mile one way and reasonable cost of meals for himself and family while traveling), and, upon presentation of appropriate receipts, reimbursement of up to two weeks' base pay (prior to being displaced) for reasonable moving expenses actually incurred.

4. An employee who has been demoted to a lower or lateral paid classification must complete the prescribed formal training for the lower or lateral classification within twelve (12) months or be demoted to Operator.

5. Rate Retention:

If an employee is demoted as a result of either changes in work practices or procedures, installation of new equipment, or the closing of an operation, from a classification to which he had been permanently assigned for 120 days or more, he will, while his Company employment continues, receive not less than his former permanent classification wage rate for a period based on his Company service in accordance with the following table:

Company Service

Rate Retention For

1 Yr but less than 5 yrs	13 consecutive weeks
5 Yrs but less than 15 yrs	26 consecutive weeks
15 Yrs but less than 25 yrs	39 consecutive weeks
25 Yrs or more	52 consecutive weeks

An employee, during the rate retention period, who refuses to accept a promotion to a higher rated classification, will immediately be disqualified from further rate retention. Names of employees on rate retention are automatically placed on bids for higher rated jobs: (permanent jobs Statewide). The rate retention provisions will not apply to seasonal employees, nor to demotions resulting from circumstances such as fire, flood, acts of God, catastrophes, war or other events beyond the reasonable control of the Company.

F. Layoff and Rehire:

If the Company determines that a layoff will be necessary, the Company will give the Union not less than 60 days' advance notice of the impending layoff. This provision will not apply if the employees to be laid off are seasonal, temporary, or employees with less than one year's service; nor to situations in which the layoff is due to circumstances such as fire, flood, acts of God, catastrophes, war or other events beyond the reasonable control of the Company. Following receipt of the Company's notice of the impending layoff and not later than 30 days after the layoff occurs, the Union or the Company may terminate the existing Articles of Agreement between the parties by giving the other party 60 days' notice. The notice will be effective at the end of the 60-day period or on the day of the layoff, whichever is later, unless the Union or the Company withdraws the notice of termination or the Company notifies the Union that the anticipated layoff will not occur.

Layoffs from the San Joaquin Valley Business Unit will be based on Company seniority - that is, the last employee to be hired shall be the first to be laid off and the last employee laid off shall be the first to be re-employed,

provided that an employee with greater seniority has the ability to perform the work. A laid off employee will, if available after reasonable notice, be eligible for the first job opening which he is qualified to fill in the San Joaquin Valley Business Unit and he will retain the seniority that he had accrued prior to layoff if his rehire is effected within a period of two years from the date of layoff. Employees who are terminated as a result of a layoff due to lack of work shall receive financial assistance in accordance with the provisions of the Company's Severance Pay Plan.

G. Seniority Lists:

The Company will semi-annually furnish the Union with lists reflecting Company and department seniority, classification and work location of employees.

H. Job Posting/Bidding Process:

The Company will post notices of vacancies and new opportunities for employment, and employees who are interested and eligible shall be entitled to apply, in writing, within a period of seven (7) days. Bids for permanent jobs that the employee anticipates will be posted during the employee's absence due to vacation or sickness, may be completed by such employee, and mailed or given to the area personnel clerk. Such bids will be considered in making job awards. Upon employee's return to work such "open" bids are automatically void. An employee may not be awarded a permanent job more than three (3) times during the term of these Articles of Agreement unless the award is to a higher paid job classification, from Operator to Craft Helper, or from a shift job to a day job. An employee must be in his permanent awarded position for a minimum of twelve (12) months unless for circumstances that, in the opinion of the Company and the local Chairman of the Workmen's Committee or his designated representative, are extraordinary.

1. Posting of Vacancies:

Identifying information about the job which is appropriate such as Area, tour or day job, classification

and type of work immediately available will be put on the job posting. However, it is understood that the successful bidder may be assigned to perform any of the duties on any shift within the classification that is being bid.

2. Time Limit for Bid:

Bids must be submitted in duplicate to his supervisor by midnight of the closing date shown on the job posting.

3. Combination Job Bids:

When combination jobs are bid, the one in which the employee spends the most time will be the determining factor in identifying the job classification. To qualify for assignment to a combination job, an employee must be required to fulfill the formal training requirements for the higher classification.

4. Temporary Jobs and Sick Relief:

a. Where the Company chooses to fill temporary jobs and sick relief vacancies for the Head Operator classification, Craftsman classification and Operator 12 hour shifts, the vacancy will be filled by the Master Bid List.

b. The Company will advise the local Workmen's Committee and upon request will meet with the committee prior to re-awarding a Master Bid List job for an additional period of time beyond a 180 day period.

c. In all locations, when a temporary job becomes permanent, it will be posted as a permanent job.

d. Notwithstanding the provisions to the contrary in subsections 4.a. of the section H, Master Bid relief jobs for Head Operator - Gas Plant/Cogen will be filled by Operator Gas Plant/Cogen in the Ventura Area and San Joaquin Valley West and Master Bid relief jobs for Head Operator - Facilities will be filled by employees in the associated plant who are currently assigned as Operator.

e. When the Company chooses to fill Master Bid relief vacancies for Head Operator Instrumentation & Electrical, the vacancy will be filled by the senior qualified Craftsman Instrumentation & Electrical or Operator who are currently assigned to the Electrical Group.

5. Master Bid List:

The Company shall prepare twice each year a list of qualified employees by job classification to be used for the purpose of selecting employees to fill temporary job vacancies including vacation and sick relief vacancies of from six (6) to one hundred and eighty (180) working days which list shall be designated the Master Bid List. Employees interested in being considered for such temporary vacancies shall have the opportunity of bidding for a place or places on the list during the fourteen (14) calendar day periods commencing on or before January 15th and July 15th. An employee may withdraw his name from any or all parts of the then current list by written notice, stating the reason for the request, to the Company, provided such withdrawal is made no later than 48 hours prior to a temporary work commencement. The Company shall post the Master Bid List within ten (10) calendar days after closing of Master Bid.

a. In filling positions from the Master Bid List, the senior qualified employees will be selected in the following order of preference: (1) Area; (2) Division; (3) State.

b. Employees bidding who, subsequent to the closing of the Master Bid List, complete the prescribed formal training and are otherwise qualified will be added to the qualified list in accordance with their bidding seniority.

c. If during the term of the Master Bid List an employee is bumped from a classification in which he was qualified, his name will be placed in line with his bidding seniority at his permanent location on the list for all classifications if the employee so desires.

d. Revised closing of Master Bid List will be posted quarterly and will be maintained on a weekly basis in the various offices for filling position.

e. For purpose of the Master Bid List only, vacancies will be filled in the Midway/McKittrick Area Garage - San Joaquin Valley Business Unit in the following order of preference: (1) Area; (2) Division; (3) State.

