



January 31, 2012

United Steel, Paper and Forestry,  
Rubber, Manufacturing, Energy,  
Allied Industrial and Service Workers'  
International Union, AFL-CIO, CLC  
ATTN: Mr. Bill Locke  
Staff Representative  
927 South Village Oaks Dr. Suite #100  
Covina, CA 91724

Gentlemen,

**SUBJECT: NOTICE OF LAYOFF**

The Company and the Union mutually recognize that full application of technological progress as it occurs and the elimination of inefficient work practices are a competitive necessity if long-term job security is to be provided to the employees. The Union agrees to cooperate in the adoption of improved work methods and operating procedures and techniques. The Union further agrees to encourage full utilization of each employee's individual skills in accordance with the present Articles of Agreement.


Should the Company determine that a layoff of permanent bargaining unit employees with one year or more of Company seniority for lack of work is necessary during the period from February 1, 2012, through January 31, 2015, the Company will give the Union ninety (90) days prior written notice of such intended layoff.

The Union shall then have the right, to be exercised at any time within thirty (30) days after receipt of the notice of intended layoff, to terminate the existing collective bargaining Agreement between the parties by giving the Company written notice. Such notice shall operate to terminate said Agreement at the end of sixty (60) days from the date of notification or on the date of layoff, whichever occurs later, unless 1) the Union withdraws its notice prior to the date of intended layoff, or 2) the Company notifies the Union prior to the date of intended layoff that no layoff pursuant to the original notice of intended layoff will occur. In either of the latter events, any notice of contract termination given hereunder shall be void. It is understood that as soon as practicable after the original notice of intended layoff, the Company will, if the Union so requests, meet with representatives of the Union to discuss the intended layoff and any proposed alternatives.

In the event that a layoff results from occurrences beyond the Company's control, such as fires, floods, or act of war, this entire letter of understanding shall not be applicable.

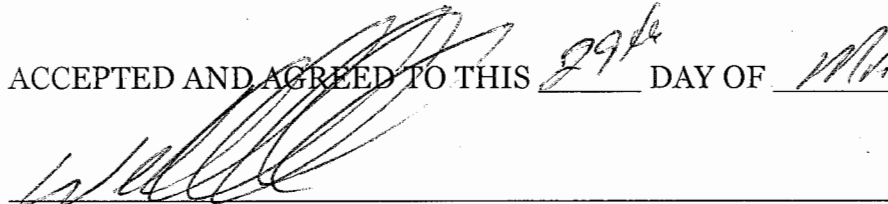
If the foregoing is in accordance with your understanding, please indicate your agreement in the space provided below and return one signed original of this letter to me.

Very truly yours,



Charles F. Ratliff  
Vice President-Human Resources  
Aera Energy Services Company

ACCEPTED AND AGREED TO THIS 29<sup>th</sup> DAY OF MARCH, 2012.



United Steelworkers International Union