

MEMORANDUM OF AGREEMENT**BETWEEN****TEXACO EXPLORATION & PRODUCTION, INC.
BAKERSFIELD DIVISION****AND****PAPER, ALLIED-INDUSTRIAL, CHEMICAL AND ENERGY
WORKERS INTERNATIONAL UNION, AFL-CIO, CLC**

It is hereby agreed by and between Texaco Exploration & Production, Inc. Bakersfield Division (hereinafter called the "Company") and the Paper, Allied-Industrial, Chemical and Energy Workers International Union, AFL-CIO, CLC (hereinafter called the "Union") that the following understandings have been reached in contract negotiation meetings.

In connection with implementing a 12-hour work schedule in certain plants as discussed in these negotiations, it is agreed that the following terms and conditions will be in effect the first day of the first work week of the month following ratification of this Memorandum of Agreement.

I. Feasibility

- A. Management will closely monitor various factors to determine the success of the 12-hour shift schedule. It is not the intent of the Company to reduce the workforce as a result of the mutual consent of the Union and the Company to implement a 12-hour work schedule.
- B. This agreement will be in effect until the expiration of the current Articles of Agreement, on January 31, 2002. In determining the success, the following criteria must be met:
 - No adverse effect on the health and safety of employees.
 - No adverse effect on productivity or operating efficiency.
 - No increase in payroll operating costs.
 - No adverse effect on employees' wages or benefits.
 - Effectiveness and reliability of the relief coverage.
 - All other articles and administrative procedures in the collective bargaining agreement not specifically addressed by this 12-hour shift procedure remain in effect.
- C. Upon thirty (30) days written notice, either the Company or the Union may terminate this Memorandum of Agreement. The Union agrees that cancellation of the 12-hour shift schedule for any reason by either party will not be subject to the grievance and arbitration article

(Article XVI) of the Articles of Agreement and will not be cause for any other legal proceeding by either party. The termination will be effective at the end of the 56-day cycle in progress, 30 days from date of notification.

- D. Any modifications to this Memorandum of Agreement during the term of the contract will be made by mutual agreement. However, if the 12-hour shift schedule is discontinued for any reason by either party, following the term of the Agreement referenced above, such cancellation will not be subject to the grievance and arbitration article (Article XVI) of the Articles of Agreement and will not be cause for any other legal proceeding by either party.
- E. Should the 12-hour shift schedule be cancelled for any reason, the 8-hour shift schedule in effect prior to the implementation of the 12-hour schedule will be resumed unless the Company and Union agree otherwise in writing. The base rates will be adjusted to what the wage rates would have been had there never been a 12-hour shift schedule.
- II. The following Plants (hereinafter called the “Plant(s)” will implement a 12-hour work schedule pursuant to this Agreement, in the administration of wages, hours, and working conditions.
- Station 36 – Kern River Area (Operators and Head Operators)
 - CoGeneration – South East CoGeneration – Kern River Area
 - Station 2-22 – San Joaquin Valley West Area (Operators only, excludes individuals responsible for gauging tasks)

Each Plant operating on a 12-hour work schedule will implement the attached work schedule. This work schedule consists of an eight (8) week cycle, equal to 336 hours. The Company will consult with the employees affected before making any general revisions of employees’ existing 12-hour work schedule.

III. Glossary of Terms

A. Scheduled Overtime

Those hours worked in excess of eight (8) but not more than twelve (12) on any regular scheduled workday. Scheduled Overtime Rate = [4 hours x 1.5 x (ASTR + SDIA)]

B. Unscheduled Overtime

Those hours actually worked in excess of twelve (12) hours in any scheduled workday or beyond an employee’s regular scheduled workweek.
 Unscheduled Overtime Rate = [hours x 1.5 (BSTTR + SDIA)]

C. Volunteer List

Those Operators/Head Operators that “volunteer” to cover open shifts or work overtime on their days off as long as the overtime does not interfere with their regular scheduled shift. The Shift Foreman may call Operators/Head Operators who indicate on the Volunteer List that they are available.

D. Straight Time

Non-overtime pay or hours

E. Basic Straight Time Rate (BSTR)

Equals the pay rate employees will receive when working a normal 8-hour day, such as special assignment work, training, or other special jobs. Employees working a regular 8-hour shift rotation will receive the BSTR of pay. [BSTR + SDIA]

F. Adjusted Straight Time Rate (ASTR)

In converting from the 8-hour shift schedule to a 12-hour day schedule, employees will work the same number of hours in a 56-day cycle.