6. Bidding to Lower Classification:

Prior completion of the prescribed formal training will be a requirement for an employee bidding to a lower classification except to a classification which he had previously occupied on a permanent basis. Qualifications to return to his grandfathered classification will not include formal training.

7. Bid Awards:

The Company will award jobs to successful bidders on the basis of qualifications, demonstrated ability, departmental seniority and completion of prescribed formal training. This provision will apply to the awarding of Permanent, Temporary, and Master Bids. The successful bidder will be given a reasonable break-in period on Permanent, Temporary and Master Bid jobs.

In cases where the ICS test results of a potential successful bidder have not been received, the job award will be held in abeyance pending receipt of test results.

An employee who applies for another position and sees fit not to accept the new assignment if offered shall indicate his refusal in writing to the Company including his reasons therefore. An employee's refusal shall not be acceptable except for reasons that are acceptable to the Company. If the employee's refusal is for reasons acceptable to the Company, the Company will award the job to the next senior qualified bidder on the job in question. Such accepted refusal shall not jeopardize the employee's rights to future reassignments.

I. Probationary Employees:

It is the Company policy to have all new employees subject to a one year probationary period. If during this one year period, in the opinion of the Company, an employee does not demonstrate adequate work performance or proper work attitude, he may be terminated.

Such termination can be questioned by the Union following the grievance procedure outlined in Article XVI through the Operating Unit Manager only who will obtain the concurrence of the Operations General Manager on his decision. The Company and the Union both agree that cases of this nature will not be taken to arbitration, permitted under Item D.

ARTICLE VI

Hours of Work

A. Forty (40) hours shall constitute the normal working week.

B. Eight (8) hours actual working time shall constitute the normal working day.

C. The regular scheduled work week shall start at 12:01 AM Monday and end 12:00 Midnight Sunday.

D. The regular working schedule shall consist of consecutive eight (8) hour days, unless otherwise agreed between Company and the workers affected.

E. Working schedules: The Company will consult with the employees' affected before making any general revision of employees' existing work schedules.

ARTICLE VII

Overtime and Holidays

A. Overtime at the rate of one and one-half (1½) times the regular straight time rate of pay shall be paid for all time worked under the following conditions:

1. For all time worked in excess of forty (40) straight time hours in the regularly scheduled work week.

2. For all time worked in excess of eight (8) hours in any one day. Employees will be paid overtime for consecutive hours of work in excess of eight (8) hours even if the hours cross workdays. The overtime payment will continue for as long as that employee works, with the exception that if the work continues into the next day's regularly scheduled shift, the overtime reverts to straight time. A break of eight (8) hours or more between workdays will eliminate the overtime requirement. For overtime purposes, the workday will begin for each classification at the beginning of the morning tour. If no morning tour is applicable, the workday will begin at 12:01 AM.

3. For all work performed at the request of the Company on an employee's regular days off.

B. Overtime will not be paid under the following conditions:

1. When vacation schedules cause a short shift change outside of an employee's regular schedule providing the employee is given forty-eight (48) hours prior notice and the interval between the revised schedule shifts is eight (8) hours or more.

2. When a shift or days off are changed at the request of an employee.

3. When by mutual agreement, on his days off he is making up time lost from sickness during the same workweek.

4. When at least forty-eight (48) hours notice excluding regular days off is given by the Company of a change in days off.

5. When vacation schedules cause changes of an employee's days off.

6. When days off are changed by permanent transfer of employee to a higher classification.

C. An employee shall be guaranteed a minimum of five (5) hours' pay at his regular straight time rate, regardless of number of hours worked when he is required to report to work on his regular schedule, or having left the job, he is required through emergency to return to work outside his schedule.

D. If an employee is required to continue at work two (2) hours or more beyond his 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 50 cents (\$8.50) per meal.

The provisions of this section shall also apply when an employee is required to work during hours not continuous with his regular scheduled shift, after four hours of such work.

E. For the purpose of computing overtime under this Article, an employee working any part of the first overtime half hour shall be considered as having worked one-half ($\frac{1}{2}$) hour. For overtime hours beyond the first half ($\frac{1}{2}$) hour, an employee working any part of any fifteen (15) minute period shall be considered as having worked fifteen (15) minutes. Time required to pass information or instructions between incoming and outgoing shifts or other employees shall not be considered time worked.

F. When a holiday falls on an employee's regularly scheduled work day, the holiday shall be considered as time worked for purposes of computing overtime even though the employee does not work on the holiday.

G. Holidays:

1. There will be a total of ten (10) holidays recognized under this agreement, and payment for each will be as outlined herein:

a. Specified Days: Memorial Day (last Monday in May); Labor Day (1st Monday in September); Thanksgiving (Fourth Thursday in November); and Thanksgiving Friday. These days will be recognized by all employees.

b. Specified Dates: New Year's Day (January 1st); Independence Day (July 4th) and Christmas (December 25th). For an employee working on a regular five day week with Saturday and Sunday off, regardless of tour, the following will apply: If any of these three (3) holidays fall on a Saturday, the Friday immediately preceding the day will be treated as the holiday. If any of these three (3) holidays fall on a Sunday, the Monday immediately following the day will apply. All other employees will recognize the actual dates specified above as the holiday.

c. Floating Holidays: In addition to the eight (8) specified days, employees are entitled to two floating holidays to be scheduled as provided herein. An employee shall submit a written request for a floating holiday within 14 calendar days prior to the requested day off. The request should be submitted to their respective supervisor. The Company shall consider such request based on business necessity. The Company shall answer the employee's request in writing at least eight (8) calendar days prior to the requested holiday day off. If the Company grants the request for a floating holiday, the Company may nevertheless direct that the employee work on the approved floating holiday, in which case the employee shall be paid holiday pay in accordance with Article VII, G, 3, and the employee to be deemed to have used one floating holiday.

The employee shall have the right to cancel a scheduled floating holiday no later than seven (7) calendar days before the scheduled floating holiday.

d. Unspecified Day: The tenth (10th) holiday will be a day adjacent to the Christmas holiday, the day to be designated each year by the Company.

