

MEMORANDUM OF AGREEMENT

BETWEEN

**SAN JOAQUIN VALLEY BUSINESS UNIT
OF CHEVRON NORTH AMERICA
EXPLORATION AND PRODUCTION COMPANY,
A DIVISION OF CHEVRON U.S.A., INC.**

AND

**UNITED STEEL, PAPER AND FORESTRY, RUBBER, MANUFACTURING,
ENERGY, ALLIED-INDUSTRIAL AND SERVICE WORKERS
INTERNATIONAL UNION, AFL-CIO, CLC
ON BEHALF OF ITS LOCALS 12-6 AND 219**

It is hereby agreed by and between San Joaquin Valley Business Unit of Chevron North America Exploration and Production Company, A Division of Chevron U.S.A., Inc. ("Company") and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC on behalf of its Locals 12-6 and 219 (collectively "Union") that the following understandings have been reached in contract negotiation meetings.

In connection with implementing a 12-hour work schedule in certain Locations as discussed in these negotiations, it is agreed that the following terms and conditions shall be in effect on November 9, 2009, following ratification of this Memorandum of Agreement ("MOA").

I. Feasibility

- A. The Company shall 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. In determining the success, the following criteria must be met:
 - No adverse effect on the health and safe of employees.
 - No adverse effect of 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 MOA. The Union agrees that cancellation of the 12-hour shift schedule for any reason by either party shall not be subject to the grievance and arbitration article (Article XVI) of the Articles of Agreement ("Agreement") and shall not be cause for

any other legal proceeding by either party. The termination shall be effective at the end of the 14-day cycle in progress, thirty (30) days from date of notification.

- D. Any modifications to this MOA during the term of the contract shall be made by mutual agreement. However, if the 12-hour shift schedule is discontinued for any reason by either party, such cancellation shall not be subject to the grievance and arbitration article (Article XVI) of the Agreement and shall 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 shall be resumed unless the Company and the Union agree otherwise in writing. The base rates shall be adjusted to what the wage rates would have been had there never been a 12-hour shift schedule.
- II. The following locations (hereinafter called the "Location(s)") shall implement a 12-hour work schedule pursuant to this MOA, in the administration of wages, hours and working conditions:

- Kern River Cogeneration Operations – Kern River Area
- Cyclic Steam Hub – Kern River Area
- Station 36 – Kern River Area
- Cyclic Steam Hub – Midway-Sunset Area
- Deep South Plants (2F, 26C, 29D, 31E, 36L) – Midway-Sunset Area
- Diatomite Production – Midway-Sunset Area
- Station 2-22 – Midway-Sunset Area
- Station 31 – Midway-Sunset Area
- Station 109 – Midway-Sunset Area

Employees at each Location shall work a 12-hour work schedule consisting of eighty-four (84) hours in a 14-days cycle. The cycle shall consist of one (1) 36-hour week and one (1) 48-hour week.

III. Glossary of Terms

A. Base Pay: Adjusted Straight Time Rate ("ASTR") hours worked, plus scheduled overtime.

B. Scheduled Overtime:

Employee shall be paid an overtime premium at the ASTR for those 8 hours of overtime worked in normal 48-hour work week beyond 40 hours. Effective as of July 1, 2002 benefits shall not be paid on the overtime portion of Scheduled Overtime.

Scheduled Overtime Rate = [hours x 1.5 (ASTR+SDIA)]

C. Unscheduled Overtime:

Employees shall be paid an overtime premium for all hours worked in excess of 12 hours in a day at Basic Straight Time Rate ("BSTR") or in excess of the 48 hours

scheduled in normal 48 hour work week. Benefits shall not be paid on the overtime portion of unscheduled overtime.

$$\text{Unscheduled Overtime Rate} = [\text{hours} \times 1.5 (\text{BSTR} + \text{SDIA})]$$

D. Basic Straight Time Rate (BSTR):

Equals the pay rate employees shall receive when working a normal 8-hour day, such as special assignment work, training, or other special jobs. Employee working a regular 8-hour shift rotation shall receive the BSTR of pay. BSTR shall be adjusted so the 12-hour schedule is equal to pay for equivalent hours in 8-hour schedule week. [BSTR + SDIA]

E. Adjusted Straight Time Rate (ASTR):

All normally scheduled hours shall be paid at the ASTR.