To adjust for this and to maintain pay at the same level under both the 8-hour schedule and the 12-hour schedule, an adjusted straight-time rate (ASTR) is calculated. The ASTR is used to pay all hours in the 12-hour regular shift schedule. Therefore, ASTR is the adjusted pay Plant employees receive because of the additional time and a half pay specified for the 12-hour shifts. There is no significant pay difference over the 8-hour schedule.

G. SDIA – Shift Differential If Applicable

IV. Administration Definitions

- A. The number of working hours in the workweek may vary, based on the 12-hour schedule selected.
- B. Workweek: 7 consecutive work days starting with 12:01 a.m. Monday to 12:00 a.m. Sunday.
- C. Work Schedule – will consist of 336 hours in a 56-days cycle.
- D. Night Shift 6:00 p.m. to 6:00 a.m.

- E. Shift Differential: A shift differential of \$.88 for all night-shift hours (factored rate (.87755 x \$1.00))
- F. Unscheduled Overtime Work: All overtime work, which is defined as hours worked outside the employee's normal 12-hour schedule, shall be paid at 1-1/2 times the basic-straight time rate of pay. [hours x 1.5 x (BSTR + SDIA)]
- G. Callouts: All callouts shall be paid at the greater of a 4-hour minimum (BSTR) of 1-1/2 times the basic-straight time rate of pay, times hours actually worked.
- H. Meal Allowance:

If an employee is required to continue at work two (2) hours of more beyond his/her scheduled 12-hour schedule, 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 five dollars (\$5.00) per meal.

- I. Holiday Pay: Ten paid holidays are currently observed.

Holiday Worked:

(12 hrs x ASTR) x 1.5 + (8 hrs x BSTR) – 6:00 a.m. to 6:00p.m.

$$\begin{aligned} \$20.60 \times 12 \text{ hrs} \times 1.5 &= \$370.80 \\ \text{Plus } \$23.47 \times 8 \text{ hrs} &= \underline{\$187.76} \\ &= \$558.56 \end{aligned}$$

-or-

(12 hrs x (ASTR + SDIA)) x 1.5 + (8 hrs x BSTR) – 6:00 p.m. to 6:00a.m.

$$\begin{aligned} \$21.48 \times 12 \text{ hrs} \times 1.5 &= \$386.64 \\ \text{Plus } \$23.47 \times 8 \text{ hrs} &= \underline{\$187.76} \\ &= \$574.40 \end{aligned}$$

Holiday Not Worked:

(8 hrs. x BSTR)

$$\$23.47 \times 8 \text{ hrs.} = \$187.76$$

- J. Funeral Leave: Funeral leave will be paid at the adjusted-straight time rate of pay times the hours scheduled to work. [(8 hrs x ASTR) + 1.5 x (4 hrs x ASTR)]

- K. Jury Duty: Jury duty will be paid at the adjusted-straight time rate of pay times the hours scheduled to work. $[(8 \text{ hrs} \times \text{ASTR}) + 1.5 \times (4 \text{ hrs} \times \text{ASTR})]$
- L. Floating Holiday: Floating holiday will be paid at the basic-straight time rate of pay times 8 hours.
- M. Union Business: Union business will be paid at the adjusted-straight time rate of pay times the hours scheduled to work. $[(8 \text{ hrs} \times \text{ASTR}) + 1.5 \times (4 \text{ hrs} \times \text{ASTR})]$
- N. Vacation will be calculated in hours:
- 2 weeks = 84 hrs
 - 3 weeks = 126 hrs
 - 4 weeks = 168 hrs
 - 5 weeks = 210 hrs
 - 6 weeks = 252 hrs
- O. Vacation will be paid at the adjusted-straight time rate of pay times the hours scheduled to work $[(8 \text{ hrs} \times \text{ASTR}) + 1.5 \times (4 \text{ hrs} \times \text{ASTR})]$
- P. STD will be calculated in hours:

Years of Service	Full Pay Weeks	Full Pay Hours	Half Pay Weeks	Half Pay Hours
After 1	4	168	2	84
2	4	168	7	294
3	4	168	12	504
4	4	168	17	714
5	8	336	18	756
6	8	336	23	966
7	8	336	28	1176
8	8	336	33	1386
9	12	504	34	1428
10	13	546	39	1638

STD will be paid at the adjusted-straight time rate of pay times hours scheduled to work. $[(8 \text{ hrs} \times \text{ASTR}) + 1.5 \times (4 \text{ hrs} \times \text{ASTR})]$

If an employee is receiving full pay benefits under the short term disability plan, and a holiday falls on one of the regularly scheduled work days that the employee is unable to work because of sickness or injury, then that day will be paid as follows:

8 hours paid at the basic straight time rate with no change to the employees' sick bank, PLUS, 4 hours sick time at the adjusted-straight time rate of pay.