2. Employees, except those with less than one year of continuous service, who work their regularly scheduled workday immediately preceding or following a recognized holiday or who are absent due to sickness on such days shall receive their regular straight time pay for eight hours for such holiday whether or not they work on the holiday.

Employees with less than one year of continuous service shall, upon their completing one year of service, receive eight hours straight time pay for each of the recognized holidays that occurred during the one year at their pay rates in effect when the holiday occurred.

3. Employees required to work on any of the recognized holidays shall be paid for such work at the rate of one and one-half (1½) times their regular pay rates in addition to the holiday pay to which they may be entitled under Section G.2. of this Article VII, and at the rate of two and one-half (2½) times regular pay for work in excess of eight hours on the holiday.

4. If any employee is called out to perform work on a recognized holiday, he shall be guaranteed a minimum of three and one-half (3½) hours work, or pay in lieu thereof at the rate of one and one-half times his regular pay rate, in addition to any holiday Pay to which he may be entitled under Section G.2. of this Article VII.

5. If a recognized holiday falls during an employee's vacation, he shall receive an extra day of vacation, or pay in lieu thereof, at the Company's option.

H. An employee shall not be required to work more than sixteen (16) consecutive hours, without his consent.

I. Employees will not be required to take time off in lieu of overtime payments.

J. The Company will attempt to equalize overtime as much as is practicable within reasonable periods of time among employees qualified for such work and who are available when the overtime is required.

K. In no case shall the operations of the above provisions result in the pyramiding or duplication of overtime pay. The provisions of this Article cover all conditions dealing with overtime or premium pay insofar as this Agreement is concerned, and no overtime or premium pay will be paid by reason of provisions of any other Article in the Agreement, except Article VIII.

ARTICLE VIII

Shifts, Differential & Payments of Vacation, Sick Pay, Etc.

A. Night Shift Differential:

A night shift differential of seventy-five cents (\$.75) Per hour shall apply for the afternoon shift, and one dollar and 50 cents (\$1.50) per hour for the morning shift on both straight and rotating shifts.

B. Regular Shifts:

The shift to which the employee is assigned, rather than clock hours worked, shall be the determining factor in the payment of shift differentials.

C. Off-Schedule Shifts:

Employee assigned to off-schedule shifts:

1. Which start before 6 A.M. and end after the starting hour of the regular day shift shall be paid a night shift differential of one dollar per hour from the start of the shift until the starting hour of the regular day shift only, or

2. Which start before the regular starting hour for the afternoon shift and end after 6 P.M. shall be paid a night shift differential of 50 cents per hour from the starting hour of the regular afternoon shift until the end of the shift, or

3. When a shift crosses two night shifts, the applicable night shift differential will be paid in accordance with the clock hours worked on each shift.

D. Work Beyond Regular Shift:

1. Night shift differential payments will not apply to day employees or employees working daylight shifts who work beyond their regular quitting time. (Day shift shall be considered as shift that begins and ends between 6 A.M. and 6 P.M.)

2. When working overtime beyond the afternoon shift, the afternoon shift differential will continue to apply on such hours extending into the morning shift.

3. When working overtime beyond the morning shift, the morning shift differential will continue to apply on such hours extending into the daylight shift.

In all cases, however, where an employee works beyond his scheduled quitting time because of failure of relief to report, he shall receive the night shift differential applicable for the hours actually worked on the shift on which the relief fails to report.

E. Computation of Overtime Payments:

An employee entitled to night shift differential when working at an overtime rate shall have his overtime rate calculated on the total of his base rate and any applicable night shift differential that may be due on account of work performed during night shift differential hours.

F. Vacations, Sick Pay, Etc.:

Night shift differential payments shall not be included in computing payment for vacations, sick pay, or any other time not worked.

ARTICLE IX

Secondary Residence, Personal Car, Travel Time Allowance, and Transportation Allowance

A. Secondary Residence Allowance:

The Company will establish a regular show-up point for all present hourly rated field employees and if, at Company's request they are required to temporarily work at another place in excess of 40 miles distance from regular show-up point and are required to establish a secondary residence, the Company will pay a reasonable Secondary Residence Allowance.

B. Personal Car Allowance:

If an hourly rated employee is requested to temporarily work (exclusive of Master Bid List assignments) at a location other than his/her 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 therefore 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.

2. No compensation will be paid if the temporary place of employment is less than 20 miles round trip from regular show-up point, or if employee is required to travel a shorter distance to the temporary show-up point than when he is reporting to his regular place of employment.

3. Personal car allowance shall apply to the same conditions upon which regulations for travel time allowance is based, i.e. transfers between show-up points and/or locations in excess of 20 miles round trip from established point of secondary residence.

C. Travel Time Allowance:

Travel Time Allowance based on reasonable traveling time, irrespective of the mode of travel, shall be paid to all employees as follows:

1. Traveling on own time at Company request between Areas or established show-up points, the distance between which is in excess of 20 miles.

2. Travel time shall be considered time worked and shall be subject to all payroll regulations.

3. Traveling on own time between recognized living center at which Secondary Residence has been established, and point of work, when such distance is in excess of 20 miles. (This does not conflict with first paragraph under Secondary Residence - the first refers to regular show-up point, whereas this paragraph refers to Secondary Residence.)

D. Transportation Allowance:

When employees utilize their personal vehicle for Company business they will be reimbursed based on the IRS Standard Mileage Rate.

E. Regular Show-Up Point:

1. Employees will have a regular show-up point which is determined by the employee's regular work schedule. The Company reserves the right to change the regular show-up point of any employee within his Area, except that the Company may designate a show-up point for McKittrick, Midway, or Gas Plant/Cogen Fieldmen or Roustabout anywhere within the respective Area.

2. In case an employee reports to his regular place of employment as instructed and is then instructed to report to another point, transportation to the latter point and return to regular place of employment will be furnished by Company and in the event Company transportation is not available and employee, with permission of his supervisor, utilizes his personal automobile, he will be compensated therefore at the rate of Company approved mileage allowance per mile.

F. Permanent Transfer:

If, at the Company's request an employee is permanently transferred from one location to another, as defined by Company, Company will provide transportation for the employee and his immediate family, or compensate him for same, and will also compensate such employee at his regular rate for working days lost. In the event of traveling on regular days off, employees shall be compensated for same at straight time. The Company will also compensate employees for reasonable moving expenses upon presentation of proper receipts.