In converting from the 8-hour shift schedule to a 12-hour day schedule, employees shall work eighty-four (84) hours in a 14-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 ASTR is calculated. The ASTR is used to pay all hours in the 12-hour regular shift schedule. Therefore, ASTR is the adjusted pay 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.

ASTR is a factor of .977 times the BSTR.

Calculation of the ASTR is as follows:

12-Hour Schedule (14-Day Cycle)	8-Hour Schedule (14-Day Cycle)
4 x 12 = 48	
3 x 12 = 36	42 hours per week
84 = 88 Straight Time Hours Equivalent	84 = 88 Straight Time Hours Equivalent
86/88 = .977	

F. 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: Seven (7) consecutive days starting with 12:01 a.m. Monday to 12:00 Midnight Sunday.
- C. Work Schedule: Consists of eighty-four (84) hours in a 14-day cycle.
- D. Night Shift 6:00 p.m. to 6:00 a.m.

- E. Night Shift Differential: A shift differential of one dollar and forty-seven cents (\$1.47) per hour for all Night Shift hours (factored rate (.977 x \$1.50)).
- F. Straight Daylight Shift Differential: Shift differential of seventy-four cents (\$.74 = .977 x \$.75) per hour will be paid from 2:00 p.m. to 6:00 p.m. for all consecutive hours worked to the (scheduled straight daylight) 12-hour operators in Kern River and Midway Sunset.
- G. Unscheduled Overtime Work: All non-scheduled 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)]
- H. Callouts: An employee shall be guaranteed a minimum of five (5) hours' pay at his BSTR, regardless of number of hours worked when he is required to report to work on his regard schedule, or having left the job, he is required through emergency to return to work outside his schedule.
- I. Meal Allowance: Meal allowance shall be administered in accordance with the Agreement.
- J. Holiday Pay: Ten paid holidays shall be observed at 8 hours times the BSTR for each holiday.

Holiday Worked:

(12 hrs x ASTR + SDIA) x 1.5 + (8 hrs x BSTR)

Holiday Not Worked:

(8 hrs x BSTR)

- K. Funeral Leave: Funeral leave shall be paid at 8 hours times the BSTR. (8 hrs x BSTR)
- L. Jury Duty: Jury duty shall be paid at 8 hours times the BSTR. (8 hrs x BSTR)
- M. Personal Choice Holiday: Personal Choice Holiday shall be paid at 8 hours times the BSTR. (8 hrs x BSTR)
- N. Union Business: Union Business shall be paid at 8 hours times the BSTR. (8 hrs x BSTR)
- O. Short Term Disability (STD) shall be paid at the ASTR of pay times 12 hours. (12 hrs x ASTR)

On the fourth consecutive day of STD in a 48 hour work week, employees shall be paid four hours at the ASTR and eight hours at the ASTR times 1.5. [(8 hrs x ASTR) x 1.5 + (4 hrs X ASTR)].

Vacation shall be calculated in hours:

2 weeks =	84 hours
3 weeks =	126 hours
4 weeks =	168 hours
5 weeks =	210 hours
6 weeks =	252 hours

P. Vacation shall be paid at the ASTR of pay times 12 hours. (12 hrs x ASTR).

On the fourth consecutive day of vacation in a 48 hour work week, employees shall be paid four hours at the ASTR and eight hours at the ASTR times 1.5.

