

**ARTICLES OF AGREEMENT
BETWEEN**

**AERA ENERGY SERVICES
COMPANY**

AND

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

FEBRUARY 1, 2012



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ARTICLES OF AGREEMENT

PREAMBLE

Between SHELL CALIFORNIA PRODUCTION INC. (hereinafter called "Company") and OIL, CHEMICAL AND ATOMIC WORKERS INTERNATIONAL UNION, A.F.L.-C.I.O. (hereinafter called "Union") covering the employees of the Company (formerly employees of Shell Oil Company) in its West Coast Production Division within the State of California for which the Union was certified as the exclusive bargaining representative under "Supplemental Decision, Certification of Representative, Third Direction of Election and Order" signed by the National Labor Relations Board at Washington, D. C., on November 16, 1938, and Cases Nos. 21-R-2065 and 21-R-3807, but excluding Plant Guards and employees of Shell Oil Company.

Amended December 1, 1987, between SHELL WESTERN E&P INC. (hereinafter called "Company") and OIL, CHEMICAL AND ATOMIC WORKERS INTERNATIONAL UNION, A.F.L.-C.I.O. (hereinafter called "Union") covering the employees of the Company (formerly employees of Shell California Production Inc.) in its Mt. Poso, Kern River, Coalinga, North Midway, South Midway, Brea/Olinda, Santa Maria and Ventura Units (hereinafter called "Bargaining Unit") within the State of California for which the Union was certified as the exclusive collective-bargaining representative under "CERTIFICATION OF REPRESENTATIVE" signed by the National Labor Relations Board at Los Angeles, California, on December 1, 1987, Case No. 31-RD-1096, but excluding office clerical employees, professional employees, guards and supervisors as defined in the Act.

Effective January 1, 1995 between CalResources LLC (formerly Shell Western E&P Inc.), (hereinafter called "Company") and OIL, CHEMICAL AND ATOMIC WORKERS' INTERNATIONAL UNION, A.F.L.-C.I.O. (herein called "Union") covering the employees of the Company (formerly employees of Shell Western E&P Inc.) in the above-named units (herein called "Bargaining Unit").

Effective June 1, 1997 between Aera Energy Services Company (formerly CalResources LLC), (hereinafter called "Company") and Paper, Allied-Industrial, Chemical & Energy Workers' International Union (formerly OIL, CHEMICAL AND ATOMIC WORKERS' INTERNATIONAL UNION, A.F.L.-C.I.O.) (hereinafter called "Union") covering the employees of the Company (formerly employees of CalResources LLC) in Coalinga, North Midway, South Midway, Brea/Olinda and Ventura Units (hereinafter called "Bargaining Unit").

ARTICLE 1 PERIOD OF AGREEMENT AND REOPENING

Period of Agreement

1 This Agreement shall be effective as of February 1, 2012, and shall remain in effect through January 31, 2015 and thereafter from year to year.

Reopening - General

2 Should either party hereto desire to

change, amend or cancel this Agreement, written notice thereof shall be given by such party to the other at least sixty (60) days, but not more than seventy-five (75) days, prior to January 31, 2015, or prior to any anniversary date thereafter. 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 the anniversary date immediately following the date the above notice is given, either party may, after said anniversary date on at least sixty (60) days' written notice to the other, terminate this Agreement.

Reopening - Wages, Hours, Classifications

3 Either party hereto, however, shall have the right to request a conference for the purpose of considering a change or changes in the length of the workweek and/or in the classifications and/or the general subject of wages, by giving written notice to the other party at least sixty (60) days, but not more than seventy-five (75) days, prior to January 31, 2015. If such notice is given, in the event an agreement is not reached by midnight, January 31, 2015, this Agreement shall be of no further force or effect. If such notice is not given within the above fifteen-day period, it may be given at any time thereafter, and in the event an agreement is not reached within sixty (60) days from the date notice is received, this Agreement shall be of no further force or effect.

ARTICLE 2

CONTRACT WORK

Contractors' Wage Rates

1 Whenever a contractor or subcontractor performs work on Company premises which would ordinarily be performed by employees covered by this Agreement, the Company will include a provision in the applicable contract requiring the contractor or subcontractor to pay (1) not less than the rates of pay provided for in this Agreement for the same character of work and (2) one and one-half (1.5) times the employee's regular rate of pay for hours worked in excess of forty (40) hours per week; provided, however, that if there is a bonafide agreement between the contractor or subcontractor and his employees reached through collective bargaining, the provisions of this Article shall not apply; and provided further that rates of pay for (a) work of the Roustabout classification, b) new construction work, and c) maintenance work performed by craftsmen shall be as established by the contractor or subcontractor without reference to this Article.

Schedules and Lists

2 The Company will require such contractors to file schedules of rates of pay with the Company which will be open for inspection by the Adjustment Committee or Stewards.

3 The Company division offices will mail quarterly a list of such contractors to the nearest Local Union.

ARTICLE 3
MAINTENANCE OF MEMBERSHIP

Membership Requirements and Withdrawal Provision

1 All employees covered by this Agreement who on or after the thirtieth day following (1) the beginning of employment or (2) the date of acceptance of this Agreement, whichever is later, are or become members of the Union in good standing shall, as a condition of employment, remain members of the Union in good standing. Union members in the employ of the Company may withdraw from Union membership if they so desire by notifying the Union in writing during either of these thirty (30) day periods mentioned above.

Good Standing Defined

2 A member shall be considered in good standing as long as he conforms to the Union's uniformly established requirements with reference to the payment of monthly dues and initiation fees.

Checkoff Authorization

3 The Company will deduct Union initial fees and dues from the wages of employees who individually and voluntarily authorize such deductions in writing in the following form and will remit these dues to the proper officers of the Union:

“Date _____

I hereby authorize you to deduct from my wages the initial fees and the current amount of my Union

dues as reported to you by the Local Union Secretary of the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied-Industrial and Service Workers' International Union and remit said sum to the Union as my membership dues.

This assignment is voluntary and I understand that I may revoke it at any time in writing.

Signed _____”

Employee Rights - Self-Organization

4 Employees shall have the right to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in concerted activities, for the purpose of collective bargaining or other mutual aid or protection, and shall also have the right to refrain from any and all such activities.