ARTICLE X

Rotation of Schedules of Hours and Days

A. All shift employees, except those in key positions on daylight hours, and certain other key positions may at reasonable intervals rotate shifts subject to approval of supervisor. Changes will be made only at reasonable intervals.

B. Employees shall have the privilege of exchanging shifts or days by individual arrangement provided:

1. Consent of supervisor is first obtained.
2. The change can be accomplished without additional cost or penalty to the Company.

3. Request of a change in excess of one (1) work week will be submitted to the supervisor in writing as to a valid reason for such change.

4. Such change not to exceed two (2) weeks, unless mutually agreed to by all parties concerned.

C. All employees are subject to tour work and rotating schedules.

ARTICLE XI

Safety

A. Inspection of all equipment throughout any plant or place of employment, where industrial accidents may occur, shall be made by the Operating Unit Manager or other qualified person designated by the Company from time to time.

B. An inspection of any equipment will be made upon the recommendation of the workmen employed on such equipment. Employees or their representatives may make written suggestions to the Operating Unit Manager or his representative as to the elimination of hazards in order to prevent accidents.

C. Where employees are exposed to acids, caustics, or other chemicals, injurious to person and/or clothing, the Company will furnish protective wearing apparel (including goggles) and employees shall wear same whenever the nature of their duties requires such protection. Company will compensate such employees for damage to clothing.

D. A safety manual will be furnished by the Company to all employees who have not heretofore received such manual, and all employees shall be required to read, be familiar with and observe the provisions thereof.

E. No employee shall be required to perform services that unreasonably endanger his physical safety, and after informing his supervisor of such unreasonable danger, his refusal to do such work shall not warrant or justify

discharge. In such cases, an immediate conference between the Company and the Workmen's Committee shall be held in an attempt to settle the issue in question.

F. There shall be established at each location a joint Labor-Management Health and Safety Committee consisting of an equal number of Union and Company representatives, but not more than three each, to be known as the Health and Safety Committees, hereinafter referred to as the "Joint Committees."

G. Suggestions in the interest of safe and healthful working conditions are solicited by the Company. Such suggestions and recommendations should be made in writing to his supervisors with a copy forwarded to the Joint Committee. The Joint Committee will evaluate such suggestions and recommend corrective measures to the Company on those with which the Committee agrees, and have not been acted upon by the Company.

H. Union members of Joint Committees shall have the right to join with Company members in the investigation of lost time accidents, as soon as practicable after their occurrence, under procedures developed by the Joint Committees.

I. Each Joint Committee shall meet as often as necessary at a regularly scheduled time and place, but not less than once each month unless mutually agreed upon by members of the Committee. The purpose of the meetings shall be to jointly consider, inspect, and review investigations of health and safety conditions and practices, and accidents, and for the purpose of jointly and effectively making constructive recommendations with respect thereto, including, but not limited to, the implementation of corrective measures to eliminate unhealthy and unsafe conditions and practices and to improve existing health and safety conditions and practices. All matters considered and handled by a Joint Committee shall be reduced to written minutes with one copy supplied to the Company, one to the Union, and one maintained by the Committee.

J. Time spent in Committee meetings by Union representatives, including walk-around time during joint inspections and investigations shall be considered and compensated for as regularly assigned work.

K. The Company will, at its expense, provide for training of a total of three (3) such members from the Midway Sunset Area, and three (3) such members from the Kern River Area, twice during the term of this Agreement, when such training is requested by the Union members of the Committees. Such training will be in such areas as hazard evaluation and industrial hygiene measurements and shall not exceed five (5) days per trainee and will be conducted by qualified individuals, institutions, or organizations recognized in the field and mutually acceptable to the International Union President or his designee and to the San Joaquin Valley Business Unit.

L. Joint Committee members are encouraged to minimize all expenses associated with the training.

M. The Company agrees to pay for the appropriate physical examinations and medical tests at a frequency and extent necessary as recommended by a Joint Committee and will furnish on each October 1, to the Union, all information that is available and known to it on the morbidity and mortality experience of its employees.

ARTICLE XII

Disabilities

A. An employee, if physically and mentally capable of continuing his duties, shall not be discharged on account of any injury, unless the injury was caused by his negligence, carelessness, malicious intent or violation of Company rules and regulations, or in instances where injury to such employees are of frequent occurrence.

B. In case an employee becomes temporarily incapable of performing his regular assigned duties, due to injury or sickness, the Company will, when proper work is

available, provide such work as the employee is capable of performing, and he shall receive the wage applicable to such job. Absences during period of injury or illness, when covered by leaves of absence granted by the Company, shall not be construed as breaking an employee's continuous service record.

C. When an employee becomes permanently incapable of performing the work of his present classification because of illness, injury or other physical disability, when his case justifies special consideration, the Company and Union may by mutual agreement place him in a job out of line of seniority either temporarily or permanently.

ARTICLE XIII

Employee Benefits

A. 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 benefits 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 benefits plans.

B. For purposes of administering Short-Term Disability Benefit payments, the following guidelines will apply:

1. Payment of Short Term Disability Benefits on or after the commencement of any strike, including sympathy strikes, will not be paid.

C. In applying Article XIII, it is recognized and agreed that the failure or refusal of the Company to offer and/or extend employee benefits, incentives, etc., of whatever nature, kind or type to employees covered by the Labor Agreement while extending such benefits, incentives, etc., to employees excluded from the Labor Agreement does not

constitute discrimination, nor is it to be construed as a violation of any other provision of the Labor Agreement.

D. The Company will not voluntarily discontinue, change or modify the above Plans during the term of this Agreement in such a way as to decrease the benefits under the Plans to any employee covered by this Agreement; provided, however, that periodic adjustments in actuarial factors used to achieve actuarial equivalence under the Group Pension Plan shall not be considered as changes or modifications of the Plan and shall not be construed as decreases in benefits under the said Plan.

E. No dispute, grievance or question in connection with the above Plans will be subject to arbitration; except that upon the request of any member of the above Plans or their representative any dispute concerning the following only as they apply to these Plans, may be arbitrated in accordance with the provisions of Article XVI:

(1) Length of service.

(2) Pay class or normal rate of pay, whichever is applicable.

(3) If the computation of benefits was correct in accordance with the provisions of the above Plans as established by (1) and (2) above, and if such benefits were paid.