- Q. Employee Thrift Plan: Because scheduled overtime hours are included toward Thrift Plan contributions under the 12-hour schedule, benefits increase under the 12-hour schedule.
 - R. Retirement Plan: Because scheduled overtime hours are included toward Retirement Plan contributions under the 12-hour schedule, benefits increase under the 12-hour schedule.
 - S. Term Life Insurance Plan: Because scheduled overtime hours are included toward Term Life Insurance Plan contributions under the 12-hour shift schedule, benefits increase under the 12-hour schedule.
 - T. Group Universal Life: Because regularly scheduled overtime hours are included in base pay calculations, benefits increase under the 12-hour schedule.
- V. 12-Hour Shift Schedule
- A. All Plant Operators/Head Operators must participate in the 12-hour shift schedule unless excluded by Management. Management will consider special assignment work, training, or other 8-hour work on an individual basis.
 - B. Shift trades (including partial shift trades) will be allowed as long as the Company incurs no additional expenses of any nature and the trade is not detrimental to operating requirements. All shift trades will be completed in the same workweek. All shift trades must be submitted to and approved in advance by the Shift Foreman.
 - C. Any Operator/Head Operator working in the Plant on the 12-hour shift schedule who works over 14 consecutive hours, will be entitled to a meal or meal allowance.
 - D. No employee shall be required to work more than sixteen (16) consecutive hours, without his consent.
 - E. Operators/Head Operators will be able to continue one-day-at-a-time (one day vacation equals 12 hours) vacation in other than consecutive days, not to exceed 15 days per year. This may be requested in accordance with the following guidelines. The Company will allow employees to use two (2) days (twenty-four hours) of the 15 days vacation to be broken into half (1/2) day (six hour) vacations.
- VI. Unscheduled Overtime Guidelines
- A. Since the Company understands that one of the desirable aspects of the 12-

hour shift schedule is to provide additional days off; the Company will endeavor to avoid scheduling employees in a manner which would require them to work an excessive number of scheduled days off.

The following guidelines are provided to obtain uniform unscheduled overtime administration when unscheduled overtime situations occur and Operators/Head Operators are needed to work.

These guidelines will consider unscheduled overtime to be any work performed outside the employee's normal schedule.

1. Operators'/Head Operators' Overtime Records

- a. An overall cumulative record will be kept for all Operators/Head Operators working a 12-hour schedule. This record will be kept by the Plant. Overtime-hour records will be available upon request.
- b. A new employee to the Plant will be placed at the bottom of the overtime record when qualified to work independently by the Shift Foreman.

2. Overtime Administration Policy

- a. Two one-week Volunteer Lists will be posted. The lists will be posted for a period of two weeks. The past week's List will be removed on Tuesday, to be replaced with a List to be effective the week after current week.
- b. Volunteer Lists should be signed up for by Operators/Head Operators working in the Plant, wishing to work overtime during a specific workweek (Monday through Sunday). Those desiring the overtime should be signed up midnight each Tuesday to enable the Shift Foreman to begin covering overtime for the following week.
- c. The typical restrictions on overtime sign-ups are: 1) a person must be qualified to work the job, 2) no more than two 16-hour shifts on consecutive days, 3) no more than four 16-hour shifts in a workweek, 4) working night shift followed by day shift is still not allowed, and 5) no more than 16 continuous hours may be worked.
- d. Operators/Head Operators working in the Plant should sign up for the days they are willing to work overtime and then indicate the number of overtime shifts they actually want to work during that week by placing the number of shifts next to their name on the list. When a person signs the Volunteer List, they are indicating that they are available and willing to work overtime assignments on the days indicated. Employees changing their mind about volunteering for overtime should contact the Shift Foreman as soon as possible to be deleted from the list so that volunteer overtime administration can be maintained. A person can be deleted from the list without being charged for overtime only if they advise the Shift Foreman more than 24 hrs. before they are scheduled to work.