No Discrimination or Intimidation

5 There shall be no discrimination of any kind against any member of the Union by any foreman, superintendent, or any other supervisor in the employ of the Company. The Union agrees that neither it nor any of its officers or members will intimidate or coerce employees into membership in the Union.

Union Membership – Determination of Good Standing

6 If any dispute arises as to whether an employee is or is not a member of the Union in good standing, the dispute shall be submitted to an arbitrator for decision which shall be final and

binding upon all parties concerned. The arbitrator shall be appointed by the Company and Union who shall share the expense of arbitration equally.

ARTICLE 4

WAGE RATES AND CLASSIFICATION CHANGES

Wage Rates

1 The Company shall pay its employees, biweekly, with adjustments made every subsequent payday, not less than the applicable hourly wage rates set out in the attached Exhibit A for the particular work performed.

Maintenance of Rates

2 The Company shall not reduce the hourly rate of pay below that now being paid to any employee regularly assigned except in the case of demotions hereafter occurring.

Work in Higher Classification

3 If any employee during any workday works in a higher paid classification a total of four (4) hours or less, he shall receive a minimum of four (4) hours' pay in the higher classification. If he works in the higher classification in excess of a total of four (4) hours during any workday, he shall receive a minimum of eight (8) hours' pay in that classification.

Regular Relief Men

4 Regular relief men will be paid for the actual hours worked in each classification.

Proper Classification

5 If an employee feels that he is not properly classified or the responsibilities of his job have been increased, the matter shall be handled in accordance with the provisions of Article 20.

ARTICLE 5 HOURS OF WORK

Workday and Workweek

1 A regular workday shall consist of eight (8) consecutive hours, exclusive of meal period. The regular workweek shall be five (5) eight (8) hour days in one (1) week. The established workweek shall start at 12:01 a.m. Monday and end at 12:00 midnight the following Sunday. The normal schedule for day workers shall be from 8:00 a.m. to 4:30 p.m. The normal work schedule for shift workers shall be from 8:00 a.m. to 4:00 p.m.; 4:00 p.m. to 12:00 midnight; and 12:00 midnight to 8:00 a.m. Work schedules other than the normal schedules outlined above may be utilized by mutual written agreement.

Reporting Pay

2 When an employee is required to report for work on his regular schedule but is not given work or is required to work less than four (4) hours, he shall be paid for four (4) hours at his regular rate.

Shift Work

3 Whenever operations are continuous, each employee engaged in such work shall remain on

duty until relieved. When operations are not continuous but two (2) shifts run consecutively, such employee on the first shift shall remain on the job until relieved.

Meal Period

4 Employees shall have a regularly designated meal period within the fifth hour from starting time, except:

(1) In the event an employee is required to work in or through his regularly designated meal period he shall be given a meal period on Company time and allowed to continue to work until his normally scheduled quitting time.

(2) When operations are continuous there must be no cessation of activities, but periods of one-half (.5) hour near the middle of the shift as circumstances permit shall be allowed during which the workers will be permitted to eat their lunch or intermediate meal.

5 Regular day shift employees assigned to the afternoon or graveyard shift will be allowed a period of one-half (.5) hour on Company time in which to eat a meal.

ARTICLE 6 ROTATION OF SCHEDULES OF HOURS AND DAYS

Rotation of Shifts

1 All shift employees to whom this Agreement applies are to rotate shifts at least

once each month. The period of rotation shall apply to all of the operations in the particular operating unit concerned. Changes shall be made only at reasonable intervals.

Rotation of Days Off

2 In the assignment of work schedules, the Company shall, insofar as reasonably possible, arrange the scheduling of days off so that all employees will, over a period of time, have the benefit of their days off during the weekends. Days off shall be consecutive. No employee shall be required to lose time because of schedule changes.

Exchanging Shifts

3 Employees shall have the privilege of exchanging shifts by individual arrangement provided (1) their supervisor's or foremen's consent is obtained and (2) the exchange can be accomplished without additional cost or penalty to the Company.

ARTICLE 7 OVERTIME

Excess Hours

1 All work performed by an employee in excess of eight (8) hours in any twenty-four (24) hour period shall be paid for at one and one-half (1.5) times the applicable rate. All work performed by an employee in excess of twelve (12) consecutive hours in any twenty-four (24) hour period shall be paid at two (2.0) times the applicable rate. All work performed by an

employee in excess of forty (40) hours within a workweek shall be paid at the rate of one and one-half (1.5) times the applicable rate.

2 There shall be no pyramiding of premium pay.

Special Calls

3 In the event an employee is called for duty outside his regular working hours, he shall receive pay for actual time worked at one and one-half (1.5) times the applicable rate with a minimum of five (5) hours' straight-time pay. This minimum pay provision shall not apply when such work continues on into the employee's regular working hours. In the event no work shall be required of an employee so called out, he shall receive pay for five (5) hours computed at his regular rate.

Day Off

4 An employee required to work on his day off shall receive the greater of one and one-half (1.5) times the applicable rate, or a minimum of five (5) hours' straight-time pay if he works four (4) hours or less. If he works more than four (4) hours but less than eight (8) hours, he shall receive the greater of one and one-half times the applicable rate or a minimum of eight (8) hours' straight-time pay.

Computing Hours

5 For the purpose of computing overtime under this Article, overtime will be computed on the basis of fifteen (15) minute increments. An employee working any part of a fifteen (15) minute increment of any overtime hour shall be considered as having worked fifteen (15) minutes.

Notice of Schedule Change

6 Employees will be given notice of schedule changes forty (40) hours in advance of their new starting time. In the event the Company does not give such notice, payment for the time worked on the first day of the new schedule will be paid at one and one-half (1.5) times the applicable rate.

ARTICLE 8 NIGHT SHIFT BONUS

Employees Eligible

1 An employee whose scheduled hours begin before 6:00 a.m. or end after 6:00 p.m. shall receive a night shift bonus of seventy-five cents (\$.75) per hour for all hours worked between 4:00 p.m. and 12:00 midnight and one dollar and fifty cents (\$1.50) per hour for all hours worked between 12:00 midnight and 8:00 a.m.

Employees Not Eligible

2 An employee whose scheduled hours begin and end between 6:00 a.m. and 6:00 p.m. will not receive a night shift bonus for any hours worked (including overtime hours) except that he shall receive the applicable night shift bonus if he relieves an employee entitled to night shift bonus.