F. Employees covered by this Agreement are entitled to full participation rights under the Chevron Employee Savings Investment Plan (ESIP). Nothing in these articles shall in any way affect any rights of any person under the provisions of the (ESIP) or the rules and regulations shall determine all questions arising thereunder.

No dispute, grievance, or question arising from the application or interpretation of or in connection with the (ESIP) will be subject to the arbitration procedure described in Article XVI of the Labor Agreement between the parties.

G. Employees covered by this Agreement are entitled to full participation in the Employee Stock Ownership Plan subject to any revision or revocation which is made generally effective throughout the Company.

H. There shall be no strike, stoppage, or slowdown of work for any cause, including sympathy strikes, because of any dispute, grievance, or question arising in connection with any of the above plans.

ARTICLE XIV

Vacations

A. Eligibility for Vacation:

1. Employees working less than half the normal hours established for their respective classifications shall not be eligible for vacation privileges.

a. Employees actively engaged in the service of this Company upon completion of one year or more of continuous service, shall be eligible for two weeks' annual vacation with pay.

b. Employees who have completed five years or more of continuous service shall be granted an annual vacation of three weeks with pay.

c. Employees who have completed continuous service of ten years or more shall be granted an annual vacation of four weeks with pay.

d. Employees who have completed continuous Company service of twenty years or more shall be granted an annual vacation of five weeks with pay.

e. Employees who have completed continuous Company service of thirty years or more shall be granted an annual vacation of six weeks with pay.

2. All vacations granted shall be in accordance with and subject to the provisions of the Company's Vacation Plan.

3. "One day at a time" vacation in other than consecutive days, not to exceed fifteen (15) days per year, may be requested by employees in accordance with the following guidelines. The Company will allow employees to use two (2) days (sixteen hours) of the fifteen (15) days vacation to be broken into half (1/2) day vacations.

a. If the request is made at least forty-eight (48) hours in advance of when the vacation is to begin, "one day at a time" vacation may be granted for any reason.

b. If the request is made less than 24 hours in advance of when the vacation is to begin, "one day at a time vacation" may be granted in order to compensate employees for absences due to extenuating reasons for which the employee would normally be granted time off without pay. Typical examples of such extenuating reasons would be:

1) Serious illness in family requiring employee's presence with the family.

2) Death in family involving someone who would not be covered by agreements currently in effect.

3) Subpoenaed witness.

c. The Company will determine whether the request meets the above guidelines and how many employees may be off at one time for the above reasons.

4. If an employee is not able to take his/her full accumulated vacation time during the year due to circumstances beyond the employee's control, the employee may carry forward the unused vacation to the next calendar year with the approval and scheduling of the Operating Unit Manager's approval. Employee's will be required to take their carried over vacation first before

taking their normal vacation entitlement during the first quarter of that year. If the employee fails to take the carried over vacation during that year, the employee will forfeit that portion of the accumulated vacation time.

ARTICLE XV

Leaves of Absence

A. Employees may, at the discretion of the Company, be granted a leave of absence in accordance with established rules and regulations of the Company. Continuous service record of employees so absent shall not be broken.

B. The Company will grant to employees who are members of the Union leaves of absence for transacting business of the Union for such lengths of time as may be mutually agreed upon, not to exceed one (1) year unless extended by the Company, and employees shall not receive pay from Company during such leaves of absence and their continuous service records with the Company shall not be considered broken as a result of such absence.

C. Family leave will be available to all represented employees in the event of a birth or adoption of a child or the serious illness of a child, spouse or parent. The leave will be without pay and will be granted for up to a maximum of twelve weeks in a twelve-month period. An employee may request more than one family leave during a twelve-month period, but the total time on leave within that period may not exceed twelve weeks. The employee's request for such leave shall be in writing and submitted to his or her supervisor as far in advance as possible to minimize any adverse impact on operations.

Credited service will accrue during the period covered by the family leave of absence. The leave will be granted with the understanding that the employee will be reinstated to the position held prior to the leave or to a comparable position.

ARTICLE XVI

Grievance Procedure

Any difference between the Company and an employee involving the application of any of the provisions of this Agreement may be considered a cause for grievance and the employee individually or through his Union representative may seek redress as follows:

A. For the purpose of adjusting complaints or disputes an employee, individually or through his Union representative, shall within thirty (30) calendar days of the occurrence giving rise to the complaint or dispute, first seek direct adjustment with the supervisor under whom he is employed.

B. If satisfaction is not obtained from the supervisor the complaint or dispute may be submitted in writing within twenty-one (21) calendar days following the supervisor's response to the appropriate Operating Unit Manager, with a request for conference to be held within twenty-one (21) days after submission of such complaint or dispute. The Operating Unit Manager shall, within twenty-one (21) days after the termination of such conference, mail to the employee and his Union representative, his written decision in the matter.

C. If the complaint or dispute is not settled as a result of the foregoing, the employee may individually or through the District Director of the Union, or someone designated by the District Director, within twenty-one (21) calendar days, appeal to the appropriate Operations General Manager or some-one designated by the appropriate Operations General Manager, and a conference of the parties shall be held within twenty-one (21) days after receipt of such appeal. The appropriate Operations General Manager, or his designee, shall render a decision in writing to be postmarked within twenty-one (21) days after termination of the conference.

D.

(1) If the Union and the Company have mutually agreed to request grievance mediation prior to arbitration, the parties will select a mutually acceptable third party to mediate the case. Selection of a mediator shall occur within sixty (60) days of the date of receipt of the request for mediation. Should the parties fail to reach an agreement in the selection of a mediator, either party may request for Federal Mediation and Conciliation Services (FMCS) to select the mediator under the FMCS procedures. The mediation hearing shall be a mutually agreed upon location and the parties shall not be permitted to have attorneys participate in the mediation hearing. During the mediation hearing, the mediator will be free to meet with the parties privately and make every effort to reach a settlement. At the conclusion of the grievance mediation process, if no settlement is reached, the mediator will give an oral non-binding opinion including the reasons thereof, as to the final outcome of the case should it be submitted to third party arbitration. There shall be no briefs and no written opinion is required. Expenses and mediator fees shall be borne equally by the Company and the employee or his Union Representative. If the outcome of the meditation is mutually agreed upon, then it shall be put into writing.