- e. The Shift Foreman, when filling an overtime need, shall solicit volunteers by calling the Operators/Head Operators that are signed up on the list with the lowest number of accumulated (worked and refused) overtime hours. The Shift Foreman will remove a person from the list when the number of overtime hours charged is equal to the number of hours (shifts) for which the person signed up. (For example when an employee has been charged with 24 hours, two shifts of overtime, the number he wished to work, he will be removed from the list).
- f. The Shift Foreman should attempt to fill all known overtime slots as soon as possible so that employees are advised of the shifts they will be working and can plan accordingly. This effort should help reduce the amount of forced overtime. Once an employee has been advised of the overtime slot and agrees to work it, it is considered a scheduled obligation.
- g. When an employee works overtime, the employee will be charged for time worked as well as refusals which will be charged as 12 hours, or whatever the requested time was, and added to the employee's accumulated overtime hours. When it comes to a "forcing" situation the Shift Foreman will only consider the actual hours worked by the individual.
- h. Operators/Head Operators working in the Plant who have not signed the weekly Volunteer List will not normally be required to work overtime that specific week. However, if forcing of overtime becomes necessary, the Operator/Head Operator with the lowest number of overtime hours worked will be required to work or find a qualified replacement. (If a qualified replacement is found, that person must be present at shift change in order to excuse the "forced" Operator/Head Operator from working). Forced overtime is irrespective of an individual's name being or not being on the Volunteer List.

There may be times when a qualified Operator/Head Operator on shift will volunteer to work an overtime situation before forcing becomes necessary. This will be permissible irrespective of the overtime hours the individual may have worked, but within the restrictions listed in item c above.

- i. 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.

B. Exceptions

Exceptions to distributing overtime may be made in the following situations.

1. Time Off: Operators/Head Operators must be off at least eight (8) hours between work periods.

2. Maximum Work Periods: An employee shall not be required to work more than sixteen (16) consecutive hours, without his consent.
 3. Overtime Before/After/Between the Shift Changes: Operators/Head Operators on regular scheduled days off, except when necessary, should not be requested to work overtime for periods of four (4) hours or less. Shift Foreman should try to fill necessary overtime requirements of four (4) hours which occur prior to and after the shift changes from Operators/Head Operators scheduled to report to work on a regular scheduled shift. However, there will be overtime requirements during certain operating situations which any qualified Operator/Head Operator may be requested to work, which would require overtime by those on days off.
 4. Regular Vacation: Operators/Head Operators should not be considered for overtime in the period of time from the end of their last shift before starting vacation to the time they are scheduled to return on their normal work schedule.
- C. It is desirable that we provide for overtime coverage as far in advance as is practical, although some operating situations may not allow this to occur.

Overtime scheduled and posted in advance is subject to cancellation. Shift Foreman should attempt to give maximum notice of cancellations or revisions to posted overtime schedules.

D. Overtime Status Positions

1. An Operator/Head Operator on special assignment is available to cover overtime, unless specifically determined otherwise by Supervisors, (excludes employees working in temporary assignments not covered by the Articles of Agreement).
2. An Operator/Head Operator on light duty limitation is not available for Overtime, unless work is within light duty limitations.

VII. Pay Policy

On the 12-hour shift schedule, an employee works hour days per week for four weeks and three days per week for the next four weeks. This totals 28 days worked in a 56-day cycle. For the 8-week period, total straight time hours are:

12-Hour Shift Schedule

$(4 + 4 + 4 + 4) \times 8$ Straight Hours	=	128
$(4 + 4 + 4 + 4) \times 4$ Overtime Hours x 1.5	=	96
$(3 + 3 + 3 + 3) \times 8$ Straight Hours	=	96
$(3 + 3 + 3 + 3) \times 4$ Overtime Hours x 1.5	=	<u>72</u>
Total Hours	=	392

The 12-hour shift schedule must correspond to a 42-hour per week schedule at present rates. To keep the employees whole and not increase company costs,

eight weeks of pay (344) hours on a 42-hour work schedule at present rates must equal the pay for 392 hours on the 12-hour schedule.

8-Hour Shift Schedule

40 x 8 weeks, Straight Time	=	320
2 x 8 weeks, Overtime Hours x 1.5	=	<u>24</u>
Total Hours	=	344

For eight weeks, 344 hours times present rates must equal to 392 hours times the 12-hour adjusted-straight time rate (ASTR). Therefore, the adjusted straight time rate is (344/392) times the present rate.