Application to Overtime Hours

3 An employee entitled to a night shift bonus and working at an overtime rate shall have his overtime pay calculated on the total of his base rate plus any applicable night shift bonus that may be due.

Application to Benefits

4 Night shift bonus will be included in computing pay for disability leave, vacation, funeral leave, and jury service but will be excluded in computing any other payment for time not worked.

ARTICLE 9 HOLIDAYS

Holidays Recognized

1 The following holidays shall be recognized:

New Year's Day

Thanksgiving Day

Memorial Day

Day After Thanksgiving

Independence Day

Christmas Day

Labor Day

Two (2) Employee Elective Holidays and One (1) Holiday to be designated by the Company.

Holiday Pay

2 An employee shall be paid one and one-half (1.5) times his applicable straight-time rate of pay for the first eight (8) hours worked on any recognized holiday and in addition a day's pay at his applicable straight-time rate. He will be paid two and one-half (2.5) times his regular straight-time rate for all hours worked beyond eight (8).

Holiday Call-Outs

3 If an employee is called out to perform any

work on any recognized holiday, he shall receive a day's pay for the holiday at the applicable straight-time rate, plus a minimum of five (5) hours applicable straight-time pay for the first call-out and a minimum of five (5) hours applicable straight-time pay for each subsequent call-out on that holiday.

Holidays Off With Pay

4 Any employee shall be entitled to a day's pay at his straight-time rate of pay for any recognized holiday on which he is not required to work, providing he works on his scheduled workday immediately prior to or following the holiday.

Holiday on Saturday or Sunday

5 In case any recognized holiday falls on a Saturday, the Friday immediately preceding such day shall be recognized as the holiday for holiday pay purposes.

6 In case any recognized holiday falls on a Sunday, the Monday immediately following such day shall be recognized as the holiday for holiday pay purposes.

7 Notwithstanding the above, employees who are scheduled to work on a Saturday or Sunday on which a designated holiday occurs, and they are required to work, shall observe the designated holiday on the actual calendar day on which the holiday falls. For the purpose of this provision only, an employee shall continue throughout a two-day holiday period (e.g., Friday - Saturday or Sunday - Monday) in the same category he occupied on the last day worked prior

to the two-day holiday period regardless of job transfer in the interim.

ARTICLE 10 VACATIONS

Vacation Eligibility - Calendar Year Accrual

1 Earned vacation entitlement for all full time employees will be the common date of January 1 and vacation will be earned on a calendar year basis. Vacation will be earned in accordance with the following schedule:

Vacation Entitlement for calendar year: (accrued monthly)	Service Anniversary attained during the calendar year:
1 st -9 th	120 hours
10-19 th	160 hours
20-29 th	200 hours
30 th +	240 hours

For individuals on the payroll prior to January 1, 1996, accrual differences between previous vacation eligibility dates and the new January 1st common vacation eligibility date will be applied to in-lieu vacation payments made upon termination.

New Hire Vacation Eligibility

Employees may take vacation immediately upon employment. As of January of the calendar year following employment, employees will be eligible to take the full calendar year's vacation entitlement. Regardless when an employee is hired during a month (first through the last day of the month), the employee will get full credit for that

month. Vacation entitlement for a new employee will be prorated by the following formula:

(Number of months employed for the current year/12) X 120 vacation hours)

Annual vacation entitlement not taken in the year accrued will be administered consistent with the Company's vacation policy.

Employees hired/rehired on or after January 1, 1996 will sign the "Employee Authorization for Deduction from Wages" form.

Holiday During Vacation

2 When a holiday specified in this Agreement occurs while an employee is on vacation, he shall receive an extra day of paid vacation or, at the employee's option, a day's pay in lieu thereof at the holiday rate.

Scheduling

3 The time for each vacation shall be designated by the Company. Employees will be invited to express their preference as to when they shall take their vacations. In the assignment of vacation times, the Company will, as far as practicable, comply with these requests, giving preference to requests of senior men. Vacation schedules will be posted at least fifteen (15) days prior to the time vacations are scheduled to start. Under normal operations, vacations for all shift men shall run from change-date to change-date. However, at the time an employee expresses his vacation preference, he may elect to have his vacation run from change-date to change-date and receive pay for the vacation to which he is

eligible. Alternatively, he may elect to defer his return to work unless he has received the full number of scheduled workdays of vacation to which he is entitled.

Employees may schedule one-half of their annual vacation in increments of less than one week, with a minimum of one-half a shift, provided there is no increase in cost to the Company, Company operations will not be hindered, and prior supervisory approval is attained. This supersedes other provisions of the Agreement otherwise in conflict with this Agreement.

Vacation Pay

4 Vacation pay shall be computed on the basis of an employee's straight-time hourly rate (excluding overtime) plus applicable night shift bonus, if any, based upon an employee's forward work schedule determined as of his last day worked prior to vacation.

Determination of Eligibility

5 Employees absent due to illness or injury will be given credit toward vacation entitlement for a maximum of six (6) months' continuous absence. Employees absent for any other purpose will be given credit for a maximum of thirty (30) days' continuous absence. In the event the leave of absence exceeds the above limitations, the employee's vacation entitlement date shall be adjusted by the period in excess of the limitation. Employees who are terminated while on a leave of absence shall be paid in full for all vacation earned up to the date absence commenced.

Payment in Lieu of Earned Vacation

6 Should any employee be terminated or resign, he shall be paid for all vacation earned but not enjoyed and fractions of a year shall be prorated.

ARTICLE 11 LEAVES OF ABSENCE

Union Business

1 If any employee desires a leave of absence in order to engage in any business pertaining exclusively to the business of the Union, upon written application by the Union, said leave will be granted by the Local Management and shall not affect such employee's seniority insofar as the provisions of these Articles are concerned. Accumulated leave under this provision shall not exceed ten (10) employees at any one time, nor shall it total more than sixty (60) months' leave in any calendar year. This limitation shall not apply to employees who are attending conventions, wage conferences, or Labor Board hearings at the request of the Union. No single leave shall extend beyond one (1) year but it may be renewed with the consent of the Company.

Personal Leaves

2 Upon written application to Management, employees with one (1) or more years of continuous service may be granted leaves of absence with or without pay for personal reasons or emergencies that may be deemed justifiable by the Company.