If no agreement is reached after hearing the mediator's opinion, the employee may, individually or through his Union Representative, within ninety (90) calendar days of the mediator's opinion, notify in writing to the appropriate Operations General Manager, or his designee, of the request to submit the matter to a third party arbitrator. The outcome of the mediation, including any discussion of proposed grievance resolution, will be excluded from the arbitration proceedings. The selected mediator will not be allowed to be the arbitrator unless both parties specifically agree. Selection of an arbitrator shall occur within sixty (60) days of receipt of the request for third party arbitration. Time limits specified herein shall apply unless extended by mutual agreement in writing between the parties. If the time limits specified herein or as extended by mutual agreement are not met, the matter in dispute shall be considered to be

abandoned and/or deemed settled in favor of the other party.

(2) If mediation has not been selected, either party may, within ninety (90) calendar days of the receipt of the written request for arbitration, notify the other party in writing that they wish to select a third party arbitrator, or the grievance shall be deemed abandoned and/or is settled in favor of the other party, unless the time limits herein have been extended by mutual agreement by the parties. If a third party arbitrator is requested within this time limit, the Company and the Union shall endeavor to make a selection within sixty (60) days of the date of receipt of the written request for arbitration. Shall they fail to reach mutual agreement on the third party arbitrator; either party may then request the American Arbitration Association (AAA) to select the arbitrator under the rules of the AAA. The arbitrator shall not have the right to add or subtract from the terms of this Agreement. The decision of the arbitrator shall be final and binding upon all parties. The compensation of the arbitrator and his expenses in connection with the arbitration shall be borne equally by the Company and the employee or his Union Representative.

E. Time limits may be extended by mutual agreement of the parties. If either party fails to comply within the time limits set forth in this Article, except by mutual agreement, it shall be deemed to have conceded the matter by default.

F. If an employee is suspended or discharged, he shall be given or mailed written notice, by the appropriate Operating Unit Manager, of such suspension or discharge including the reason(s) therefore. Copy of such notices shall be given or mailed to the employee's Union representative and the appropriate Union Local.

(1) 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.

G. Reasonable time spent in meetings by Union representatives, including walk-around time during inspections and investigations, shall be considered and compensated for as regularly assigned work. Such requests will be reviewed by the Operating Unit Manager prior to the commencement of the inspection or the investigation.

Complaints or disputes concerning suspensions or discharges shall be initiated at the appropriate Operating Unit Manager step of the Grievance Procedure.

ARTICLE XVII

Maintenance of Membership and Check Off

A. All employees who on the effective date of this agreement are members of the Union, and all employees who become members after that date, shall, as a condition of employment maintain their membership in the Union subject to their right to withdraw during the fifteen (15) day period prior to the termination date of this agreement.

B. The Company shall deduct from the wages of employees subject to this agreement monthly dues for membership in the Union provided the Company shall have received from each employee on whose account such deductions are made a written assignment which shall not be irrevocable for a period of more than one year, such assignment to be deemed renewed for a similar period of one year at each anniversary date of this agreement unless terminated in writing during the period of 15 days prior to any such anniversary date, and in any case to be revoked

on the termination of this agreement. Said written assignment shall be in the following form:

"I hereby authorize Chevron to deduct from my wages a single initiation fee of \$_____, and my monthly membership dues in the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW) , Local No. _____, as reported to you by the Secretary-Treasurer of said Local, and to pay the same to said Local. This assignment is irrevocable for a period of one year on each anniversary date of the Agreement between your Company and said Union unless terminated by me in writing during the period of 15 days prior to any such anniversary date. This assignment shall in any event be revoked on the termination of said Agreement".

Signed _____

During the term of this Agreement the Company will deduct from the first paycheck of each month dues, assessments and initiation fees, each as designated by the International Secretary-Treasurer of the Union, from the wages of those employees covered by this Agreement who individually and voluntarily execute a written check-off authorization card. The Company shall promptly remit any and all amounts so deducted to the International Secretary-Treasurer of the Union. A copy of such authorization card for the check-off of Union dues should be forwarded to the Financial Secretary of the local union along with the membership application of such employee. All payroll deductions shall be forwarded to the International Secretary-Treasurer, United Steelworkers, PO Box 98517, Chicago, IL 60693.

Direct dues to former PACE should be forwarded to: USW, MCS-410663, PO Box 415000, Nashville, TN 37241-5000

Remittance. The employer will deduct monthly dues or service charges, including, where applicable, initiation fees and assessments, each in amounts as designated by the Union's International Secretary-Treasurer, effective upon receipt of individually signed voluntary check-off authorization cards. The Company shall within ten (10)

days remit any and all amounts so deducted to the Union's Secretary-Treasurer with a completed Summary of Dues form R-115 or its equivalent.

ARTICLE XVIII

Bulletin Boards

The Company will provide bulletin boards at convenient locations where they may be seen by employees. Such boards may be used by the Union for notices indicating the time and place of meetings. Notices covering other items must be approved by the local management before posting.

ARTICLE XIX

Union Business on Premises of the Company

Upon receiving permission of the Operating Unit Manager or other representative of the Company locally in charge, accredited representatives of the Union shall be granted the privilege of entering upon the premises of the Company at any time during the regular daylight working hours for the purposes of assisting in the settlement of grievances or disputes, involving employees to whom this Agreement applies.

The Union understands and agrees that each Union representative actively on the Company's payroll is employed to perform full time work for the Company, and that he will not leave his work during working hours to perform his Union duties without approval of his immediate supervisor. It is further understood and agreed by the parties hereto that they will cooperate in reducing to a minimum the actual time spent by each such Union representative in the performance of his Union duties under this Agreement.

When an employee is called by the Company into conference concerning a disciplinary matter he shall be entitled to be accompanied by a member of the Workmen's Committee upon request. Both the employee and the

Committeeman shall not suffer any loss of regular pay for the time spent in such conference.

During contract negotiations the Company will pay the salary of the Workmen's Committee for a maximum of twelve (12) days.

ARTICLE XX

Strikes and Lockouts

The Union agrees that there shall be no strike, including sympathy strikes, and no stoppage or slow down of work for any cause, and the Company agrees that there shall be no lockout of the Union during the period of this Agreement.

ARTICLE XXI

Government Laws, Etc.

Anything herein contained to the contrary notwithstanding, no provision hereof shall be effective or binding upon the Company if any Court, Federal or State administrative body, rules such provision to be contrary to any law now or hereafter in effect or to regulations or orders issued pursuant thereto; and/or if any provision hereof is or becomes contrary to or prevents Company's compliance with any order, ruling or demand of any governmental board, made on behalf of the Government, whether or not compliance therewith is required by law, such provision shall not be effective or binding upon the Company.