[(8 hrs x ASTR) x 1.5 + (4 hrs x ASTR)]

V. 12-Hour Shift Schedule

- A. All employees working in the Locations referenced in Article II must participate in the 12-hour shift schedule unless excluded by the Company. The Company shall consider special assignment work, training, or other 8-hour work on an individual basis.
- B. Employees will continue to receive a paid first on-duty meal period. Nevertheless, the nature of the employees' work may prevent them from being relieved of all duty during certain meal periods. On those occasions, employees consent to an on-duty meal period. Such on-duty meal periods shall not be a basis for additional remuneration.
- C. If an employee chooses to revoke the second meal period waiver and take the second meal period, this will result in an unpaid thirty (30) minute meal period and work an additional thirty (30) minutes beyond the work schedule.
- D. Shift trades (including partial shift trades) shall 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 shall be completed in the same workweek. Both employees must waive any premium pay, meal and/or 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. All shift trades must be submitted a minimum of 3 days (72 hrs) before the first traded shift and approved in advance by the Supervisor. Management reserves the right to deny any shift trade request based on the need to safely operate the Location(s) while maintaining productivity and continuity.
- E. An employee shall not be required to work more than sixteen (16) consecutive hours, without his consent.
- F. An employee cannot work a combination of scheduled shifts and volunteer overtime shifts that exceeds twenty-one (21) consecutive days.
- G. Employees will not be required to take a regularly scheduled work day off in lieu of overtime payments.

- H. Employees shall receive three 10-minute breaks over the course of the 12-hour shift, e.g., one for each four hour work period or major fraction thereof.
- I. Vacation may be used one day at a time (one day vacation equals twelve (12) hours), of which two (2) days (twenty-four (24) hours) may be broken into half (1/2) day (six (6) hours) vacations. Half of the vacation must be scheduled by June 1st and the remaining vacation scheduled by October 1st. Vacation may be requested by employees in accordance with the Agreement.
- J. All vacation must be used by the end of each year. 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.
- K. Employees on a 12-hour schedule must be off at least eight (8) hours between work periods.
- L. Overtime Status Positions
 - 1. All Operators/Head Operators working in Locations listed in Article II on special assignment are available to cover overtime, unless specifically determined otherwise by Supervisors, (excludes employees working in temporary assignments not covered by the Agreement).
 - 2. An Operator/Head Operator on light duty limitation is not available for overtime, unless work is within light duty limitations.

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 Employees are need 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 employees working a 12-hour schedule. This record will be kept by the Location. Overtime-hour records will be available upon request.
 - b. A new employee to the Location will be placed at the bottom of the overtime record when qualified to work independently by the Supervisor.

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 Employees working in the Location, wishing to work overtime during a specific workweek (Monday through Sunday). Those desiring the overtime should be signed up midnight each Tuesday to enable Supervisor 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 work week, 4) working night shift followed by day shift is still not allowed, and 5) no more than 16 continuous hours may be worked.
- d. Employees working in the Location(s) 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 Supervisor 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 hours before they are scheduled to work.
- e. The Supervisor, when filling an overtime need, shall solicit volunteers by calling the Employees that are signed up on the list with the lowest number of accumulated (worked and refused) overtime hours. The Supervisor 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 Supervisor 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.
- h. Employees working in the Location(s) who have not signed the weekend Volunteer List will not normally be required to work overtime that specific week. When the Company deems it necessary to force employees to work overtime, including holidays, the Company shall force, in order of reverse seniority, the operators who have received break-in. The forced employee(s) will be required to work or find a

replacement. Forced overtime is irrespective of an individual's name being or not being on the Volunteer List.

There may be times when qualified employees 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.

VII. 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 Supervisor as soon as they have been informed they are to serve on jury duty. While on jury duty, employees must keep their Supervisor 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 schedule 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.

VIII. Special Assignment Pay Factor

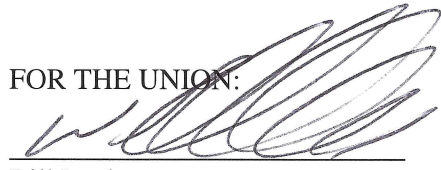
When employees normally working a 12-hour shift schedule are placed on a special 8-hour shift assignment, they shall receive pay at their applicable BSTR, or higher depending on the special assignment.

IX. Prior 12-Hour Schedule Agreements

This MOA cancels and supersedes all prior agreements relating to the 12-Hour Schedule.

Understood and Agreed this _____ day of _____, 2015.

FOR THE UNION:



Bill Locke
USW Representative

FOR THE COMPANY:



Idowu Okunzua
SJVBHU Human Resources Manger