Death in Immediate Family

3 In the event of death of an employee's spouse, children, grandchildren, brothers, sisters, parents, parents-in-law, brothers-in-law, sisters-in-law, grandparents, grandparents-in-law, or any other relative residing in the employee's household, he shall be given the necessary time off not to exceed three (3) days without loss of pay to attend funerals and/or make necessary funeral arrangements.

ARTICLE 12 MAINTENANCE OF CREWS

1 On any work normally requiring a definite number of men, the Company will assign a man to fill the position of any employee absent through any cause:

- (1) if the work is to be carried on continuously without interruption, or
- (2) if there is to be no reduction in volume of work.

2 The foregoing does not apply where the reduction in crew is occasioned by a rearrangement of work or change in equipment.

ARTICLE 13 JURY SERVICE

In the event an employee is called for examination for jury service or as a witness by court subpoena, he will be reimbursed by the

Company for his normal earnings for the actual time he is required to be absent in connection with these services.

ARTICLE 14 CLASSIFIED EMPLOYMENT

All work peculiar to any craft or classified employment (job) shall be done by men regularly assigned to that craft or classification (job) whenever practical. However, any employee covered by any classification shall perform any duties to which he may be assigned.

ARTICLE 15 SERVICE LETTERS AND REPORTS ON UNSATISFACTORY WORK

1 In the event that any unfavorable report is recorded against the record of any employee, two (2) copies of such report shall be submitted to the employee at the time of recording. No written report on unsatisfactory work shall be charged against the record of any employee unless such report has been made within twenty-one (21) days (excluding Saturdays, Sundays, and holidays recognized under this Agreement) of the Company's knowledge of the occurrence, which is the subject of the report. Provided that no additional report has been issued during the intervening period, each report will be removed at the end of two (2) years, or in the case of a disciplinary suspension three (3) years.

2 Upon termination (whether discharge,

layoff or resignation) any employee to whom this Agreement applies may obtain from the Company, upon request, a service letter indicating the positions he has held and the period worked in each position. The Company shall not be required to make any comment concerning the character or quality of the work performed.

ARTICLE 16 HEALTH AND SAFETY

A. HEALTH AND SAFETY

1 Every employee will continue to have the opportunity to contribute to the health and safety program at the monthly safety meeting conducted in the Production units by the Foremen. Minutes of the monthly safety meeting will be posted in the unit. Any employee may submit additional comments that will be digested in the minutes by advising his Supervisor or by entering his comments in the unit Safety Suggestion Book.

2 The Union will appoint one hourly employee in each living area to meet with the Asset Manager on health and safety. The hourly employee so appointed will receive a copy of the minutes of the monthly safety meetings of employees from each production unit in each living area.

B. NEGOTIATIONS AND ARBITRATION

3 Separate and apart from the foregoing, during the term of the Articles of Agreement the Company is willing to negotiate upon request by the Union and through their designated negotiating representatives on proposals made by

the Union with respect to open and mandatory subjects for bargaining on health and safety. Such negotiations may include proposals for specific surveys of measurements of exposure to toxic chemicals or physical agents, studies regarding the effects on employees of such agents by qualified industrial consultants, who may be either outside consultants or Company personnel, as well as related physical examinations and medical tests. Any agreement reached hereunder shall be reduced to writing, specifically identified as an agreement hereunder, and signed by the parties. Any meetings or discussions held under Section A of this Article 16 shall not be construed to waive the Union's right to negotiate under this Section B. Any subject matter upon which negotiations are conducted as contemplated herein, but no agreement is reached, shall not be subject to the grievance and arbitration procedures of the Articles of Agreement. Disputes over the application and interpretation of any agreement reached pursuant to the negotiations provided for herein shall be subject to the grievance and arbitration procedures of the Articles of Agreement.

C. TESTS AND SURVEYS

4 Physical examinations, medical tests and surveys undertaken pursuant to any negotiations conducted under Section B will be performed at Company expense by qualified physicians or consultants, who may be either outside physicians or consultants, or Company personnel.

5 Results of those surveys conducted pursuant to negotiations under Section B will relate the findings to recognized Occupational Safety and Health Act standards.

D. GENERAL

6 The Company will furnish annually to the Union available statistical data on the illness, injury and death experience of employees in the bargaining unit.

7 Every employee is expected to satisfy himself that safe working conditions prevail before performing any services; if he is not so satisfied he should develop the matter immediately with his supervisor. Infractions of safety rules may be called to the attention of the Local Management by any employee or by the Adjustment Committee.

8 One employee covered by this Agreement who accompanies a government inspector during an inspection of the unit under the Occupational Safety and Health Act shall not lose normal straight-time pay for the time spent on such inspections.

9 Whenever a lost-time occupational injury occurs to an employee covered by this Agreement, one local hourly employee, as designated by the Union, may accompany the Company representative in an on-site review of such accident. The local hourly employee who participates in such an investigation shall not lose normal straight-time pay for time spent during such investigations.

ARTICLE 17 CLOTHING DAMAGE

1 Where employees in the course of their regular employment are engaged in spray painting or exposed to fire, acids, caustics, or other chemicals injurious to person and clothing, the Company will furnish protective wearing apparel (including goggles in appropriate cases) to those working on the job, or will compensate such employees for damage to clothing caused through failure to provide such protection.

2 The Company will make available rain apparel to employees required to work in unprotected areas during inclement weather.

ARTICLE 18 BULLETIN BOARDS

1 The Company will provide bulletin boards at convenient locations where they may be seen by employees entering and leaving their place of employment. These boards may be used exclusively by the Union for notices indicating the times and places of meetings or items of a similar nature, such notices to be first approved by the Local Management.

2 The Union will submit to the Company the name of the person authorized by them to post notices. In the event such an individual is a non-employee, he shall be permitted to enter Company property during daylight working hours and be accompanied by a person designated by the Company representative locally in charge.

ARTICLE 19
PERMISSION TO ENTER UPON
COMPANY PROPERTY

1 Upon proper application, stating the purpose, number of representatives and estimated time, accredited representatives of the Union shall be granted the privilege of entering upon the properties of the Company at any time during daylight hours, (1) for the purpose of assisting in the settlement of any pending grievance that shall have been referred to them as hereinafter provided, and (2) to assist in arranging for the settlement of any labor dispute in which the Company, any of the employees upon such property and the Union are all concerned and which is of a character that is not subject to settlement through the grievance procedure provided for in Article 20. The Union representative shall be accompanied by the local Manager or someone designated by him.