ARTICLE XXII

Funeral Leave

In the event of the death of a family member, an employee will be granted time off with pay to make arrangements for and/or to attend the funeral, as specified below.

In the case of the death of the employee's spouse, child, stepchild, parent, step-parent, brother, sister, grandparent, grandchild, or employee's spouse's grandparents, parents, brothers, sisters, or any relative living in the employee's household, time off with pay, at the rate of the employee's classification at the time the absence occurs, will be permitted for a period not to exceed three regularly scheduled work days. An additional two (2) days may be granted at the discretion of the Operating Unit Manager.

Time off with pay applies only in those cases where an employee attends the funeral and/or is required to make the necessary funeral arrangements. It is not granted for other purposes such as settling the estate of the deceased.

ARTICLE XXIII

Jury Service

In the event that an employee is called for examination for jury service, or for jury service, or as a witness by court subpoena in criminal cases, or as a witness for the Company, such employee will be given the necessary time off without loss of pay for the time he is required to be absent; provided that the employee's pay for the purposes of this paragraph shall be computed at the rate of the employee's classification without benefit of shift differentials or overtime.

ARTICLE XXIV

Non-Discrimination

It is agreed by both the Company and the Union that there shall be no discrimination against any employee or applicant for employment because of race, color, religion, sex, age or national origin. Both the Company and the Union agree that to further the principle of equal employment opportunity, they will pursue their affirmative action programs to insure that all applicants and employees are treated equally without regard to race, color, religion, sex, age or national origin.

It is further agreed between the Company and the Union that an employee or applicant for a job will suffer no discrimination because of a physical or mental handicap which does not affect qualification for the job sought.

Wherever used in these Articles of Agreement the masculine gender shall be deemed to include the feminine gender.

No dispute, grievance or question arising from the application or interpretation of this Article will be subject to the arbitration procedure described in Article XVI.

ARTICLE XXV

USW-PAC Check-Off

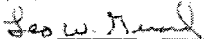
Upon receipt of a signed PAC Check-Off Authorization, the Company, upon written request of the employee will make monthly deduction for the PAF Fund as directed by the employee. This will continue as long as the employee gives such authorization as per the PAC Check-Off authorization he/she signs. The amount withheld will be mailed to the United Steelworkers, Political Action Fund, Five Gateway Center, Pittsburgh, PA 15222.

PRIOR CONTRACTS & AGREEMENTS: This Contract cancels and supersedes all Prior contracts and Letter Agreements:


Union Ratification Date: February 16, 2009

FOR THE UNION:


United Steel, Paper and Forestry, Rubber
Manufacturing, Energy, Allied Industrial
and Service Workers International Union
(USW), on behalf of its Locals 12-219 and 12-6



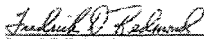
Leo W. Garard
International President



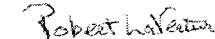
James D. English
International Secretary Treasurer



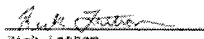
Thomas M. Conway
International Vice President Human Affairs



Fredrick D. Redmond
International Vice President Human Affairs



Terry Bonds
District Director



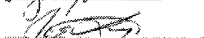
Rick Latham
Sub-District Director



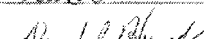
Saul W. McGarity
Staff Representative

Local Union Negotiating Committee:









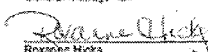


FOR THE COMPANY:

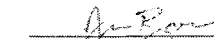
Chevron U.S.A. Inc.
San Joaquin Valley Business Unit



Mike Casey
General Manager



Roxanne Hicks
Human Resources Manager











APPENDIX "A"

1. All existing producing properties operated by the Company in Kern County.
2. All existing producing properties operated by the Company in the Ventura Avenue Field: C-Block (Tier I), C-Block (Tier III), and D-Block.
3. All existing producing properties operated by the Company in the Los Angeles Basin Area including Aliso Canyon. (Bordered by Aliso Canyon to the North, Huntington Beach to the South, and Placentia to the East.)

NOTE: All existing producing properties refer to properties being operated by the Company on January 8, 1986.

APPENDIX "A-1"**WAGE SCHEDULE
CRUDE OIL OPERATIONS**

CLASSIFICATIONS	Rate Per Hour Effective			
	2/1/2008	2/1/2009	2/1/2010	2/1/2011
Head Operator Gas Plants/Cogen Field Service Facilities Instrumentation & Electrical	\$31.95	\$32.91	\$33.90	\$34.91
Head Operator - 12 Hour	\$31.22	\$32.15	\$33.12	\$34.11
Craftsman Instrumentation & Electrical Machinery Repair	\$31.23	\$32.17	\$33.13	\$34.13
Craftsman – 12 Hr.	\$30.51	\$31.43	\$32.37	\$33.34
Craftsman Helper	\$30.15	\$31.05	\$31.99	\$32.95
Operator	\$30.15	\$31.05	\$31.99	\$32.95
Operator - 12 Hour	\$29.46	\$30.34	\$31.25	\$32.19
Fieldman	\$21.32	\$21.96	\$22.62	\$23.30

For 12-Hour Schedules the ASTR factor is 0.977 commencing with change to paying OT after 40 hours per week

APPENDIX "B"

**FORMAL TRAINING REQUIREMENTS FOR
ADVANCEMENT**

THROUGH JOB CLASSIFICATION STRUCTURE

APPENDIX "B-1"

OPERATOR

Course Source and Number (CBTs in CLMS provided by RDC)	Course Title
RDC 1201	Hand Tool Basics
RDC 1421a	Well Pumping: Introduction to Sucker Rod Systems
RDC 1423a	Well Pumping: Sucker Rod Surface Equipment
RDC 1423b	Well Pumping: Operating Sucker Rods
RDC 1535	Lease Automatic Custody Transfer (LACT)
Learning and Development	Oil field service computer application classroom training (examples may include but are not limited to: LOWIS, D7i, Catalyst, Energy Components, etc.)
Learning and Development	Oil and Water Process Plants Training
Learning and Development	Thermal Operations Training [equipment associated with Steam Generation and Distribution]

APPENDIX "B-2"