Example: Present Operator base rate is \$23.47/hour. ASTR of an Operator is (344/392) x \$23.47, or \$20.60/hour.

The factor 344/392 (0.87755) will be used in all calculations. In the future, any wage increase will be added to the 8-hour base rate and multiplied by the factor 0.87755 rounded to the nearest cent and the results will be the adjusted straight-time rate (ASTR).

VIII. Overtime Pay Rates

Under the proposed 12-hour shift schedule, 8 hours or each work day is straight time and 4 hours will be scheduled overtime. The 4 hours of scheduled overtime will be paid at the Adjusted Straight Time Rate (ASTR) plus Shift Differential if Applicable (SDIA) times 1.5. This overtime is termed Scheduled Overtime and will be considered part of your base pay for benefits calculations.

Any hours worked other than an employee’s 12-hour shift schedule are termed Unscheduled Overtime hours. The rate of pay for unscheduled overtime is the Basic Straight Time Rate (BSTR) times 1.5, which is equal to ASTR x 1.7093.

IX. Special Assignment Pay Factor

When employees normally working a 12-hour shift schedule are placed on a special 8-hour shift assignment, they will receive pay at their applicable Basic Straight Time Rate (BSTR), or higher depending on the special assignment.

X. Conditions for Employee Requesting Shift Trades / Partial Shift Trades

An employee may trade a shift, or part of a shift, with another employee provided the trade meets the conditions listed below. Shift trades are intended to provide employees with the flexibility to obtain time off, without loss of pay, to accommodate unusual or infrequent personal needs away from work. Trades are not intended to cause regular or frequent schedule changes which would disrupt the “fixed crew” concept. Management reserves the right to deny any shift trade

request based on the need to safely operate the Plant(s) while maintaining productivity and continuity.

- A. Employees requesting a shift trade are responsible for locating and exchanging employee, for completing the "Request for Shift Trade" form and submitting the form to their Shift Foreman.
- B. All shift trades must be completed within the same workweek (Monday through Sunday). This is so that total hours per week for each employee are not changed from those originally scheduled.
- C. Both employees must waive any premium pay, meal allowance, travel allowance, or any other incremental pay which would result from the shift trade. Both employees must be currently qualified to work the jobs involved in the trade.
- D. The shift differential will be paid to the employee who works the shift carrying the differential.
- E. Trades resulting in an employee working more than 16 consecutive hours are not allowed.
- F. Shift trade requests should be submitted to the Shift Foreman a minimum of 3 days (72) hours before the first traded shift.

XI. Jury Duty

The following guidelines will apply to operating employees working the 12-hour schedule who are requested for Jury Service:

- A. Employees should inform their Shift Foreman as soon as they have been informed they are to serve on jury duty. While on jury duty, employees must keep their Shift Foreman informed of their current status.
- B. An employee will not be required to work a scheduled night shift prior to or after the actual day jury service begins or ends.
- C. Employees will be paid their normal work day schedule while serving jury duty, i.e., employee's on jury duty Monday through Friday and their normal work schedule is the night shift (Monday) and then the day shift (Friday through Sunday), which is the 48-hour workweek, they will receive that week's pay.
- D. If an employee is excused from jury duty prior to 12:00 noon and they are scheduled on the day shift, they will be required to finish their normal shift. Employees scheduled on the night shift report to work only if excused from the next day's jury service.
- E. Employee's scheduled for jury duty on a day-to-day basis are expected to

report to work on their regular scheduled shifts until they are required to serve and a qualified relief is obtained. Employees on the night shift will not be required to work the entire shift if requested for service the next day, but may be required to work up to 11:00 p.m. or until relieved.

XII. Master Bid List

The Company shall prepare 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 eighty (180) working days which list shall be designated the Master Bid List, for relief purposes in the Plants going to a 12-hour shift schedule only. Employees interested in being considered for such temporary vacancies shall have the opportunity of bidding for a place or places on the list during a 14-calendar day period, following the ratification of this Memorandum of Agreement. Thereafter, these positions will be bid pursuant to Article V, Paragraph I-5, of the Articles of Agreement.

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

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

Understood and Agreed this _____ day of _____, 2001.

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

TEXACO EXPLORATION &
PRODUCTION, INC.
BAKERSFIELD REGION

Bob Johnston
International Representative

Carla J. Musser
Human Resources Manager