2 The above does not apply to residences on Company property where the decision rests entirely with the employee.

ARTICLE 20
GRIEVANCES

A. ADJUSTMENT COMMITTEE

1 An Adjustment Committee shall be selected by the Union for each production unit (Coalinga, Brea/Olinda, Midway Sunset, and Ventura). Such Committee shall include from three (3) to seven (7) members. (Should a production unit not justify a separate Adjustment

Committee, then by mutual agreement between Union and Company, employees in such production units may be represented by the Adjustment Committee from another production unit). The members of such Committee shall be employees of the Company to whom this Agreement applies and shall be actively employed.

B. STEWARDS

2 In order to aid in the proper disposition of grievances, stewards may be selected by the Union. A steward shall be selected from among the active employees in each operating unit in each operations area (except at Midway Sunset where one steward shall be selected for the North and one steward selected for the South), subject to the following:

(1) The duties of the steward shall be limited to the handling of grievances within the geographical boundaries of the operating unit from which he is selected and in which he is selected to serve.

(2) The steward shall be limited in the handling of grievances to the procedural step, Employee-Supervisor set forth hereinafter, but may be used in subsequent procedural steps for the purpose of relating the findings of his investigation with respect to the grievance being processed.

(3) No steward shall leave his job while his presence is necessary for the safe conduct and efficiency of the operation in which he is engaged.

3 The Union will furnish to the Company a current list of stewards.

C. GRIEVANCES

4 Any individual employee or group of employees shall have the right at any time to present grievances to the Company. The general subject of wages, hours, and working conditions, so far as covered by this Agreement, shall not be considered a grievance within the meaning hereof except so far as the applicability thereof to a particular case may make it a matter of direct individual concern to the employee or employees asserting the same.

5 Grievances relating to the application and interpretation of this Agreement shall be handled as follows:

Employee - Supervisor

6 The employee shall first seek direct adjustment with his supervisor. In submitting a grievance to his supervisor, the employee may be accompanied by the steward assigned to the operating unit in which the employee is employed.

7 The supervisor shall give his decision in the grievance to the employee within fourteen (14) days. If the grievance is submitted in writing, the supervisor's decision shall be in writing.

Adjustment Committee - Local Management

8 If the grievance is not settled by the supervisor to the employee's satisfaction, he may within ten (10) days present his grievance to the Adjustment Committee. The Adjustment Committee shall have the right to meet with Local

Management for discussion of the grievance. The Adjustment Committee must make written request for such meeting within fourteen (14) days of receipt of the grievance from the employee, accompanying their request with a copy of the grievance. The meeting shall be held within fourteen (14) days of receipt of such request at a time and place to be designated by Local Management, and Local Management shall give written decision to the employee and to the Committee on the grievance within the twenty-one (21) day period following the meeting.

Arbitration

9 If the grievance is not settled as a result of the foregoing, then the Union may within thirty (30) days after receipt of Local Management's written decision in the last step of this procedure, request arbitration thereof by written notice to the Local Manager. The Manager may act as or may designate one (1) arbitrator. The Local Union Secretary-Treasurer or his designee may act as or may designate one (1) arbitrator. The two (2) arbitrators so selected shall meet within fourteen (14) days from date of Company's receipt of Union request for arbitration and attempt to settle the grievance. Failing to reach agreement, either of these two arbitrators may, within thirty (30) days after the receipt of request for arbitration, request the other to join in the selection of a third person to act with them and the decision of any two (2) shall be final and binding on all persons concerned. If the two (2) arbitrators fail to select a third person within thirty (30) days, the Federal Mediation and Conciliation Service shall be requested to submit a list of arbitrators from their panel, one of whom shall be chosen by the parties as the third person. The third person selected shall render a written decision within sixty (60)

days after the close of the hearing unless the parties mutually agree otherwise. Close of the hearing will occur when final written briefs are submitted by the parties. Expense of arbitration shall be shared equally.

D. GENERAL

10 Any grievance may be brought up for discussion at any time. However, it is agreed that no adjustment shall be made on any grievance unless the grievance has been so presented to the Local Management within thirty (30) days after its occurrence.

11 No employee who has acquired seniority rights shall be given a disciplinary suspension or be terminated except for just cause. The termination of an employee who has not acquired seniority rights shall not be subject to the grievance and arbitration procedures outlined in this Article. No grievance arising from the disciplinary suspension or termination of an employee shall be given consideration unless presented in writing to the Local Management within seven (7) days after the effective date of the disciplinary suspension or termination. Any adjustment made on the grievance arising from these causes shall date from the effective date of such disciplinary suspension or termination.

12 All grievances shall be governed by the terms of and in the manner of settlement by the Articles of Agreement in effect at the time the subject matter of the grievance occurred. In calculating time limits under this Article, Saturdays, Sundays and holidays recognized under this Agreement shall not be included.

13. Time limitations specified may be extended by mutual agreement between parties. In the event the Company fails to respond within any of the time limits set forth above in this Article, it shall be considered a denial of the grievance by the Company and the Union may proceed to the next step of the grievance procedure within the time limits set for the applicable step.

ARTICLE 21 DISABILITY LEAVE

Employees covered hereby shall be entitled to disability leave benefits in accordance with the provisions of the "Aera Energy Services Company Short Term Disability Plan," except that no change shall be made without prior discussion with the Union.

ARTICLE 22 ASSIGNMENT ON RETURN FROM DISABILITY LEAVE

1 Upon return from disability leave, an employee shall be assigned to work in his regular classification, or to the classification in which he would then be working, except for such absence, provided he is capable of performing such work.

2 In case an employee becomes incapable of performing his work through accident or sickness, the Company will, if in its judgment proper work is available, provide such work as the employee is capable of performing. If such an employee returns from disability leave to work in a lower rated job because of physical inability to handle his regular job prior to the time he has

exhausted his schedule of full pay benefits under the Aera Energy Services Company Short Term Disability Plan and the rate for the work, which is provided in accordance with the above, is less than the disability full pay rate which he was receiving immediately prior to returning to work, he shall be continued at that disability pay rate until such time as (1) the period of such full pay benefits under the Aera Energy Services Company Short Term Disability Plan would have been exhausted, or (2) he returns to his regular rate, or (3) he leaves the payroll for any cause, whichever first occurs. When such employee is capable of returning to his former duties, he shall be placed in the classification in which he would then be working, except for such absence. Promotions, demotions and layoffs of such employee shall be governed by the provisions of Article 23. Continuity of service for purposes of this Agreement shall not be affected by any temporary absence of the nature contemplated in this Article.