CRAFTSMEN/CRAFT HELPER – I&E

Course Source & Number	Course Title
ICS – 4040	Transformers
ICS – 086053	Controlling Industrial Motors (Replaces 6699 A&B)
ICS – 5177EM	National Electrical Code 2002 (We use 1999 NEC)
ICS – 6036	Electrical Blueprint Reading (new number)
ICS – 4032	A-C Motors
ICS – 4041	Transformer Operation
ICS – 4042	Distribution & Power Transformers
ICS – 6038	Local Distribution of Electric Power (new number)
ICS – 6538 A-B	Protective Relaying
ICS – 086092	Switchgear
<i>Half-Way Point</i>	
ICS Block A-21	DC Principles
ICS Block A-22	AC Principles and Components
ICS – 6022	Electric Schematic Diagrams
ICS – 4018 A	A-C Circuits, Principles of
ICS – 4018 B	A-C Circuits, Principles of
ISA Level 1 Training	Complete ISA Level I training within 1 year of becoming Craftsman I&E

ICS Block A-23	Analog Circuit Measurement (includes 086025-086027)
ICS – 086E02	Electrical Wiring Practices
ICS – 006010	Motor Control Fundamentals (PLC)
ICS – 006011	Industrial Motor Control #1 (PLC)
ICS – 006012	Industrial Motor Control (PLC)
SJV – 1389A	General Requirements for Electrical Safety (CT Specification)
SJV – 1387A	General Requirements for Installation of Electrical Equipment (CT Specification)

APPENDIX "B-3"

CRAFTSMEN/CRAFT HELPER – Machinery Repair

Course Source & Number	Course Title
TCP Training Systems Unit 302	Selecting and Using Lubricants
TCP Training Systems Unit 303	Understanding Drive Components and Their Applications
<i>Half-Way Point</i>	
TPC Training Systems Unit 304	Selecting and Maintaining Bearings
TPC Training Systems Unit 306	Piping Systems
API – PILOT-Order 1084	Internal Combustion Engines

APPENDIX "B-4"**All Head Operators**

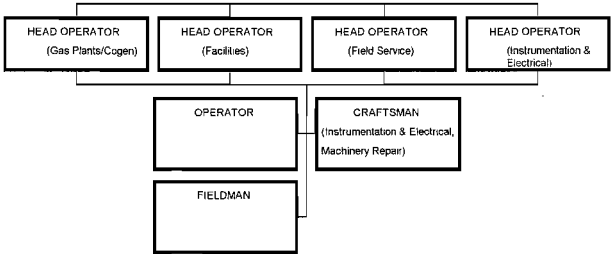
All Head Operators	
Course Source & Number	Course Title
Learning & Development	Performance Based Leadership
Learning & Development	Time Management
Learning & Development	Operational Excellence – Leadership (OELS)
Learning & Development	Dealing with Conflicts

APPENDIX "C"

Test Time Limits

<u># of Questions</u>	<u>Test Time Limit</u>
10 - 14	1 Hr
15 - 20	1.5 Hrs.
21 - 39	2 Hrs.
40 - 69	2.5 Hrs.
70 +....	3 Hrs.

HOURLY-RATED JOB CLASSIFICATION STRUCTURE



APPENDIX "D"

**MEMORANDUM OF AGREEMENT
BETWEEN
TEXACO, INC.
BAKERSFIELD PRODUCING DIVISION
DENVER PRODUCING DIVISION
AND
OIL, CHEMICAL AND ATOMIC WORKERS
INTERNATIONAL UNION, AFL-CIO**

Confirming the parties' discussions and agreement the Company will agree, on a one time basis only and without precedent or limitations regarding future actions, to add four (4) Operator positions in Gas Plants and Cogen Area (GP&C) back into the planned June, 1995 total GP&C complement of twenty-six (26) positions as shown on Exhibit I and as discussed this will be accomplished as follows:

In the Denver Division's Gas Plants/Cogen Area (Valley) seven (7) new Operator positions with computerization qualifications will be bid after the elimination of all ten (10) current Operator-Plants positions. Candidates for Operator-Gas Plants/Cogen (Valley) must meet the following job duties and qualifications:

- Must have worked at least six (6) months out of the last twelve (12) months in a Gas Plants/Cogen Roustabout crew. Exempt from this provision are those employees who were once qualified and have successfully held a permanent Operator-Gas Plants or Head Operator-Gas Plants position within the Gas Plants/Cogen or Ventura Gas Plants within the three (3) year period preceding the awarding of the Operator-Gas Plants/Cogen position being bid.
- Successful bidder must demonstrate proficiency in computer applications within 15 days of permanent assignment.

- Successful bidder must demonstrate proficiency in Realflex applications within 30 days of permanent assignment.
- Successful bidder must demonstrate proficiency as a Cogen Operator including all required PSM testing within 90 days of permanent assignment.
- Operator-Gas Plants/Cogen shall be required to complete the formal training requirements for the Head Operator-Gas Plants job and have demonstrated ability as a Head Operator-Gas Plants within six months (180 days) from date of permanent assignment to Operator-Gas Plants/Cogen.

The Operator-Gas Plants/Cogen will be required to operate and monitor the following locations:

Cross Valley Pipeline	Cogeneration
• Monitor system	• Monitor 3 sites
• Call Cross Valley Pipeline contact if problems arise	• Must be a trained Cogen Operator
• No control functions initially	• Ability to go to a site if deemed necessary
	• Call Cogen contact as necessary
Production Operations	
Production Operations	Lost Hills Gas Plant
• Monitor production facilities	• Must be a trained Gas Plant Operator
• Notify appropriate production contact as necessary	• Lab Work as scheduled
	• PSM trained
	• Truck loading as necessary
	• Respond as needed in plant if problems arise.

Understood and Agreed this 6th day of June, 1995.

APPENDIX "E"

Insert USW-PAC Dues Authorization Form
Here

**Attachment #3 --
Wording for Implementation of Revised Testing**

ADDITIONAL CLAUSES

1. All employees are considered "grandfathered" with respect to formal training for those job classifications where formal training is complete as of ___/___/____. To be considered qualified after ___/___/____, completion of the revised formal training is required.

2. The Company has the responsibility to revise formal training materials when necessary due to material NOT being available or becoming obsolete. The USW will be notified of any revision.

3. Roustabout/Well Puller classification should be closed book to insure competence for probationary employees. All other testing is recommended to be open book to facilitate learning (per ICS) and out of necessity for certain courses (such as Basic Instrumentation & GO 95).