ARTICLE 23

PROMOTIONS, DEMOTIONS, LAYOFFS, RE-EMPLOYMENT

A. DEFINITIONS

For the purpose hereof, the following definitions shall be applicable:

1 Company Seniority is the total accumulated time an employee has in the service of the Company in any classification covered by this Agreement in the Bargaining Unit.

2 Production Seniority is the total

accumulated time an employee has in any classification covered by this Agreement in the Bargaining Unit. However, an employee shall lose all prior Production seniority rights if he works in any classification not covered by this Agreement for a period in excess of (1) one hundred eighty (180) consecutive days, if he has less than five (5) years of Company seniority, or (2) twelve (12) consecutive months if he has five (5) or more years of Company seniority. The foregoing limitations do not apply to any personnel covered by Paragraph 23 hereof.

3 Department: A Department is the general grouping of the related units and divided from the other unit or units by a vertical line drawn through Exhibit A, attached hereto and by this reference made a part hereof.

4 Temporary: A temporary job is one that is a replacement for an employee who is on a permanent job but is absent from the permanent job (i.e., vacation relief, sick relief, or leave of absence relief).

5 Limited Duration: A limited duration job is an assignment whose duration is estimated to be, or is, of sixty (60) calendar days or less and is not a replacement for another employee. By mutual agreement between the Company and the local Adjustment Committee the sixty (60) day period may be extended.

6 Permanent: A permanent job is one that is neither temporary nor of limited duration as described above.

B. PROMOTIONS AND FILLING VACANCIES

7 In making promotions and/or filling vacancies in accordance with job bidding procedures the Company considers the qualifications of the man for the job, giving equal consideration to ability, efficiency and seniority. In the event the employee selected for promotion does not have the greatest seniority, any employee having greater seniority and eligible for consideration for such promotion shall be advised by the Company (in advance when possible) why he was not selected for such promotion.

8 Seniority, insofar as it is applicable in making promotions, shall be Production seniority in classifications above the red line and Company seniority in classifications below the red line on Exhibit A.

9 Promotions above the red line on Exhibit A shall be made from within the Bargaining Unit. A wage bracket is defined by solid horizontal lines on Exhibit A. Employees in wage progressions shall be considered as being in a single classification for seniority purposes and there shall be no distinctions in work assignments at any progression steps. Where the job immediately below that on which a shift breaker is needed for relief is not a twenty-four (24) hour, seven (7) day per week requirement, the shift breaker will be assigned between the two (2) jobs nearest on the wage scale that have such a requirement. The average scheduled weekly earnings of such shift breaker will be greater than those of the intervening jobs not operating on a continuous seven (7) day per week basis.

10 Refusal to accept promotion shall not

jeopardize an employee's opportunities for future promotions.

C. DEMOTIONS

11 In making demotions due to curtailment or lack of work from any classification above the red line on Exhibit A, the employee or employees having the least Production seniority will be demoted first.

12 An employee in a classification above the red line on Exhibit A filling a temporary or limited duration job may not exercise his seniority to displace a permanent employee.

13 The excess employee in the classification involved shall be the employee with the least Production seniority in the living area in which the curtailment or lack of work occurs. This excess employee will displace the employee most junior to him in the classification involved within that operations area. The excess employee in that operations area will displace the employee most junior to him in the classification involved in the other operations areas. If the excess employee is the most junior employee in his classification in the Bargaining Unit, he will displace the most junior employee to him with respect to Production seniority in a classification in an equal wage bracket in the same department, or if there is no employee with less Production seniority in that wage bracket, he will displace the most junior employee to him in the next lower wage bracket in the same department where there is an employee with less Production seniority. However, when the employee being demoted has previously held, on a permanent basis, a job of equal or lower rate of pay in the same department, he may elect to be

transferred to such previous job provided he does not displace an employee with equal or greater Production seniority. Placements shall be determined in the following sequence: (1) living area, (2) operations area, (3) Bargaining Unit. In the event the excess employee desires to remain in his present living area, he may elect to be demoted to the next lower classification in the same operations area provided he does not displace an employee with equal or greater Production seniority.

14 The job below the red line is to be considered a common pool, and promotions and demotions within this group shall be made on a Bargaining Unit-wide basis.

D. LAYOFFS

15 In making layoffs due to curtailment or lack of work, the employee or employees having the least Company seniority in the Bargaining Unit will be laid off first. However, if an employee with greater seniority displaces an employee being laid off he must have the requisite ability to perform the work with a reasonable break-in period.

16 When a reduction of force is necessary the Company will give the Union a list of names of the employees affected.

E. RE-EMPLOYMENT

17 When the Company is adding to its workforce, it will offer employment to the former employee retaining the greatest length of Company seniority who has been laid off due to curtailment or lack of work from the Bargaining Unit.

Notices to Former Employees

18 In the event any former employee is given notice at his last-known address by oral advice direct to him, or by written notice left thereat, of opportunity for re-employment and does not accept the employment offered within seventy-two (72) hours thereafter, he shall lose all rights for consideration by the Company for re-employment, unless he notifies the Company in writing of his desire to be considered for future re-employment. Such notification must be given after each rejection and must be given within and will apply only for the period the individual retains seniority rights. Any man accepting re-employment shall be required to appear for work within a reasonable time. Whenever circumstances do not permit the elapse of time or the giving of notice as herein provided, the Company shall make reasonable effort to locate a senior man and shall have the right to employ that man of those they succeed in locating within the time allowed, having the greatest Company seniority.

F. GENERAL

Commencement and Retention of Seniority

19 Seniority rights shall be from date of hire except that an employee shall not have any seniority rights in case of terminations until he currently has one hundred eighty (180) days' seniority; provided, however, the Company and the Union may mutually agree to extend the probationary period by an additional one hundred eighty (180) days. In calculating seniority rights in case of terminations, credit towards the 180 days' seniority will not be given for any workdays that the employee is absent from

work. Each workday absent shall extend the period by a workday.

20 An employee laid off through no fault of his own will retain his prior seniority (a) if he is rehired or accepts the conditions of the employment offered him within one hundred eighty (180) days after termination, or (b) if he had five (5) years or more of Company seniority at the time of termination and is rehired or accepts the conditions of the employment offered him within two (2) years. In determining the employee's total Company or Production seniority, the time he is off the payroll shall not be included. Any man not rehired within the time applicable to him as specified shall lose all seniority rights except that if the employee referred to in (a) above should be rehired after one hundred eighty (180) days but prior to one year after termination, he shall have the seniority accrued by him to the date of his termination restored. Except as set forth above seniority shall be from date of rehire.

Employees Not Qualified

21 The Company shall not be required to employ any person on or for any work, or place or continue any employee on a job for which he is not fully qualified, and any employee found unsuitable for the work to which he is assigned shall be demoted to a job for which he is qualified or shall be laid off if there is no available job for which he is qualified held by an employee with less seniority. If an employee is demoted to a classification with a wage progression, he shall begin at the Start rate for that classification.

22 The provisions of this Article shall not be deemed to restrict the discretion of the Company

in the employment in any classification covered by this Agreement of new men or men previously employed by the Company in any other capacity or classification, whenever specially qualified former employees who still retain their seniority rights are not available.

Return To Bargaining Unit

23 An employee now in or hereafter transferred or demoted to a classification under this Agreement shall be given credit for seniority purposes under this Agreement for all time spent previously in a classification covered by this Agreement. Upon return from a job outside the Bargaining Unit, assignment will be made on a seniority basis to a job in the department from which the employee came.

New Departments

24 The Company may at any time establish new departments or regroup any departments now appearing on Exhibit A. If such changes in any way affect the status of the employees concerned for the purposes of this Article, such status shall become a matter of determination between the Local Management of Company and the local Adjustment Committee and shall become a part of this Agreement when approved by the Company and Union.

ARTICLE 24 SPECIAL PROVISIONS

Job Bidding

1 Permanent job vacancies above the red

line on Exhibit A shall be posted by the Company for a period of ten (10) consecutive calendar days. Within a living area an employee is not eligible to bid on a posted job vacancy in his permanent classification; in addition, within the Bakersfield living area an employee is not eligible to bid on a permanent classification at a lower rate of pay.

2 Vacancies posted in accordance with Paragraph 1 above shall be filled in accordance with Article 23. Employees failing to bid will not be considered for the particular vacancy. The Company shall post the results of job bidding within thirty (30) days after closing of the bids.

3 Bids on a posted job vacancy must be received by the bidding employee's supervisor within the ten (10) day period during which the vacancy is posted. An employee, prior to going on vacation or leave, may submit to his supervisor a bid on all jobs on which he desires to bid, should any vacancies occur in such jobs during such vacation or leave.

4 Pending the assignment of an employee to a permanent job vacancy in accordance with the foregoing, or in filling temporary vacancies, the Company will temporarily assign a locally available employee to the job in accordance with Article 23, Paragraph 7. In the event the employee selected does not have the greatest seniority, any employee having greater seniority and eligible for such temporary promotion shall, on his request, be advised by the Company why he was not selected.

5 In the event no bids are received by the Company for any job vacancy or the employees bidding are not qualified for the job, the Company

may hire any new man or men, or offer a transfer to a man or men as may be necessary to fill the vacancy.

Transfers

6 An employee who is a successful bidder on a posted job vacancy in a classification of equal or lower rate of pay than his previous classification shall not be reimbursed for moving or travel allowance.

General – Work Outside of Unit

7 When an employee covered by this Agreement works as a temporary replacement in a classification or job in the State of California administered by the Company which is not covered by this Agreement, his Production seniority will accrue in his permanent classification for the time he is on such temporary work. Upon completion of such temporary work, he will be returned to his permanent classification. If such work exceeds one hundred eighty (180) consecutive days, Paragraph 2 of Article 23 shall apply.

Technical Trainees

8 The provisions of Article 23 shall not apply to or in anyway affect any technical man in training. If the assignment of such a man in training results in the demotion of any employee covered by this Agreement, the Company shall maintain for the demoted employee the rate of pay of the classification from which he was demoted for the period he is displaced by the man in training. Technical men in training will not be used to fill permanent job vacancies.

ARTICLE 25 MISCELLANEOUS

Shift Work

1 The Company shall be free to establish on a shift basis any work at any time where it considers the volume or character of the work requires it.

Cleaning Tools

2 Employees shall be allowed to clean their tools on Company time at the end of the workday.

Board and Lodging - Temporary Transfers

3 If any employee is temporarily transferred from his living area to another living area, the Company will furnish board and lodging, or, at its election, will allow such employee reasonable costs incurred for board and lodging during the period of temporary transfer. If, however, the Company arranges to furnish board and lodging, the employee may elect to avail himself thereof or to receive the equivalent cost to Company of furnishing the same during the period of temporary transfer.

Transportation

5 In case an employee reports to a designated point for work under instructions and then is instructed to report to another point for work, transportation shall be supplied by the Company or compensated for at the current Company rate of mileage reimbursement for all Company employees. If an employee is

instructed prior to reporting for work to report at a location outside his regular living area and is required to drive his own vehicle he shall be reimbursed for miles so driven in excess of 20 per day at the current Company rate of mileage reimbursement for all Company employees. If, at the Company's request, an employee is transferred from one living area as defined by the Company to another, he shall be allowed the reasonable cost for transportation for himself, and shall be paid for any of his regular working days lost, and in the event of traveling on his regular days off shall be compensated for same at his regular rate. Any time consumed in traveling on regular days off shall not be considered as time worked. If such transfer is permanent, the Company will also allow reasonable cost for transportation for his family and household effects. Living areas as defined by the Company are Los Angeles Basin, Ventura, Bakersfield, Taft, and Coalinga for the period of this Agreement.

Meal and Safety Shoe Allowance

6 The Company will pay each employee an annual allowance of \$635.00 gross, to be paid in a lump sum in March of each contract year.

This is a taxable, non-benefits-bearing lump sum allowance. An employee must be active on the payroll on the date of payment of the allowance to be eligible (no prorated payments will be made.)

Opportunity to Eat at Work

7 An employee who is required to work two (2) or more consecutive excess hours, either before or after, but continuous with his regular shift, shall be afforded an opportunity to eat on Company time.

ARTICLE 26
NO CESSATION OF WORK

During the term of this Agreement there shall be no cessation of work through strikes or lockouts.

ARTICLE 27
NOTICES

Any notices provided herein may be given by depositing the same in the United States mail in a sealed envelope, certified and postage prepaid, and addressed as specified below:

To the Union:

United Steel, Paper and Forestry, Rubber,
Manufacturing, Energy, Allied-Industrial and
Service Workers' International Union
Attn: International Representative
927 South Village Oaks Dr, Suite 100
Covina, CA 91724

To the Company:

Aera Energy Services Company
Attn: Senior Vice President, Human Resources
PO Box 11164
Bakersfield, California 93389-1164

ARTICLE 28
MAINTENANCE OF EXISTING
CONDITIONS

No condition presently enjoyed by the employee affected by this Agreement shall be curtailed as a result of the signing of this Agreement except as herein provided expressly or by necessary implication. Unless specifically provided otherwise in this Agreement or in a letter of agreement between the parties, employees covered by this Agreement will receive employee benefits in accordance with the provisions set forth in the published benefit plans (Aera Energy Services Company Benefits Handbook) of the Company, provided however, that these plans will be subject to any change, revision, or revocation which is made generally effective throughout the Company. The Company agrees to advise the Union in advance of any change, revision, or revocation to such plans, however, these are not subject to collective bargaining.

ARTICLE 29
PRIOR AND COLLATERAL
AGREEMENTS

This Agreement shall constitute the entire agreement between Union and Company relating to the employees to whom this Agreement applies and no other stipulation or understanding shall limit or qualify its terms; provided, however, this Agreement shall be subject to modification by mutual written agreement of the parties hereto. This Agreement shall, as of the commencement date hereof, cancel and supersede all prior agreements between Union and Company relating

to the employees to whom this Agreement applies, except as herein otherwise provided.

ARTICLE 30 NO DISCRIMINATION

The provisions of this Agreement shall be applied to all employees without discrimination on account of age, sex, race, religion, color or national origin. Male gender terms such as he, his, him, man, etc., and job classification titles that are included in this Agreement shall be interpreted as including both males and females.

ARTICLE 31 VALIDITY

If any court shall hold any part of this Agreement invalid, such decision shall not invalidate any other part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed this 22nd day of February 2012.

FOR THE UNION

United Steel, Paper and Forestry,
Rubber, Manufacturing, Energy,
Allied Industrial and Service Workers'
International Union, AFL-CIO, CLC on behalf
of LU 219 and 12-6

Leo W. Gerard, International President

Stanley W. Johnson, International Secretary-
Treasurer

Thomas M. Conway, International Vice President
Administration

Fredrick D. Redmond, International Vice President
Human Affairs

Robert LaVenture, Director District 12

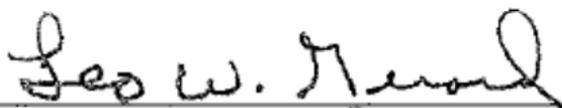
Rick Latham, Sub-District 12 Director

Bill Locke, Staff Representative

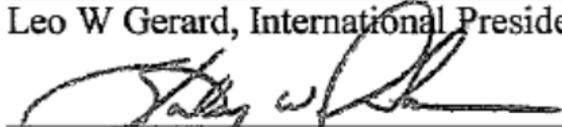
LU Negotiating Committee

FOR THE UNION

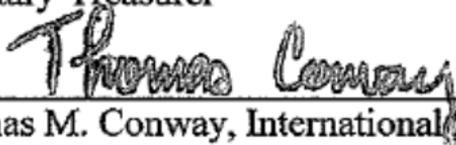
United Steel, Paper and Forestry, Rubber
Manufacturing, Energy, Allied Industrial
and Service Workers International Union
(USW) on behalf of LU 219 and 12-6



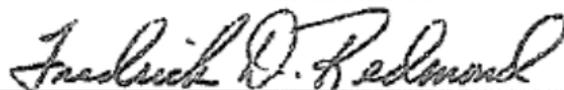
Leo W Gerard, International President



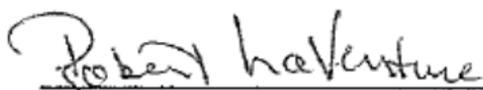
Stanley W. Johnson, International
Secretary-Treasurer



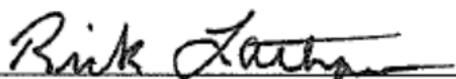
Thomas M. Conway, International
Vice President Administration



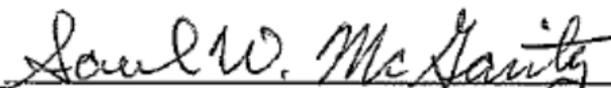
Fredrick D. Redmond, International
Vice President Human Affairs



Robert LaVenture, District Director



Rick Latham, Sub-District Director



Saul W. McGarity, Staff Representative

LU Negotiating Committee

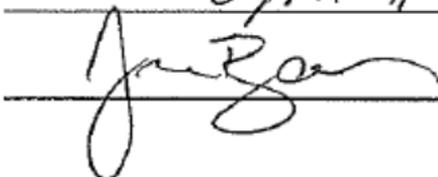


EXHIBIT A - PRODUCTION

CLASSIFICATION	2/1/2012 HOURLY RATE	2/1/2013 HOURLY RATE	2/1/2014 HOURLY RATE
Mechanic No. 1	\$35.71	\$36.78	\$37.88
Lead Production Operator	\$34.79	\$35.83	\$36.90
Production Operator			
After 3rd Year	\$33.68	\$34.69	\$35.73
After 2nd Year	\$31.42	\$32.36	\$33.33
After 1st Year	\$29.43	\$30.31	\$31.22
Start	\$27.43	\$28.25	\$29.10

There shall be no distinctions in work assignments of Production Operators at any progression step.

Trainee

Upon completion of probationary period	\$25.44	\$26.20	\$26.99
Start	\$23.18	\$23.88	\$24.60

Where a vacancy, which was posted in accordance with the provisions of Article 24 remains unfilled, a new employee or an Aera employee from outside the Bargaining Unit may begin at any of the Production Operator wage rate progression steps when it is determined by the Company that the individual is qualified.